



MESSAGE FROM THE PRESIDENT AND CEO

DESJARDINS GROUP ENRICHES THE LIVES OF PEOPLE AND COMMUNITIES

I'm very proud to present Desjardins Group's main achievements from 2016.

2016 was a transitional year—with a new president and management team—and we took advantage of this to move Desjardins forward. We also committed to reconnecting with our mission, which is to enrich the lives of people and communities.

This drives us to always put the interests of our members and clients first in everything we do. It also pushes us to strengthen Desjardins Group's socio-economic leadership by taking concrete steps to integrate the principles of sustainable development into our operations. Our social and cooperative responsibility report describes our commitments in these areas.

STRONGER MEMBER/CLIENT CULTURE

All year long, we worked hard to reinforce our member/client culture. And it's made a real difference: our net promoter scores, which measure satisfaction with our services, continued to rise in 2016. We also saw an increase in membership, which gives us great confidence for the future.

We listen to our members and clients and adjust our products and services based on their needs. In 2016, we continued rolling out new distribution models, including the 360d youth and student service centres and our Signature Service for affluent members. We also launched new features for mobile users, including Apple Pay.

FOCUSING ON YOUNG PEOPLE

In order to better serve young people and give them a greater role within Desjardins, we set up a Youth Advisory Board, which I firmly believe will be a key source of inspiration for our Board of Directors and Management Committee. For instance, it will provide input for discussions about the digital and mobile shift underway in the organization.

We can also count on our elected officers to listen to our members and find out what they expect of us. Elected officers are involved early on in the decision-making process, giving us a solid footing in the reality of our members and their communities.

MESSAGE FROM THE PRESIDENT AND CEO (CONTINUED)

\$100-MILLION DEVELOPMENT FUND TO DRIVE SOCIO-ECONOMIC LEADERSHIP

At Desjardins, we want to support even more key projects across all regions. That's why we created a \$100-million development fund.

Our regional councils and the group caisse council will play a central role in the administration of this fund. They will study projects submitted by the caisses and their partners, prioritize areas for investment and select the projects most likely to foster community development. This will help us play an even more effective, diversified role as we strive to meet the needs of communities.

STRONG COMMITMENT TO SUSTAINABLE DEVELOPMENT

Desjardins is a private sector organization that is firmly committed to making the transition to a low-carbon economy. Our target for 2020 was to reduce greenhouse gas (GHG) emissions by 20% compared to 2008 levels—and we reached this target in 2016. In the years to come, we'll continue to work to maintain and even improve our performance in this area.

In the same vein, we began work to gradually improve the carbon footprint of our investment portfolio.

We offer our members and clients a full range of financial and insurance products that help them reduce their carbon footprint. In the long run, this also saves them money thanks to greater energy efficiency.

And finally, we work with a number of partners who share our commitment to fighting climate change and promoting the transition to a green economy. That's why we're a member of the Carbon Pricing Leadership Coalition. It's also why we work with Coop Carbone, an organization that's working to develop the expertise needed to structure GHG reduction projects in Quebec's industrial sector.

RESULTS IN LINE WITH OUR EXPECTATIONS

All of these initiatives, combined with our operational discipline, resulted in surplus earnings of \$1,772 million in 2016. This is comparable to our 2015 surplus earnings of \$1,959 million. The difference can be explained by one-time elements resulting from the acquisition of State Farm's Canadian operations in 2015 and significant investments in our IT platforms in 2016.

Our Tier 1A capital ratio was 17.3% and our total capital ratio was 17.9%, reflecting our strong capitalization, which is among the best in the industry.

I'm very satisfied with these results, especially since we achieved them amid significant organizational change. I see this as proof that our elected officers, managers and employees are able to focus on our members and clients. I'd like to sincerely thank all of them for their efforts and recognize everything they've done since I began my mandate as President of Desjardins Group.

**ONE BIG TEAM FOCUSED ON ONE GOAL:
BECOMING EVERYONE'S
#1 CHOICE**

In Desjardins, we work together to offer our members and clients ever-improving products and services. In addition, we take concrete action to build a more responsible, inclusive and environmentally-friendly society.

This gives me a great deal of confidence in our ability to achieve our shared goal of becoming everyone's #1 choice.

CLEAR, SHARED GUIDELINES AND STRATEGIES

In 2017, we'll continue looking at how we can consolidate the foundation of our cooperative life and governance structure, leading up to a congress in the fall. We want our organization to draw more strength from member participation. We also want it to become more agile to better meet the challenges of a rapidly changing world.

Our 2017–2020 strategic plan lays out clear, shared guidelines and strategies for the next few years. Together, we'll shape Desjardins into an organization that's people-focused, modern, high-performance and easy to do business with.

Guy Cormier
President and CEO of Desjardins Group