Together, we'll go far

2024 Annual Report

Desjardins Group

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Note to reader
This annual report was produced by the Marketing, Communications, Cooperation and President's Office Executive Division of Desjardins Group (Corporate Communications and Change Management Division) and the Finance Executive Division of Desjardins Group (Finance Division).

Message from the president and CEO

Solidarity at the heart of a changing world

Our collective challenges intensified in 2024. And Desjardins Group stood strong, once again a pillar of stability for our members and clients in a year marked by economic volatility, revolutionary technology, extreme weather events, geopolitical tensions and social upheaval. We not only maintained our financial performance, we doubled down on innovating, on supporting our members and clients, and on proactively responding to their needs.

Solid financial performance

Despite a year that put pressure on our organization, we produced excellent results for the fiscal year that ended December 31, 2024. Our total revenue was nearly $14.7B, an increase of 16.6% compared to 2023. Our surplus earnings before member dividends totalled nearly $3.4B, for year-over-year growth of $1.1B.

Proactively supporting our members and clients

We're committed to providing our members and clients with innovative digital solutions to make their everyday lives easier. Alvie, our digital assistant, now dispenses handy tips on mobile. And we enriched our AccèsD app by integrating Equifax credit reports and TransUnion alerts. We also kept up our financial education initiatives with regular economic webinars. And we increased the support we offered during disasters by deploying more people to serve the people we insure and address their concerns, manifesting our commitment to be there with proactive support.

Strong socioeconomic leadership

We want to help improve access to decent homes, and we're doing our part through major initiatives like the one for affordable housing. Thanks to our "one-stop shop" model for housing-related projects, we were able to quickly participate in financing packages, which shows how we can mobilize the resources needed to benefit the community. The result: over 1,750 affordable housing units are now in the works and will be ready for people to move in by the end of 2025. And with the GoodSpark Fund, which we brought to $280M this year, we amplified our impact by supporting meaningful projects across Quebec and Ontario. Since the fund's creation, we've supported 912 initiatives, which have had an impact on nearly 2.4 million people and businesses.

Throughout the past year, we've also continued to deliver on our commitment to sustainable development. For example, we reached our target of building a $2.1B investment portfolio dedicated to renewable energy by 2025. In terms of lending, since 2020, we've allocated over $6B to support energy transition and renewable energy projects. These initiatives currently comprise 69% of our overall energy portfolio. Our ambition is clear: Accelerate the transition to a low-carbon economy and put sustainability at the centre of everything we do.

Supporting youth and building the future

Youth are an essential part of our vision for the future. Our Together For Our Youth program strengthened our initiatives to improve the way we include future generations and support their financial empowerment. We also launched our School Caisse mobile app and added an online component to the Personal Finance: I'm in Charge program®[1], which now includes educational video content. The educational game Unforeseen, which we launched in 2023, took home a number of prestigious awards this past year, including three OCTAS 2024 gold awards in the categories of entertainment, French language in IT, and jury's choice. We also welcomed a new Youth Advisory Board cohort. This board, which stems from our commitment to listening to the voices of today's youth, is integral to the way we collaborate with and include young people in our decision-making.

Supporting entrepreneurs and helping them grow

Entrepreneurs are critical to the fabric of our society and economy. At Desjardins, we're determined to support them at every step of their journey. In fact, we do everything we can to help our 425,000 or so business members navigate the uncertainties of today's difficult economic conditions. From automation, modernization and succession planning to integrating ESG (environmental, social and governance) factors, we offer innovative financial solutions and personalized products and advice to businesses of all sizes.

Growth that serves our mission

In 2024, we finalized agreements to acquire The Insurance Company of Prince Edward Island (ICPEI). This transaction reinforces our position in the Canadian business insurance landscape, and we're extremely proud to be able to count on ICPEI's expertise to expand our scope and reach new markets.

Desjardins Group also celebrated The Personal and Desjardins Capital's 50th anniversaries and Desjardins Financial Security's 75th. These major milestones are opportunities not only to celebrate our longevity, but also to renew our commitment to developing products and services that meet our members' and clients' changing needs.

Awards and recognition

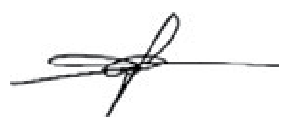
We were honoured with several awards in 2024. Our cooperative financial group was named one of Canada's top employers by Forbes and Mediacorp, and we earned Platinum Parity Certification from Women in Governance for the exemplary actions we've taken toward achieving equal representation of women at every level of the organization. And the British organization Structured Retail Products named us Best House, Capital Protection, Americas, for our structured products.

Modernized governance

2024 also saw a change in our governance, as we separated the role of chair of the board from that of president and CEO. I'd like to take this opportunity to express my support for our new chair of the board, Louis Babineau, and my gratitude for the excellent collaboration that has defined our relationship and conversations.

Working together to serve our 7.8 million members and clients

Finally, I'd like to offer my warmest thanks to the members of the boards of our caisses and subsidiaries, as well as to all of our employees and managers. Thank you for the devotion and commitment that you bring to your work every day. And to our 7.8 million members and clients: thank you so much for choosing Desjardins. Together we're building an even stronger Desjardins, one that's ready to tackle the challenges of tomorrow and continue to champion the cooperative values that have defined our success for nearly 125 years.



Guy Cormier
President and CEO
Desjardins Group

[1] ® Registered trademark of the Fédération des caisses Desjardins du Québec.

Message from the chair of the board of directors

Changing with the times

Desjardins Group made significant changes to its governance in 2024 with the implementation of a new leadership model. It's an update that's crucial for our organization's future. To understand it, we should start by looking back.

Over the years, Desjardins has experienced strong growth, to the point where we've been designated a domestic systemically important financial institution. We've diversified our product and service lineup and added new distribution channels in response to our members' and clients' changing needs and expectations. Legal and regulatory requirements have also intensified.

The Desjardins of today is undeniably different from the Desjardins of the past.

That's why at the 2023 annual general meeting (AGM) it was decided that we would split the role of president and CEO from the role of chair of the board. This came after almost 30 years of the two being combined. It was a decision that stemmed from much work and careful reflection by caisse board members, and it officially took effect after the 2024 AGM.

This change in our governance model is the result of a wide-reaching democratic exercise and speaks to the power of our cooperative nature. Our new model is aligned with today's best practices and legal and regulatory environment, and it will help make Desjardins Group even more stable and agile.

Looking to the future

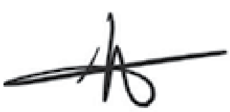
Our modernized governance model and strong financial position give us a solid footing as we steer Desjardins into the future and continue to do what's best for the members, clients and communities we serve.

As the chair of the board of directors, I'm fully committed to ensuring that every decision the board makes serves the interests of our 7.8 million members and clients. It's the very heart of my mission.

I'm deeply convinced that as our 125th anniversary dawns, Desjardins is a definitively modern, high-performance and relevant part of our society and our economy. I'm looking forward to helping our organization develop further and I'm certain that our cooperative nature will continue to drive our future success.

I want to thank my board colleagues as well as President and CEO Guy Cormier for their invaluable support in implementing our updated governance model these past few months. Each in their own way has stood out for their hard work, rigour, and constant desire to improve Desjardins's performance for the sake of our members and clients.

I also want to thank our members and clients for their trust and to give them my pledge that I will do my all to see that Desjardins stays true to its mission.

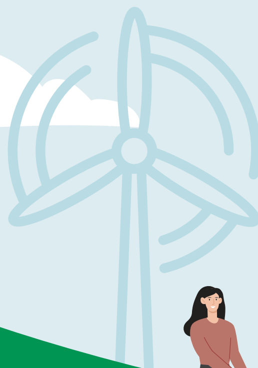


Louis Babineau
Chair of the Board
Desjardins Group

Our mission

As a cooperative financial group

contributing to the development of communities,



we give our members and clients the support they need to be financially empowered.

Highlights

2024 key figures

7.8 million
members and clients

2,313
board members

55,290
employees

$557M[1]
redistributed to members and the community

$3,356M
in surplus earnings

$28M
from the GoodSpark Fund for strong, sustainable communities

22.2%[2]
Tier 1A capital ratio

$470.9B
in assets

$14.5B
in insurance premiums[3]

$23.9B[4]
in indivisible shared wealth held in the caisses' general reserves

[1] For more information on non-GAAP financial measures, see the Non-GAAP and Other Financial Measures section on pages 3 to 5 of the Management's Discussion and Analysis.
[2] In accordance with the Capital Adequacy Guideline for financial services cooperatives issued by the Autorité des marchés financiers (AMF). See section 3.2, Capital Management, of the Management's Discussion and Analysis.
[3] Direct premiums written. For more information about supplementary financial measures, see the Glossary section on pages 106 to 113 of the Management's Discussion and Analysis.
[4] Included in the $29.5B total reserves presented in Desjardins Group's combined financial statements as at December 31, 2024.

Driven by innovation

Focused on the future

Change to the governance model for Desjardins leadership

The new governance model based on the separation of duties of the Chair of the Board and the President and CEO of Desjardins Group was approved in 2023 and came into effect following the Federation's last annual general meeting in March 2024.

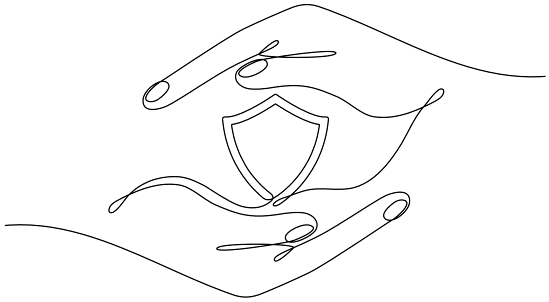
The result of the change is better governance practices, which will enable us to meet our current and future needs when it comes to organizational agility and stable governance.

The Federation's board of directors elected Louis Babineau as Chair of the Board on May 15, 2024. Guy Cormier will continue to lead Desjardins Group with the full powers granted to the president and CEO until March 2026 at the latest.

Acquisition of The Insurance Company of Prince Edward Island

On May 31, 2024, Desjardins General Insurance Group Inc. (DGIG) acquired all shares of the Insurance Company of Prince Edward Island (ICPEI).

The acquisition gives Desjardins access to a wider variety of commercial insurance products to better meet the needs of Canadian businesses.



Milestone anniversaries

As we approach our organization's 125th anniversary, here are some major milestones that deserve to be celebrated.

75th anniversary of Desjardins Financial Security

In 1949, one of Alphonse Desjardins's dreams became a reality with the creation of a life insurance company. Desjardins Financial Security has played a fundamental role in Desjardins Group's development by providing innovative solutions to meet the changing needs of our members and clients. Today, over 5 million Canadians count on our lineup of products and services, which we've expanded over the years with savings and investment solutions.

50th anniversary of The Personal

Founded in 1974 and acquired by Desjardins General Insurance Group Inc. in 2000, The Personal helped Desjardins Group expand into the Canadian market. And it's still growing! Today, our group insurer provides home and auto insurance to members and employees in over 700 organizations across the country.

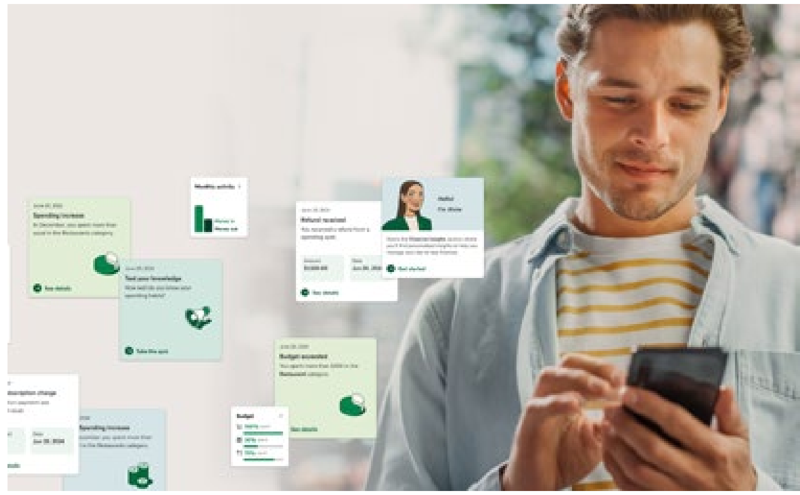
50th anniversary of Desjardins Capital

Desjardins Capital has been contributing to the prosperity of people and their communities by investing in local businesses since 1974. With over $3B in assets under management and 760 partner businesses, it's a key player in supporting businesses and developing the economy.

New benefits for members and clients

Tips from Alvie

Alvie, our virtual assistant, now gives members and clients tips on how to better manage their day-to-day finances. These tips are based on advanced analytics for now, but in the future, Alvie will use artificial intelligence to give a wider variety of personalized advice. This new ally helps members become more financially empowered by making it easier for them to take control of their finances. Alvie helps members become more confident in their ability to manage their finances by helping them better understand their financial situation and make informed decisions.



New identity verification option when opening an account

In May 2024, we added a new identity verification option to our online account opening process. New members can now open an everyday account on their own using a customer journey that's 100% online. All we need is a selfie and a photo on an eligible piece of ID. Once we've verified their identity, the account will be opened—no need for members to make an appointment or leave home!

Adaptation and resilience to climate change

Desjardins Insurance is on a mission to help Canadian homes become more resilient to climate change.
In 2024, we developed an additional resilient reconstruction measure for after a claim. Insureds in Alberta can now get $1,000 per side of their house to replace vinyl siding with hail-resistant siding.

We also worked with the Insurance Bureau of Canada and the federal government on the National Flood Insurance Program in 2024. The program offers affordable flood insurance coverage to Canadian households in high-risk areas not currently covered by private insurance.

Security is our priority

Adding credit reports on AccèsD

Since April 2024, Equifax credit reports have been available in AccèsD, meaning users now have access to credit reports from both TransUnion and Equifax. We're the first financial institution in Canada to offer free access to both credit reports on the same platform.

Since June, users have had the option of enabling a service that will alert them directly in the app or by email if their TransUnion credit report changes.

By giving our members and clients easier access to more information, we can help them become more financially empowered.

Socioeconomic leadership

Driving a prosperous, sustainable economy

Support for business owners

We help grow businesses and keep jobs in both rural and urban communities through our wide range of products and services.

We also do this through multiple programs and partnerships.

Momentum Fund

In 2024, the Momentum Fund provided $4.96M to Quebec and Ontario businesses. Up to $20,000 in non-repayable funding was granted to 708 businesses to support their growth and create quality jobs, two key drivers of regional economic development.

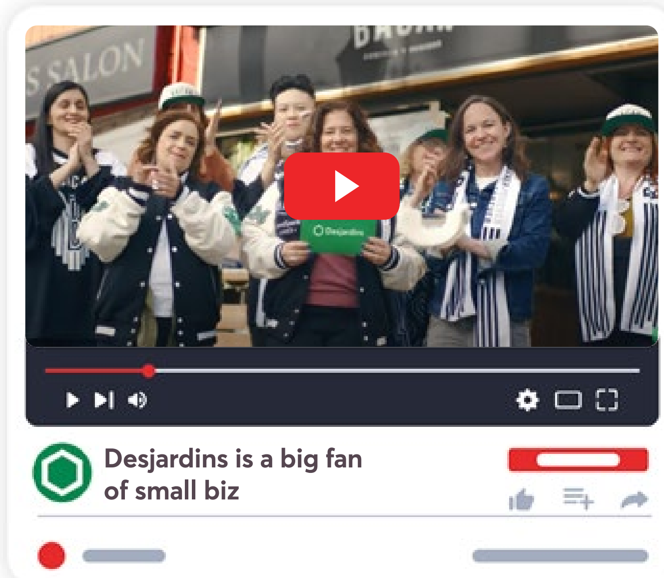
Medusia: Working to reduce the carbon footprint of concrete

We also provided funding to the startup Medusia to support the launch and rollout of a new technology: 3D concrete printing using bio-based fibres. By combining innovative materials and technology designed to reduce waste, the company aims to lower greenhouse gas emissions in the construction sector.

Medusia co-founders receiving their funding

Desjardins GoodSpark Grants

The Desjardins GoodSpark Grants program supports small businesses' commitment to sustainable development, health and wellness, innovation and community action. We launched the program to stimulate economic growth in Ontario and Atlantic and Western Canada. In 2024, the program had a budget of $3M, awarded as $20,000 grants to 150 small businesses. The program has supported 450 small businesses since 2021. This is the final year for its current format.



Continuing to promote meaningful projects with La Ruche

La Ruche is a non-profit whose mission is to help local entrepreneurs, organizations and citizens promote promising projects that stimulate the economy and vitality of Quebec and its regions through crowdfunding.

We've renewed our partnership with La Ruche through to the end of 2026. Since it was founded in 2013, La Ruche has helped 2,180 entrepreneurs, organizations and members of the public raise over $41M through crowdfunding thanks to some 178,916 contributors across Quebec.

Innovating in finance

$29.4M invested by the federal government in the Aequitas fund and its Technical Assistance Facility

Inclusive finance institutions play a key role in helping farms and micro, small and medium-sized businesses grow. Desjardins International Development created the Aequitas environmental and social impact investment fund in 2021 to support these institutions and their essential contributions to development.

In October 2024, the Canadian government announced $22.9M in funding for the Aequitas fund. This is the government's first investment in the International Assistance Innovation Program. Global Affairs Canada also contributed $6.5M to set up the Technical Assistance Facility associated with the Aequitas fund. In response to these commitments, Desjardins injected an additional $15M into the fund, bringing its total budget to $87.9M.

Aequitas works primarily with small inclusive finance institutions in Africa, Latin America and Asia that support the sustainable inclusion of small businesses, gender equality and climate action.

Reinventing access to healthcare in remote regions

The GoodSpark Fund partnered with CTS, a medical technology accelerator, to launch the Harfang Program. This program is designed to address specific needs related to healthcare access in remote regions of Quebec. Using proven technological innovations to bridge the gap between technology and regional healthcare needs, we're on a mission to promote accessibility, equity and continuity of care. In Quebec, nearly one in five people live in a remote or isolated rural area with reduced access to healthcare services.

$19.8M[5]
invested in entrepreneurship in 2024

[5] This amount includes donations, sponsorships and partnerships, as well as commitments through our Créavenir and Desjardins Microcredit to Businesses programs.

Making sure everyone has a place to live

Committed to affordable housing

We offer a full range of financing solutions for affordable housing under one roof. This "one-stop shop" makes it easier for housing cooperatives and organizations to get their affordable housing projects off the ground.

We committed to helping community and private developers make more than 1,750 affordable housing units available across Quebec by the end of 2025.

In 2024, concrete plans were announced for a number of projects, including (links in French only):

- Han-Logement – 32 affordable housing units in the Gaspé region
- Le Sentier – 84 affordable housing units in Drummondville
- Les Habitations Coderr – 60 affordable housing units in Alma
- Habitations de l'Outaouais métropolitain – 60 affordable housing units in the Outaouais region
- Office régional d'habitation de Marguerite-d'Youville – 34 affordable housing units in Varennes

A psychosocial assistance service for people experiencing homelessness

Since 2015, Complexe Desjardins has been working with the Société de développement social, an organization that runs initiatives to reduce homelessness and social exclusion by encouraging businesses and communities to help find adapted and sustainable solutions. The partnership led to the creation of the Action Médiation program, which helps direct people experiencing homelessness to available local resources. Social workers are available onsite 10 hours a day, 7 days a week, to provide support. Our security guards also received training on how to help people in need through this program.

Desjardins Affordable Housing Initiative: 60 new public affordable housing units in Alma

Contributing to community vitality

GoodSpark Fund

The GoodSpark Fund is a flagship initiative to support socioeconomic vitality and regional development. Initially, this fund had $250M to invest in communities between 2016 and 2024, but it was extended to December 31, 2027, and topped up by $30M, bringing the total budget to $280M.

Since the fund was created, we've provided $210M for 912 initiatives that support communities' priorities, like entrepreneurship, education, social responsibility, sustainable development and community involvement.

Getting a new food bank hub off the ground

We donated over $940,000 to Moisson Rive-Sud (in French only) for its new food bank hub to help address the growing need in Montérégie created by the current economic situation. The new facility will triple the organization's storage space and help it provide people in need with a robust, efficient and innovative food security ecosystem.

This investment from the Community Development Fund of the Montérégie caisses and the GoodSpark Fund was part of the major campaign "Ensemble, alimentons la vie."

Fourth location for L'Arche Sudbury

L'Arche Sudbury provides homes where people with and without intellectual disabilities can live, work and share life with one another. With the help of $500,000 in funding from the GoodSpark Fund, L'Arche is building a fourth location, with 28 apartments, including 10 reserved for people with intellectual disabilities.

The new location will provide much-needed units in the region, where more than 300 people are on wait lists for this type of housing. It will also encourage community integration for people with intellectual disabilities.

Community Development Funds

Unique to Desjardins, Community Development Funds (CDFs) are a powerful tool. They enable caisses to contribute to community development by supporting meaningful projects. At each caisse's annual general meeting, members decide on investing in the community. From there, the caisse's board is responsible for overseeing how the money is distributed. Thanks to the solidarity shown by our members, we redistributed $76.2M to communities in 2024.

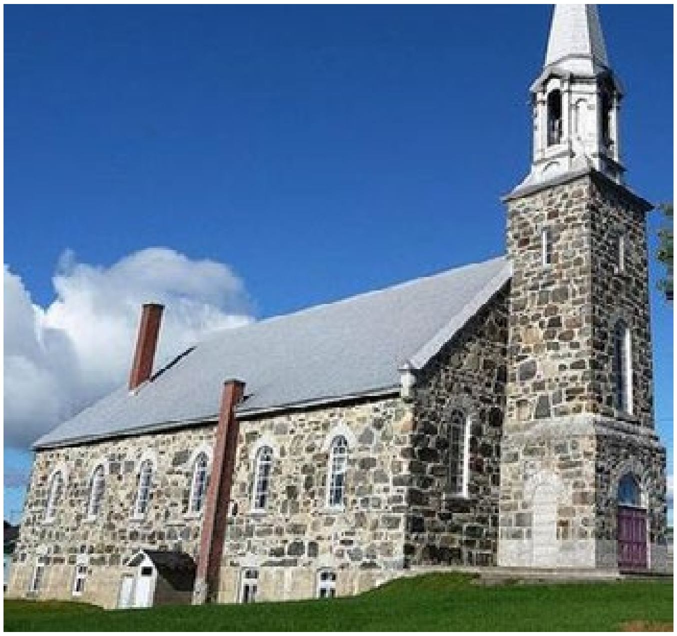
Encouraging sharing to reduce food insecurity

The Cultiver pour partager organization runs a citizen-led project whose mission is to provide fresh, high-quality produce to people in need in the Chaudière-Appalaches region.

The organization collects "imperfect" vegetables to reduce food waste. It also recently bought a church where food will be grown and stored.

Thanks to the financial support of several partners, including Caisse Desjardins du Sud de la Chaudière, this unique model supplies more than 50 regional organizations through the Moisson Beauce food bank. Selling a portion of what's grown in two local grocery stores helps generate revenue to support the organization's operations.

With 150 volunteers, the project reflects the community's commitment to health and civic engagement through an inspiring social economy model.



Turning a church in Saint-Alfred into a modern facility where food will be grown and stored

Fields leased from Ferme Bonne Création are used to grow vegetables for families in need

Desjardins Cares and Shares campaign

A total of 34,383 donors—65% of Desjardins employees, directors and retirees—contributed to our 2024 Cares and Shares campaign in support of the Desjardins Foundation, United Way Centraide and the Canadian Red Cross. Between individual donations and the organization's contributions, a record $10.2M was raised. The sense of commitment we share is helping to build inclusive communities for people in vulnerable situations and opening up a world of possibility for youth.

Game-changing generosity

We actively contribute to the sustainable development of communities by supporting a wide range of projects related to education, civic engagement, employment, entrepreneurship and healthy living.

A commitment to research innovation

We announced that we're contributing $500,000 to the McGill Innovation Fund over five years. This fund provides financial support to student researchers looking to bring their new technologies to market. Our contribution will go to startups that are in the deploy stage, meaning they've already started to implement their commercialization plan and can demonstrate that they have the potential to go much further.

$120M

in sponsorships, philanthropic partnerships and scholarships in 2024

Our solidarity-based finance programs

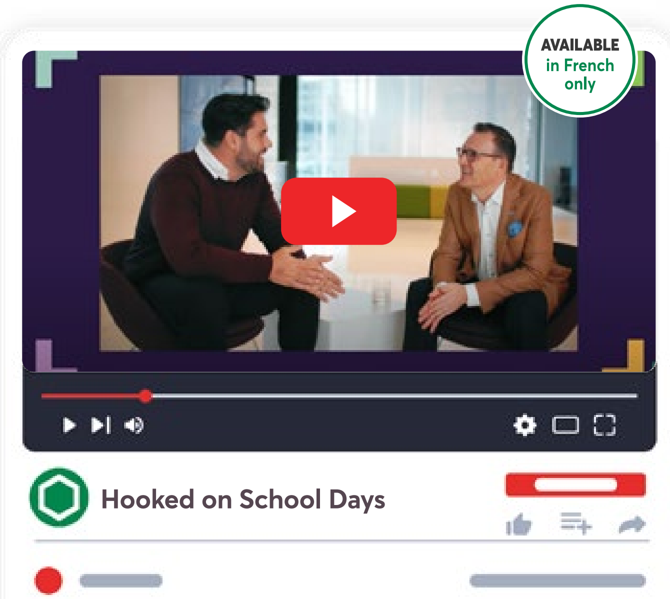
Through strategic partnerships with community organizations, we continued to expand our solidarity-based finance activities all across Quebec. In 2024, we invested $7.4M in these programs.

20th anniversary of the Desjardins Microcredit to Businesses program

The Desjardins Microcredit to Businesses program supports entrepreneurs and self-employed workers who don't have enough conventional financing to start or consolidate their business venture. It gives them access to financing that fits their needs and a support service to help them succeed.

Over the past 20 years, our partner organizations in the Réseau MicroEntreprendre (in French only) have helped nearly 7,000 entrepreneurs and self-employed workers. That's 100,000 hours of support to make hundreds of dreams come true.

Firmly committed to helping young people



Advocates Guy Cormier and Laurent Duvernay-Tardif discuss initiatives to help youth

$87M[6] to support youth in 2024

Encouraging young people, improving their well-being, and helping them bring their dreams to life have always been priorities for us. Through our Together For Our Youth program, we work together with our partners to offer young people resources and tools for four areas of their lives: education, employment and entrepreneurship, health and healthy lifestyles, and community involvement.

Our steadfast commitment to education

The Desjardins Foundation contributes to young people's academic success every year by awarding scholarships to students, prizes to schools and organizations, and donations to partner organizations. The Foundation does everything it can to encourage young people to stay in school.

The Desjardins Foundation celebrated inspiring scholarship winners at a recognition gala in November 2024.

In 2024, the Desjardins Foundation awarded

$6.7M

to 541,336 young people across the country.

4,413 hardworking scholarship winners

received support from the Desjardins Foundation, the caisse network and our business partners

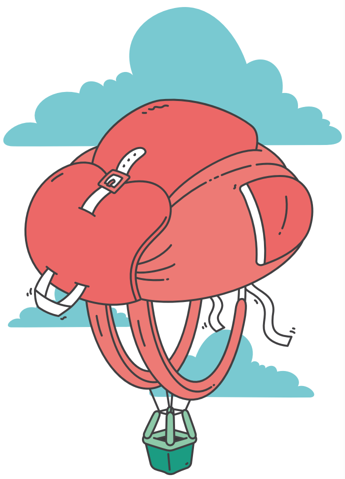
381,515 young people

benefited from services and resources through our partner organizations

[6] Includes the amounts committed to youth (under 30 and under 35 for entrepreneurship) for all our initiatives: donations, sponsorships, scholarships, financial education initiatives, solidarity-based finance programs, support for school projects and extracurricular activities, etc.

Supporting school projects and extracurricular activities

Desjardins Foundation Prizes



The Desjardins Foundation Prizes provide up to $3,000 for projects benefiting students from kindergarten through high school. This program is a way for the Foundation to support ideas that can significantly increase motivation for students.

In 2024, a total of 158,223 students participated in 772 exciting initiatives.

Edible garden project

Planting gardens at Joseph-Hermas-Leclerc high school for the Environment program

The Project Factory

Through The Project Factory, a free fundraising platform for schools, we support school projects and extracurricular activities that motivate students and promote financial literacy.

In 2024, 412 projects were supported, raising a total of $2.4M.

Schools Take Root: Innovative green fundraising campaigns

The Project Factory and the Réseau des fermiers de famille worked together to help 69 schools raise money for their projects by selling baskets of organic vegetables. This initiative supports local producers and promotes healthy eating and financial literacy to more than 21,000 young people.

Empowering youth through financial literacy

Promoting financial literacy and steering young people toward financial empowerment are fundamental values for our organization. Through our educational programs, like the School Caisse, Personal Finance: I'm in Charge®[7] and many more, young people can learn about saving, use youth dividends to get started, and manage their money with confidence early in their financial lives.

Launching the School Caisse mobile app

To continue to meet the changing needs of families, the School Caisse launched a new mobile app in the fall of 2024. It's available to all children in elementary schools, whether or not they're part of the School Caisse program, and it has a wide range of free resources to help them learn how to save.

[7]® Registered trademark of the Fédération des caisses Desjardins du Québec.

Invested in a fairer, more sustainable world

Responsible finance

A signatory to recognized commitments

Investor and Banking Statement on Vaping

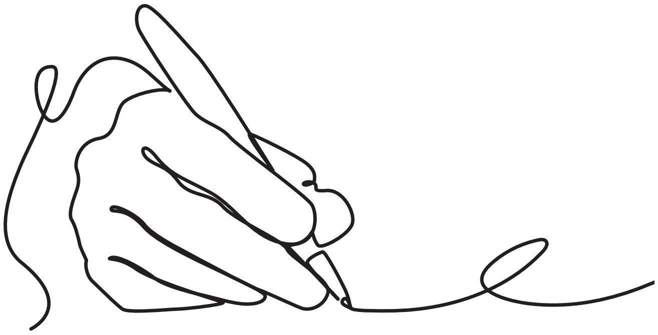
We signed the Investor and Banking Statement on Vaping, launched by the Tobacco-Free Finance Pledge. This statement is aligned with the position on tobacco and vaping that we adopted in 2020. The statement calls on governments to take action through regulations and awareness strategies to reduce the growing risks posed by vaping, especially for young people.

Global Investor Statement to Governments on the Climate Crisis

We signed the Global Investor Statement to Governments on the Climate Crisis, which represented investors with over US$29 trillion in assets under management at the time of its publication in September 2024. This statement calls on governments to step up and create policies that encourage investors to take decisive climate action.

Recognized efforts

In March 2024, we received a credit rating of AAA from MSCI Inc. for our efforts to integrate environmental, social and governance issues into our operations. We were also in the top 9% of MSCI's global ranking of financial institutions, as at December 31, 2024.



Sharing our voice

Promoting financing for Canada's energy transition

Guy Cormier's speech at the Economic Club of Canada

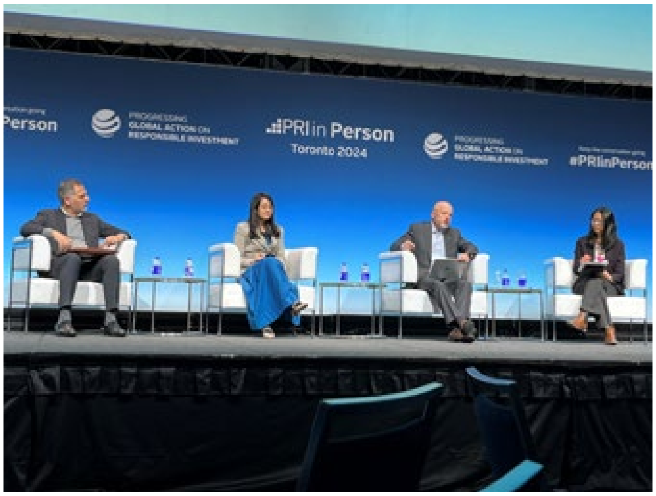
Our president shared his thoughts on the changing role of responsible finance and the importance of encouraging stakeholders to adopt more sustainable practices.

Quebec's sustainable finance roadmap

Gildas Poissonnier, our chief sustainability officer, helped develop Quebec's sustainable finance roadmap. Gildas was a member of the advisory committee led by Finance Montréal.

Speech at the Principles for Responsible Investment conference

Nicolas Richard, President and CEO of Desjardins Global Asset Management, spoke at PRI in Person, the world's leading responsible investment conference, which was held in Toronto. He took part in a round table discussion on how responsible investors can centre their investment policies and stewardship activities around nature. The panellists also touched on the types of policies needed to scale up ambitious action toward a nature-positive future.



Round table discussion at PRI in Person conference: Centring nature in responsible investment approaches

Fast-tracking the transition to a low-carbon, circular economy

Renewable energy infrastructure investments

This year, we reached our target of building a $2.1B[8] investment portfolio dedicated to renewable energy by 2025.

Renewable energy financing

In terms of lending, since 2020, we've pledged over $6B to support energy transition and renewable energy projects. As at December 31, 2024, these projects accounted for 69% of our total energy portfolio.

$95M for a wind farm in eastern Quebec

We made $95M in financing available for the Témiscouata II wind farm. This 52 MW wind farm has been in operation since 2015. By adding cash back to the financing, we're supporting companies' efforts to integrate environmental, social and governance factors into their operations.

€500M in green bonds

We issued 500 million euros in green bonds, the net proceeds of which will be used to fund loans for environmental projects. This was the third issue since we launched our sustainable bond program in September 2021, for a total of $1.7B.

Responsible investment

With 76 responsible investment (RI) product options in total for clients, including group retirement savings and institutional clients, we're one of Canada's leaders in the field. As at December 31, 2024, we had $14.6B in RI assets under management.

[8] As at September 30, 2024, including $1.2B invested by our organization's main pension plan, the Desjardins Group Pension Plan (DGPP).

Sustainable mobility

New ridesharing app

This year, we rolled out the Desjardins Commuting platform for all employees. The app connects employees so they can organize ridesharing back and forth to work. In total, 1,792 employees have signed up since the app launched in April 2024.

The Desjardins shuttle is an eco-friendly option for staff travelling between Montreal and Lévis.

Support for electric transportation

In partnership with FLO and Hydro-Québec, we continued to install electric charging stations at caisse and credit union locations across Quebec and eastern Ontario. By December 31, 2024, a total of 452 charging stations were installed, including 422 that are available to the general public. Our goal is to build a network of 500 electric charging stations by the end of 2025 for communities in these areas.

Making cycling easier

Complexe Desjardins earned the VÉLOSYMPATHIQUE Bronze certification issued by Vélo Québec. Launched in 2015, the program encourages communities, organizations and post-secondary institutions to promote cycling as a hobby and mode of transportation for everyone.

Across the organization, we've set up 48 bicycle repair stations for cyclists.

Decarbonizing real estate

We have an internal program to optimize and monitor the energy consumption of our buildings. Since 2018, approximately 210 energy audits have identified energy optimization and decarbonization opportunities.

Participating in Hydro-Québec's GERE pilot project

The purpose of the Gestion d'énergie, recommissioning et entretien (GERE) pilot project is to improve energy use in existing buildings through low-cost energy efficiency measures for customers. In total, 12 caisse network buildings and one Desjardins Group building qualified for the energy consumption optimization program.

Reducing power demand during peak times

We're doing our part to decarbonize the Quebec economy by signing several of our buildings up for Hydro-Québec's Demand Response Option. Complexe Desjardins alone accounted for an average reduction of nearly 2,700 kW over three peak electricity management events during the 2023–2024 winter.

Improving Complexe Desjardins's building envelope

We improved the energy efficiency of our iconic downtown Montreal building by replacing 6,600 windows. We worked with Hydro-Québec's Efficient Solutions Program for this project.

Prizes and awards

Desjardins Group

Unforeseen: The decision-making game, an educational initiative by Desjardins, received several awards in 2024. The app won three OCTAS awards (in French only) at the **Réseau Action TI gala,** standing out in the Entertainment, Français dans les TI and Jury's Favorite Award categories. It also won a prize at the 2024 CIO Awards Canada for innovative use of IT in an interactive game to promote financial education.

Based on the Étude sur les tendances en philanthropie published by Épisode in 2024, **Quebecers continued to consider us one of the province's most generous companies** in 2023. We shared the top spot with Bell Canada.

For more than 30 years, we've been actively engaged in promoting and encouraging responsible investing in Canada. As at June 30, 2024, we placed second for mutual fund issuers and fourth for exchange-traded fund issuers in the responsible investment rankings published by **Investor Economics**.

Products and services

We took home nine trophies at Fundata's annual **FundGrade A+® Awards** ceremony: one mutual fund, six guaranteed investment funds and two responsible investment exchange-traded funds won awards for their excellent performance and high level of stability in 2024.

We took home seven awards at the **2024 SRP Americas Awards** for our structured product line. And we were honoured with the prestigious award for Best House, Canada for the fifth year in a row.

We also won the award for Canada's Best Principal Protected Issuer at the **SPi Awards for Excellence**, now in its third year.

We took home four prizes at the 2024 **LSEG Lipper Fund Awards**. Two of our responsible investment exchange-traded funds stood out in a category that combines both traditional and responsible investment funds, over three years and five years.

Employer

Forbes magazine named us one of Canada's **Best Employers in the banking and financial services industry** in 2024.

We were once again named one of **Canada's Top 100 Employers** by Mediacorp Canada Inc. We've made the list every year since 2011.

Mediacorp Canada Inc. has also rated us one of Canada's **Top Employers for Young People** since 2012.

We earned **Platinum Parity Certification** from Women in Governance, the highest honour awarded by the organization, for the second time. This certification recognizes the exemplary steps we're taking toward achieving equal representation of women at every level of the organization. This is the seventh consecutive year that this organization has recognized our commitment to making sure women are able to grow and thrive at Desjardins.

We were a finalist for the **Égalité Thérèse-Casgrain award** in the Allié category for the first time. This award recognizes initiatives put in place to encourage women to pursue their goals and to promote equality between women and men in Quebec.

We were one of three finalists for the 2024 **Coup de cœur** prize from the Regroupement des aveugles et amblyopes du Montréal métropolitain, underscoring our commitment to accessibility in all our products and services, including online.

We were one of three winners of the **DEI Trailblazer Award** from **The Prosperity Project**. This award goes to Canadian organizations committed to creating inclusive and equitable work environments. The Prosperity Project is dedicated to creating a world where women can thrive and break through the biases and barriers that hinder their success.

Sustainable development

Two of our buildings won awards for **BOMA Quebec's** Building Energy Challenge (in French only). In Lévis, our building at 95 Des Commandeurs Street took top spot in the GHG reduction category, while 6300 Guillaume-Couture Boulevard won in the energy performance improvement category.

Mediacorp Canada Inc. has recognized us as one of **Canada's Greenest Employers** every year since 2015.

For the 17th year in a row, we're on Corporate Knights magazine's list of the **Best 50 Corporate Citizens** in Canada.

Our people

Eight of our own were inducted into the **Ordre du Mérite coopératif et mutualiste québécois** in the fall of 2024. Recipients included Pauline D'Amboise, who was honoured with the order's highest distinction.

Pauline was Secretary General and Vice-President, Governance and Sustainable Development, until she retired in March 2024. She pioneered several programs in the areas of governance, sustainable development, responsible finance, and ethics and professional conduct.

Pauline Amboise, centre, being inducted into the Ordre du Mérite coopératif et mutualiste québécois

Enhanced Disclosure Task Force recommendations index

On October 29, 2012, the Enhanced Disclosure Task Force (EDTF), established by the Financial Stability Board, released its report, "Enhancing the Risk Disclosures of Banks", in which it issued 32 recommendations aimed at improving risk disclosure and transparency.

Information regarding the EDTF recommendations is presented in the Management Discussion and Analysis (MD&A), the Financial Statements as well as in "Supplemental Financial Information" report and "Pillar 3 Report", which are available on Desjardins Group's website at www.desjardins.com/ca/about-us/investor-relations. The "Supplemental Financial Information" report and "Pillar 3 Report" are not incorporated by reference in the 2024 MD&A.

Below is a summary of disclosures under the EDTF recommendations and the location of the disclosures (page number):

Type of risk	Recommen-dation	Disclosure	2024 Annual Report	Supplemental Financial Information	Pillar 3 Report
General	1	Summary of risk information	Current page		
	2	Risk terminology, risk measures and key parameters	55-61, 106-113	11	117-120
	3	Top and emerging risks	45, 52-55, 61-86		
	4	New regulatory ratios	45-47, 79, 81-83, 219, 220		
Risk governance, risk management and business models	5	Organizational risk management structure	55-61		
	6	Risk management culture	57-61		
	7	Risks from business model and risk appetite	12, 26, 30, 34, 38, 44, 48-50, 55-62		
	8	Stress testing	44, 56, 61, 62, 76, 77		
Capital adequacy and risk-weighted assets	9	Minimum regulatory capital requirements	45		17-19, 109, 110
	10	Reconciliation of the accounting balance sheet and the regulatory balance sheet	46-48, 219, 220		21, 22, 35, 36, 109
	11	Movements in regulatory capital	46-48		
	12	Capital management and planning	44-50		
	13	Risk-weighted assets by business segments	49, 62		7-10
	14	Breakdown of capital requirements by type of risk and by calculation method	48, 49, 63, 64, 67, 68, 76, 77		7-9, 11
	15	Credit risk	48-50		72, 76-78, 81
	16	Movements in risk-weighted assets by type of risk	49, 50		7-11, 72
	17	Back testing and validation of credit models	67		73-75, 81
Liquidity	18	Management of liquidity needs and reserve	79-83		
Funding	19	Encumbered and unencumbered assets	80-82, 84-86, 224, 225		
	20	Residual contractual maturities of assets, liabilities and off-balance sheet commitments	82-85, 226-229		
	21	Funding sources and strategies	43, 44, 79, 84, 85		
Market risk	22	Reconciliation of market risk measures to balance sheet	75, 76		
	23	Market risk factors	74-78, 203-207		102
	24	Assumptions, limitations and validation procedures for market risk models	76, 77		
	25	Extreme loss measures	44, 56, 76, 77		
Credit risk	26	Credit risk profile	43, 44, 54, 56, 67, 68, 70-74	6-10	39-81
	27	Policy for identifying gross credit-impaired loans	69, 127-147		
	28	Reconciliation of gross credit-impaired loans and allowance for credit losses	43, 44, 69-73, 127-147, 161-168		43, 57-71
	29	Counterparty risk related to derivatives	73, 74, 208-217		82-95
	30	Credit risk mitigation techniques	68, 73, 74, 208-217		45, 46, 48-50, 103
Other risks	31	Management of other risks	48-50, 52-55, 59-62, 86-93		
	32	Publicly known risk events	86-88, 224, 225		

Management's Discussion and Analysis

Desjardins Group (hereinafter also referred to as Desjardins) comprises the Desjardins caisses in Québec and Caisse Desjardins Ontario Credit Union Inc. (the caisses), the *Fédération des caisses Desjardins du Québec* (the Federation) and its subsidiaries, and the *Fonds de sécurité Desjardins*.

The Management's Discussion and Analysis (MD&A) dated February 25, 2025, presents the analysis of the results of and main changes to Desjardins Group's balance sheet for the year ended December 31, 2024, in comparison to prior fiscal years. Desjardins Group reports financial information in compliance with *Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings* (Regulation 52-109) prescribed by the Canadian Securities Administrators (CSA). Unlike the Federation, Desjardins Group is not a reporting issuer, on a combined basis, under this or any other applicable securities regulations. Pursuant to Decision No. 2021-FS-0091 of the *Autorité des marchés financiers* (AMF) dated April 23, 2021, the Combined Financial Statements and MD&As of Desjardins Group are to be filed by the Federation instead of the Consolidated Financial Statements and MD&As of the Federation, in order to meet its financial disclosure obligations as a reporting issuer under *Regulation 51-102 respecting Continuous Disclosure Obligations* of the CSA, and the Federation is to maintain controls and procedures with respect to the Combined Financial Statements and MD&As of Desjardins Group in compliance with Regulation 52-109. Since April 23, 2021, and pursuant to the AMF and CSA decision, the Federation has used the financial statements and MD&As of Desjardins Group for all relevant purposes under the applicable securities regulations. Information on the controls and procedures with respect to the Combined Financial Statements and MD&As of Desjardins Group may be found in Section 5.0, "Additional information," of this MD&A.

The MD&A should be read in conjunction with Desjardins Group's Combined Financial Statements, including the Notes thereto, as at December 31, 2024.

Additional information about Desjardins Group is available on the SEDAR+ website at www.sedarplus.com (under the Desjardins Capital Inc. profile for the years ended prior to December 31, 2021, and since the first quarter of 2021, under the *Fédération des caisses Desjardins du Québec* profile). The Annual Information Form of the Federation (under the *Fédération des caisses Desjardins du Québec* profile) can be found on SEDAR+ as well. More information is available on the Desjardins website at www.desjardins.com/ca/about-us/investor-relations. None of the information presented on these sites is incorporated by reference into this MD&A.

The Combined Financial Statements have been prepared by Desjardins Group's management in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and the accounting requirements of the AMF in Québec, which do not differ from IFRS. IFRS represent Canadian generally accepted accounting principles (GAAP). For more information about the accounting policies used, see Note 2, "Accounting policies," to the Combined Financial Statements. Certain comparative figures have been reclassified to conform with the presentation of the Combined Financial Statements for the current year. During the year ended December 31, 2024, a presentation accounting policy relating to interest income and interest expense recognized on the financial instruments of Desjardins Securities Inc. was changed, and these items are now presented under "Net interest income" instead of "Other income." This new presentation was considered preferable to provide reliable and more relevant information. As a result, for the year ended December 31, 2023, a net amount of $414 million has been moved in two gross amounts from "Other income" to interest income and interest expense, under "Net interest income", changing these line items by $1,249 million and $1,663 million, respectively. This change had no impact on total net revenue and net surplus earnings for the comparative year.

This MD&A was prepared in accordance with the regulations in force on continuous disclosure obligations issued by the CSA. Unless otherwise indicated, all amounts are presented in Canadian dollars ($) and are primarily from Desjardins Group's Combined Financial Statements.

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CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

Desjardins Group's public communications from time to time include oral or written forward-looking statements, within the meaning of applicable securities legislation, particularly in Québec, Canada and the United States. Forward-looking statements are found in this MD&A and may also be incorporated in other filings with Canadian regulators or in any other communications. In addition, Desjardins Group's representatives may make verbal forward-looking statements to investors, the media and others.

The forward-looking statements include, but are not limited to, comments on Desjardins Group's objectives regarding financial performance, priorities, vision, operations, targets and commitments, its strategies to achieve them, its results and its financial position, economic as well as financial market conditions, the outlook for the Québec, Canadian, United States and global economies, and the regulatory environment in which we operate. Such forward-looking statements are typically identified by words or phrases such as "target," "objective," "timing," "outlook," "believe," "predict," "foresee," "expect," "intend," "have as a goal," "estimate," "plan," "forecast," "anticipate," "aim," "propose," "should" and "may," words and expressions of similar import, and future and conditional verbs, in all grammatical variants.

By their very nature, such statements require us to make assumptions, and are subject to uncertainties and inherent risks, both general and specific. Desjardins Group cautions readers against placing undue reliance on forward-looking statements when making decisions since a number of factors, many of which are beyond Desjardins Group's control and the effects of which can be difficult to predict, could influence, individually or collectively, the accuracy of the assumptions, predictions, forecasts or other forward-looking statements, including those in this MD&A. Although Desjardins Group believes that the expectations expressed in these forward-looking statements are reasonable and founded on valid bases, it cannot guarantee that these expectations will materialize or prove to be accurate. It is also possible that these assumptions, predictions, forecasts or other forward-looking statements, as well as Desjardins Group's objectives and priorities, may not materialize or may prove to be inaccurate, and that future actual results, conditions, actions or events differ materially from targets, expectations, estimates or intentions that have been explicitly or implicitly put forward. Readers who rely on these forward-looking statements must carefully consider these risk factors and other uncertainties and potential events, including the uncertainty inherent in forward-looking statements.

The factors that may affect the accuracy of the forward-looking statements in this MD&A include those discussed in Section 4.0, "Risk management," of this MD&A and, in particular, credit, market, liquidity, operational, insurance, strategic and reputation risk, environmental, social and governance risk, and regulatory risk.

Such factors also include those related to security (including cybersecurity) breaches, fraud risk, the housing market and household and corporate indebtedness, technological and regulatory developments, including changes to liquidity and capital adequacy guidelines, and requirements relating to their presentation and interpretation, as well as interest rate fluctuations, inflation, climate change, geopolitical uncertainty, a trade dispute with the United States, artificial intelligence and data risk. Furthermore, there are factors related to general economic and business conditions in regions in which Desjardins Group operates; monetary policies; the critical accounting estimates and accounting standards applied by Desjardins Group; new products and services to maintain or increase Desjardins Group's market share; geographic concentration; changes in the credit ratings assigned to Desjardins Group; reliance on third parties; the ability to recruit and retain talent; and tax risk. Other factors include unexpected changes in consumer spending and saving habits, the potential impact of international conflicts on operations, public health crises, such as pandemics and epidemics, or any other similar event affecting the local, national or global economy, as well as Desjardins Group's ability to anticipate and properly manage the risks associated with these factors despite a disciplined risk management environment. Additional information about these factors is found in Section 4.0, "Risk management," of this MD&A.

It is important to note that the above list of factors that could influence future results is not exhaustive. Other factors could have an effect on Desjardins Group's results. Additional information on these and other factors is found in Section 4.0, "Risk management," of this MD&A.

The significant economic assumptions underlying the forward-looking statements in this document are described in Section 1.5, "Economic environment and outlook," of this MD&A and can be updated in the quarterly MD&As filed thereafter. Readers are cautioned to consider the foregoing factors when reading this section. To determine economic growth forecasts in general, and for the financial services sector in particular, Desjardins Group mainly uses historical economic data provided by recognized and reliable organizations, empirical and theoretical relationships between economic and financial variables, expert judgment and identified upside and downside risks for the domestic and global economies.

Any forward-looking statements contained in this MD&A represent the views of management only as at the date hereof, and are presented for the purpose of assisting readers in understanding and interpreting Desjardins Group's financial position as at the dates indicated or its results for the periods then ended, as well as its strategic priorities and objectives as considered as at the date hereof. These forward-looking statements may not be appropriate for other purposes. Desjardins Group does not undertake to update any oral or written forward-looking statements that could be made from time to time by or on behalf of Desjardins Group, except as required under applicable securities legislation.

NON-GAAP AND OTHER FINANCIAL MEASURES

To measure its performance, Desjardins Group uses different GAAP (IFRS) financial measures and various other financial measures, some of which are non-GAAP financial measures. *Regulation 52-112 respecting Non-GAAP and Other Financial Measures Disclosure* (Regulation 52-112) provides guidance to issuers disclosing specified financial measures, including those used by Desjardins Group below:

- Non-GAAP financial measures.
- Non-GAAP ratios.
- Supplementary financial measures.

Non-GAAP financial measures and ratios

Non-GAAP financial measures and ratios used by Desjardins Group, and which do not have a standardized definition, are not directly comparable to similar measures used by other companies, and may not be directly comparable to any GAAP measures. Regulation 52-112 states, among other things, that any ratio with at least one non-GAAP financial measure meets the definition of a non-GAAP ratio. These non-GAAP financial measures and ratios can be useful to investors, among others, in analyzing Desjardins Group's overall performance or financial position. They are defined as follows:

Net interest margin

Net interest margin for 2023 has been restated to conform with the calculation method used for the current quarter. These changes, adopted in the first quarter of 2024, are intended to exclude the impact of trading activities when calculating this ratio in order to improve comparability with information published by the industry and to help readers better understand how management assesses the performance of core interest-bearing assets.

Net interest margin, which is a non-GAAP ratio, is used to measure the profitability of core interest-bearing assets, net of financing cost. It is equal to net interest income on core assets expressed as a percentage of average core interest-bearing assets.

Average interest-bearing assets and average interest-bearing liabilities are non-GAAP financial measures that reflect Desjardins Group's financial position and are used to exclude assets and liabilities not generating net interest income from average assets and average liabilities. Average interest-bearing assets include securities, including those borrowed or purchased under reverse repurchase agreements, cash and deposits with financial institutions, as well as loans. Average interest-bearing liabilities include deposits, subordinated notes and other interest-bearing liabilities. Average interest-bearing assets and liabilities exclude life and health insurance and property and casualty insurance assets and liabilities as well as all other assets and liabilities not generating net interest income.

Average core interest-bearing assets is a non-GAAP financial measure that is used to exclude assets related to trading activities from average interest-bearing assets, when calculating net interest margin.

Net interest income on core assets is a non-GAAP financial measure that is used to exclude net interest income generated by non-core assets from net interest income.

The table below presents the reconciliation of non-GAAP financial measures with financial measures presented in accordance with GAAP in the Combined Financial Statements and used to calculate net interest margin.

Table 1 – Net interest margin
For the years ended December 31

(in millions of dollars and as a percentage)	2024	2023[1]
Average assets – as presented	**$ 447,745**	$ 409,820
Less: Assets not generating net interest income	**88,867**	80,003
Average interest-bearing assets	**358,878**	329,817
Less: Assets related to trading activities	**32,601**	23,977
Average core interest-bearing assets	**$ 326,277**	$ 305,840
Net interest income – as presented	**$ 7,471**	$ 6,619
Less: Net interest income from non-core assets	**1**	(378)
Net interest income on core assets	**$ 7,470**	$ 6,997
Net interest margin	**2.29%**	2.29%
Average liabilities – as presented	**$ 411,117**	$ 376,594
Less: Liabilities not generating net interest income	**82,532**	74,213
Average interest-bearing liabilities	**328,585**	302,381

(1) Data have been restated to conform with the current year's presentation.

Net interest margin – Personal and Business Services

The Personal and Business Services segment's net interest margin, which is a non-GAAP ratio, is used to measure the profitability of core interest-bearing assets, net of financing cost. It is equal to net interest income on core assets expressed as a percentage of average core interest-bearing assets.

Average core interest-bearing assets is a non-GAAP financial measure that reflects the Personal and Business Services segment's financial position and is used to exclude assets not generating net interest income and certain other assets from average assets, when calculating net interest margin. The Personal and Business Services segment's average core interest-bearing assets include securities, cash and deposits with financial institutions, as well as loans, and excludes assets related to trading activities as well as assets related to capital market and liquidity management activities, and all other assets not generating net interest income.

Net interest income on core assets is a non-GAAP financial measure that is used to exclude net interest income generated by non-core assets from net interest income.

The table below presents the reconciliation of non-GAAP financial measures with financial measures presented in accordance with GAAP in the Combined Financial Statements and used to calculate net interest margin for the Personal and Business Services segment.

Table 2 – Net interest margin – Personal and Business Services
For the years ended December 31

(in millions of dollars and as a percentage)	**2024**	2023[1]
Average assets – as presented	**$ 342,529**	$ 322,104
Less: Assets not generating net interest income	**7,352**	3,956
Average interest-bearing assets	**335,177**	318,148
Less: Assets related to trading activities	**29,041**	23,860
Less: Other deductions[2]	**54,659**	54,503
Average core interest-bearing assets	**$ 251,477**	$ 239,785
Net interest income – as presented	**$ 7,134**	$ 6,375
Less: Net interest income from non-core assets	**440**	305
Net interest income on core assets	**$ 6,694**	$ 6,070
Net interest margin – Personal and Business Services	**2.66%**	2.53%

(1) Data have been restated to conform with the current year's presentation.
(2) From assets related to capital market and liquidity management activities.

Loss ratio – Expense ratio – Ratio of losses on onerous contracts – Combined ratios

The loss ratio of 2023 has been restated to conform with the current year's calculation method. An undiscounted combined ratio has also been added. These changes, adopted in the first quarter of 2024, are intended to exclude the effect of discounting net liabilities for incurred claims when calculating such ratios. The use of undiscounted ratios improves their comparability, in particular between periods, but also with industry information.

The following non-GAAP ratios, which are net of reinsurance, are used to analyze the performance of the Property and Casualty Insurance segment and more specifically:
- Loss ratio (undiscounted): Used as a measure of business quality.
- Expense ratio: Used as a measure of the effectiveness of non-interest expense management, excluding certain items such as non-interest expense related to claims.
- Ratio of losses on onerous contracts: Used as a measure of the effect of onerous contracts on profitability.
- Combined ratio (discounted and undiscounted): Used as a measure of business profitability, excluding the effect of the net insurance finance result and certain other income.

The loss ratio is equal to the net claims expenses expressed as a percentage of net insurance revenue. Net claims expenses is a non-GAAP financial measure, which is used to exclude policy costs and acquisition costs, as well as the effect of the loss component on onerous contracts and the effect of discounting net liabilities for incurred claims, and to take into account incurred claims and costs for ceded claims.

Net insurance revenue is a non-GAAP financial measure. It is used to exclude premiums paid related to reinsurance activities and is the denominator in calculating the following ratios: loss ratio, expense ratio and ratio of losses on onerous contracts.

The loss ratio is comprised of the following ratios:
- Current year loss ratio, which is the loss ratio excluding catastrophe and major event claims expenses for the current year as well as those for changes in prior year claims, net of related reinsurance held.
- Loss ratio related to catastrophes and major events, which is the loss ratio including catastrophe and major event claims expenses for the current year, net of related reinsurance held.
- Ratio of changes in prior year claims, which is the loss ratio including changes in prior year claims, net of related reinsurance held.

The expense ratio is equal to non-interest expense, excluding non-interest expense related to claims and certain items, expressed as a percentage of net insurance revenue. Non-interest expense excluding non-interest expense related to claims and certain items is a non-GAAP financial measure. It is used to consider all expenses excluding investment management fees and certain other specific items.

The ratio of losses on onerous contracts is equal to the effect of the loss component on net onerous contracts expressed as a percentage of net insurance revenue. The effect of the loss component on net onerous contracts is a non-GAAP financial measure, which is used to include losses and reversals of losses on net onerous contracts, as well as decreases in the loss component related to past services, net of reinsurance.

The combined ratio is equal to the sum of the loss ratio, the expense ratio and the ratio of losses on onerous contracts.

The discounted combined ratio is equal to the combined ratio, including the effect of discounting net liabilities for incurred claims.

The following table presents the reconciliation between non-GAAP financial measures and the financial measures presented in accordance with GAAP in the Combined Financial Statements and used to calculate the loss ratio, the expense ratio, the ratio of losses on onerous contracts, and the combined ratios for the Property and Casualty Insurance segment.

Table 3 – Loss ratio – Expense ratio – Ratio of losses on onerous contracts – Combined ratios
For the years ended December 31

(in millions of dollars and as a percentage)	2024	2023
Insurance revenue – as presented	**$ 7,425**	$ 6,642
Less: Premiums paid related to reinsurance activities[(1)]	**362**	306
Net insurance revenue	**$ 7,063**	$ 6,336
Insurance service expenses – as presented	**$ 6,502**	$ 5,775
Less: Policy costs and acquisition costs	**1,363**	1,302
Less: Effect of loss component on onerous contracts	**(28)**	(54)
Less: Effect of discounting net liabilities for incurred claims	**(301)**	(321)
Less: Incurred claims and costs of ceded claims[(1)]	**907**	237
Net claims expenses[(2)(3)]	**$ 4,561**	$ 4,611
Gross non-interest expense – as presented	**$ 1,057**	$ 1,025
Less: Non-interest expense related to claims[(4)] and certain items[(5)]	**459**	433
Plus: Acquisition costs and certain policy costs included in insurance service expenses	**1,134**	1,066
Non-interest expense excluding non-interest expense related to claims and certain items	**$ 1,732**	$ 1,658
Effect of loss component on onerous contracts	**$ (28)**	$ (54)
Less: Effect of loss component on ceded onerous contracts[(1)]	**—**	2
Effect of loss component on net onerous contracts	**$ (28)**	$ (56)
Loss ratio[(2)(3)]	**64.6%**	72.8%
Expense ratio	**24.5**	26.2
Ratio of losses on onerous contracts	**(0.4)**	(0.9)
Combined ratio[(2)(3)]	**88.7**	98.1
Discounted combined ratio	**84.4**	93.0

(1) These items are included under "Net reinsurance service income (expenses)."
(2) Data or undiscounted ratio, therefore excluding the effect of discounting net liabilities for incurred claims.
(3) Data have been restated to conform with the current year's presentation.
(4) Represents non-interest expense directly related to claims settlement, which are presented under "Insurance service expenses."
(5) From investment management fees and certain other specific items.

Return to members and the community

As a cooperative financial group contributing to the development of communities, Desjardins Group gives its members and clients the support they need to be financially empowered. The amounts returned to members and the community, a non-GAAP financial measure, are used to present the overall amount returned to the community and are composed of member dividends, as well as sponsorships, donations and scholarships.

More detailed information about the amount returned to members and the community may be found in Table 4, "Financial highlights," in this MD&A.

Supplementary financial measures

In accordance with Regulation 52-112, supplementary financial measures are used to show historical or expected future financial performance, financial position or cash flow. In addition, these measures are not disclosed in the financial statements. Desjardins Group uses certain supplementary financial measures, and their composition is presented in the Glossary on pages 106 to 113.

REGULATORY ENVIRONMENT

Regulatory environment

The Act respecting financial services cooperatives and other applicable legislation

Desjardins Group's operations are governed in particular by the *Act respecting financial services cooperatives* (AFSC) and the *Insurers Act*. The Minister of Finance of Québec is responsible for the application of the AFSC and the AMF is responsible for its administration. The AMF is the main government agency that oversees and monitors deposit-taking institutions (other than banks) and insurance companies that do business in Québec and are governed by Québec law, including the caisses and the Federation and some of its insurance subsidiaries. Other federal and provincial regulations, in addition to those of regulators, may also govern some operations of Desjardins Group's entities, such as the Office of the Superintendent of Financial Institutions (OSFI), related to property and casualty insurance, and custodial and trust services. The AFSC prescribes, among other things, the rules for organizing a network of financial services cooperatives and a financial group, and the rules for issuing capital shares and investment shares.

The AFSC includes a chapter concerning the *Groupe coopératif Desjardins* (the "Cooperative Group"), which comprises the Desjardins caisses in Québec, the Federation and the *Fonds de sécurité Desjardins* (FSD), and specifies the financial solidarity mechanisms within the Cooperative Group. Under the AFSC, the Federation's mission includes, in particular, to provide Desjardins Group's risk and capital management and see to the financial health of the Cooperative Group and its sustainability. To this end, the Federation and the FSD have special powers of supervision and intervention regarding the protection of creditors, including depositors. As well, the Federation may, in accordance with its mission and when it considers that the financial position of the Cooperative Group so warrants, give written instructions to any caisse or order it to adopt and apply a recovery plan. Apart from the annual assessments required from the caisses, set by resolution of the Federation's Board of Directors under the AFSC and its internal By-laws, the Federation may set, under the AFSC and by resolution of its Board of Directors, the assessments it considers necessary for the pursuit of its missions.

For its part, the FSD is required, in particular, to ensure the distribution of capital and other assets among the components of the Cooperative Group so that each one can fulfill its obligations to its depositors and other creditors in full, correctly and without delay. Under the AFSC, it is empowered, in particular, to set and collect assessments from the entities of the Cooperative Group. The FSD requests and collects assessments from the Québec caisses every year. It is also required to intervene with a component of the Cooperative Group each time it appears necessary to do so in order to protect the component's creditors. The FSD may, in such circumstances, order the sale of any part of the business of a caisse, order the amalgamation or dissolution of caisses or establish a legal entity to facilitate the liquidation of a caisse's bad assets. Furthermore, the FSD mutualizes the cost of its interventions among the components belonging to the Cooperative Group. In addition, if it considers that its financial resources are inadequate to carry out its mission, it may set a special assessment and require any component of the Cooperative Group to pay it.

The AFSC also provides that all the Québec caisses, the Federation and the FSD may be amalgamated into a single legal entity to be wound up, as these entities cannot be wound up in any other manner. As a result, in the event of liquidation, the Cooperative Group's capital and assets in their entirety (and, indirectly, of Desjardins Group) are available to satisfy all the Cooperative Group's debt.

Under the AFSC, the directors and officers of a financial services cooperative that is part of the Cooperative Group are duty-bound toward these cooperatives and the FSD, in the performance of their functions, to act with prudence and diligence, as well as with honesty and loyalty and in the interest of the Cooperative Group, and not only in the interest of the cooperative. When the cooperative's interest is not the same as that of the Cooperative Group, they must promote the interest of the latter. In determining whether something is in the Cooperative Group's interest, the Cooperative Group must be considered to be a single legal person comprising the cooperatives (including the Federation and the Québec caisses) and the FSD that is included in this group.

The assessment and intervention powers of the Federation and the FSD, combined with the primacy of the Cooperative Group's interest and the universal amalgamation/winding-up operation, as described earlier, are the fundamental principles of financial solidarity mechanisms, which constitute one of the key elements of Desjardins Group's and the Cooperative Group's financial structure.

The *Deposit Institutions and Deposit Protection Act* also provides for recovery and resolution mechanisms in the event of failure of deposit-taking institutions that are part of the Cooperative Group. For more details, see "Internal recapitalization (bail-in) regime and total loss absorbing capacity" below.

Regulatory governance requirements

As mentioned on page 1, Desjardins Group reports financial information in compliance with *Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings*, as prescribed by the CSA. Desjardins Group's financial and corporate governance are discussed on pages 93 and 94 of this MD&A and in the "Corporate governance" section of the 2024 Desjardins Group Annual Report.

Domestic systemically important financial institution

In June 2013, the AMF determined that Desjardins Group met the criteria to be designated a domestic systemically important financial institution (D-SIFI), which subjects Desjardins Group to higher capital requirements and enhanced disclosure requirements, among other things, as instructed by the AMF. Desjardins Group globally incorporates the recommendations issued by the Enhanced Disclosure Task Force (EDTF) of the Financial Stability Board contained in the document "Enhancing the Risk Disclosures of Banks," into its risk management disclosure framework. Desjardins Group also continues to adapt its disclosure to comply with the principles of risk data aggregation and risk reporting (RDARR), which aim to strengthen governance as well as risk data aggregation and risk reporting capabilities. Furthermore, Desjardins Group has developed a living will, detailing the actions it would take to restore its financial position in the event of a severe crisis.

Internal recapitalization (bail-in) regime and total loss absorbing capacity

The *Deposit Institutions and Deposit Protection Act* and its regulations, as well as certain other laws, regulations and guidelines, collectively provide for a resolution process and an internal recapitalization (bail-in) regime for domestic systemically important financial institutions belonging to a cooperative group. The objective of resolution operations, including the bail-in regime, is to ensure the sustainability of the operations of deposit-taking institutions belonging to a cooperative group despite their failure, without resorting to public funds, and to have holders of contributed capital securities and creditors absorb losses, thereby minimizing taxpayer exposure to the losses.

Among other resolution operations, the AMF may, in particular, (i) amalgamate the Cooperative Group and have it continued as one Québec savings company, (ii) establish a bridge institution in order to have it assume the liabilities, in relation to deposits of money, of deposit-taking institutions belonging to the Cooperative Group, (iii) establish an asset management company with a view to transferring any part of the assets or liabilities of a legal entity belonging to the Cooperative Group to such asset management company, except liabilities in relation to deposits of money, and/or (iv) transfer the assets and liabilities of a legal entity belonging to the Cooperative Group to any acquirer.

In addition, in the event that any deposit-taking institution belonging to the Cooperative Group becomes non-viable, the AMF may convert any part of the capital shares issued by the deposit-taking institutions belonging to the Cooperative Group (such as Class F capital shares) and/or of certain other debt securities prescribed by regulation issued by the Federation into contributed capital securities of the Federation, of a deposit-taking institution belonging to the Cooperative Group, or of another legal entity constituted for such purpose or resulting from the resolution process of the Cooperative Group. Covered bonds, certain derivatives and structured notes, senior unsubordinated debt instruments that (i) have a maturity of less than 400 days (including explicit or embedded extension options) or (ii) are not assigned an international securities identification number (ISIN) or other similar designation for the purposes of trading and settlement, and subordinated notes that are non-viability contingent capital instruments are all excluded from the application of the bail-in regime. Holders of converted capital shares or debt instruments may be eligible for indemnification, as set forth under applicable regulations.

On March 21, 2019, the AMF released the *Notice relating to the bail-in power set out in the second paragraph of section 40.50 of the Deposit Insurance Act*, which specifies the AMF's current intention with respect to the application of the bail-in regime. In this context, the AMF plans to propose to the resolution board that it convert negotiable and transferable unsecured debt into capital shares of the Federation in accordance with the conversion measures set out in the regulations. The AMF would then propose to the resolution board that it carry out an amalgamation/continuance operation, the purpose of which would be to amalgamate the entities belonging to the Cooperative Group and have them continued as one Québec savings company. This operation would result in the capital shares issued by the amalgamating entities being converted into common shares of the savings company.

The bail-in regime applicable to Desjardins Group is essentially similar to the Canadian federal regime to which Canadian banks are subject. In addition, the bail-in regime is not retroactive in respect of debt instruments and does not apply to any debt instruments issued prior to March 31, 2019. The bail-in regime could adversely affect the Federation's cost of funding.

Furthermore, the *AMF's Total Loss Absorbing Capacity Guideline* (the TLAC Guideline) applies to and establishes standards for Desjardins Group in this regard. As a result, since April 1, 2022, Desjardins Group has been required to maintain at all times a minimum loss absorbing capacity composed of unsecured external long-term debt that meets the prescribed criteria or regulatory capital instruments to support its recapitalization in the event of a failure. Additional information can be found under "Regulatory framework" in Section 3.2, "Capital management."

U.S. regulations

Desjardins Bank, National Association, a wholly owned subsidiary of Desjardins FSB Holdings, Inc. (DFSBH), is authorized to carry on banking operations as a national banking organization under the charter issued to it by the Office of the Comptroller of the Currency of the United States (OCC), an independent office of the United States Department of the Treasury and the regulator that oversees it. The American operations of DFSBH, as a bank holding company and wholly owned subsidiary of the Federation, are subject to the supervisory and regulatory authority of the Federal Reserve Bank of Atlanta. The Federation also operates a branch in Florida, namely Desjardins Florida Branch (DFLB), that has been given the status of a Limited Federal Branch of a Foreign Banking Organization by the OCC. DFLB is subject to regulation by the International Banking Supervision division of the OCC's Large Bank Supervision Department. Desjardins Group is governed by the U.S. *Bank Holding Company Act*, as amended by the *Dodd-Frank Wall Street Reform and Consumer Protection Act* of 2010 (Dodd-Frank Act), and the U.S. Federal Reserve regulations. On October 22, 2015, the Board of Governors of the U.S. Federal Reserve System determined that Desjardins Group, the Federation and DFSBH may each be treated as a Financial Holding Company (FHC).

Changes in the regulatory environment

Desjardins Group closely monitors regulations for financial products and services, as well as new developments, particularly in fraud, corruption, tax evasion, privacy protection, money laundering, terrorist financing, and domestic and international economic sanctions in order to mitigate any negative impact on its operations, and aims to comply with best practices in this regard. Further information about regulatory developments is provided in Section 3.2, "Capital management" and Section 4.2, "Risk management."

The Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)

Amendments to the PCMLTFA and its regulations were announced on July 10, 2019. These amendments, which came into force between 2021 and 2024, mainly affected Desjardins Group's record-keeping and reporting requirements.

On June 7, 2023, the Department of Finance Canada launched a consultation on the parliamentary review of the PCMLTFA, which is to be carried out every five years. Reporting entities and stakeholders had until August 1, 2023 to comment, and Desjardins Group produced a brief as part of this consultation. New regulatory changes were also published in the *Canada Gazette* on October 11, 2023. Desjardins Group must therefore be subject to new reporting and correspondent banking relationship requirements, and must now also pay an assessment to the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) to cover examination fees. On November 21, 2023, the federal government released the 2023 Fall Economic Statement, in which it stated its intention to adopt legislative measures to further strengthen the PCMLTFA regime, in particular by combatting sanctions evasion, the risk of fraud and environmental crime. Therefore, since August 19, 2024, Desjardins Group's reporting entities have been required to submit Suspicious Transaction Reports where there are reasonable grounds to suspect that there has been an actual or attempted economic sanctions evasion.

In 2024, the Department of Finance Canada announced new amendments to the PCMLTFA, which included information sharing between reporting entities, and the new requirement to make a report to FINTRAC concerning property held belonging to sanctioned individuals. Desjardins Group is waiting for these new regulatory changes to come into force and how their terms and conditions are to be applied.

Protection of personal information and Information security

As a result of rapid changes in information technology, privacy protection and data security are hot topics in the news. After being passed by the National Assembly and assented to in September 2021, an *Act to modernize legislative provisions as regards the protection of personal information* was phased in over a three-year period, which ended on September 22, 2024, with the coming into force of the right to data portability. Desjardins Group has completed the work to comply with these new requirements.

On May 15, 2024, the Québec government passed the *Regulation respecting the anonymization of personal information*, which governs the anonymization process in Québec. The new requirements introduced by this regulation confirm the criteria to be met by organizations when anonymizing personal information. These criteria will be met by Desjardins should it be necessary to use anonymized data.

Federal Bill C-27, an *Act to enact the Consumer Privacy Protection Act, the Personal Information and Data Protection Tribunal Act* and the *Artificial Intelligence and Data Act and to make consequential and related amendments to other Acts*, which had been tabled in June 2022, lapsed as a result of the prorogation of the parliamentary session pronounced on January 6, 2025. Desjardins Group will carefully monitor the federal government's intentions regarding the reform of privacy laws when Parliament resumes sitting.

Following the announcement of the federal government's intention to implement legislative measures and a governance framework for open banking as well as Canada's Consumer-Driven Banking Framework proposed in the 2024 federal budget, the Desjardins Group Privacy Office is contributing to the work underway to analyze the impact on Desjardins Group's operations and is taking part in the ongoing consultations.

Lastly, the provincial government enacted the *Regulation respecting the management and reporting of information security incidents by certain financial institutions and by credit assessment agents* on October 23, 2024. The financial institutions concerned by this regulation have new requirements for the management and reporting of information security incidents. Effective April 23, 2025, financial institutions will be required, in particular, to have implemented a detailed policy to manage information security incidents and will need to report to the AMF any information security incidents meeting the criteria of this regulation within 24 hours of its detection. Financial sanctions will be imposed in the event of non-compliance with the requirements. Impact analyses are underway to ensure Desjardins Group's compliance, although Desjardins is already well-positioned given its existing process for managing major incidents.

Artificial Intelligence (AI)

On February 12, 2024, the AMF released an *Issues and Discussion Paper – Best practices for the responsible use of AI in the financial sector*. This paper presents the AMF's reflections on what it considers to be best practice to adopt for AI in the financial sector. Desjardins is taking part in the discussions and submitted its comments regarding this paper on June 14, 2024. A guideline on the use of AI in the financial sector is also being prepared by the AMF. The draft guideline is expected to be filed in early 2025, following which organizations will be invited to submit their comments, with a view to its official adoption.

Pillar 3 financial disclosure requirements

Desjardins Group continues to monitor changes in financial disclosure requirements under global standards developed by the Basel Committee on Banking Supervision (BCBS). These Pillar 3 requirements aim to enhance comparability with other financial institutions, transparency and disclosure with regard to regulatory capital adequacy and risk exposure. Desjardins Group has been issuing a Pillar 3 Report since December 31, 2018 in order to comply with Pillar 3 requirements. In January 2022, the AMF issued an update to the *Pillar 3 Disclosure Requirements Guideline*, which clarifies the implementation of provisions and incorporates new requirements that address, in particular, risk-weighted asset modelling, encumbered assets and compensation. In December 2023, the AMF released a new update to this guideline, effective January 1, 2024, which provides clarifications on disclosures in certain templates and tables.

An Act respecting French, the official and common language of Québec

An *Act respecting French, the official and common language of Québec* came into force on June 1, 2022. This Act significantly enhances previous standards in the *Charter of the French Language*. The objectives are, in particular, to strengthen the presence and use of French in Québec, and to affirm that French is the only official language of Québec. Desjardins Group has made adjustments to its systems, processes and contracts in an effort to comply with the new requirements in force. The *Regulation respecting the language of commerce and business* was published on June 26, 2024 in the *Gazette Officielle du Québec*. In particular, it provides for rules applicable to public signs and posters of trade marks and enterprise names, rules concerning inscriptions on products, and provisions to facilitate the implementation of the *Charter of the French language*, particularly regarding contracts of adhesion. The final regulation will come into force on June 1, 2025, except for certain provisions, including those for contracts of adhesion, which came into force on the fifteenth day following the date of publication of the regulation in the *Gazette Officielle du Québec*, namely on July 11, 2024, and with which Desjardins is compliant. Desjardins Group continues to closely monitor developments in this file and responds, where relevant, to consultations on the subject directly or through industry associations.

Regulators' strong interest in environmental, social and governance (ESG) factors

Regulatory and standard-setting authorities continue to clarify their ESG expectations by developing frameworks and standards:
- In March 2024, OSFI released a new version of Guideline B-15, *Climate Risk Management*. Expectations will now align with those of the International Sustainability Standards Board's final IFRS S2, *Climate-related Disclosures,* in order to streamline disclosures and promote transparency of climate-related risks, in addition to the general governance and risk management expectations and climate-related financial disclosures issued in the initial version dated March 2023. The Guideline will be phased in between fiscal 2024 and subsequent years. Desjardins Group is continuing its work to comply with the new requirements.
- On July 4, 2024, the AMF issued its *Climate Risk Management Guideline*, which took effect as soon as it was published in the AMF's Bulletin. In addition to the general expectations set out in OSFI's Guideline B-15 and those aligned with *Sustainability-related Disclosure Requirements* (IFRS S1) and *Climate-related Disclosure Requirements* (IFRS S2), this guideline has the distinction of setting out expectations for sound commercial practices. Desjardins Group has completed its work to comply with these new requirements.
- The Financial Services Regulatory Authority of Ontario (FSRA) has included climate risk management in its *Operational Risk and Resilience Guidance* for credit unions and caisses populaires. FSRA also assesses their ESG initiatives (in particular regarding climate risk) as an integral part of their resilience rating.
- Following the publication internationally of IFRS S1 and IFRS S2 by the International Sustainability Standards Board (ISSB) in June 2023, the Canadian Sustainability Standards Board (CSSB) issued, on December 18, 2024, the *Canadian Sustainability Disclosure Standard* (CSDS) 1, *General Requirements for Disclosure of Sustainability-related Financial Information*, and CSDS 2, *Climate-related Disclosures*. Desjardins Group continues to monitor developments regarding these standards because their adoption and implementation date must be approved by the CSA. The CSA should soon be publishing a revised regulation for consultation and will invite interested and affected parties to submit their comments.

These points confirm that climate change consideration and disclosure requirements will be strengthened internationally, nationally and provincially in the future. Desjardins Group continues to closely monitor developments in this file and responds, where required, to consultations on the subject directly or through industry associations. Desjardins is also ensuring that it follows sound practices in ESG integration, monitoring and disclosure. This disclosure is reflected in the annual Social and Cooperative Responsibility report, which is aligned, in particular, with the standards of the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB). It is also included in the *Climate action at Desjardins* report, structured according to the AMF's and the OSFI's climate risk management disclosure guidelines. The key points of this disclosure, together with the recommendations in these guidelines, are summarized in Section 4.2.10 "Environmental, social and governance (ESG) risk."

Competition Act

On December 23, 2024, the Competition Bureau Canada issued a preliminary version of its guidelines on environmental claims, initiating a public consultation open until February 28, 2025. This initiative follows the legislative amendments dated June 20, 2024, which introduced new provisions concerning greenwashing in the *Competition Act*. From now on, businesses are required to ensure that their environmental claims are based on adequate and appropriate corroborative evidence obtained through internationally recognized methods where they are made to promote benefits for a business or its operations. The burden of proof lies with the business making these claims. The Competition Bureau Canada is seeking comments from stakeholders in order to finalize these guidelines, which are aimed at clarifying the requirements of businesses and protecting consumers against deceptive practices in environmental claims. Desjardins Group is closely monitoring developments in this file in order to ensure that it is fully adhered to and meets all compliance requirements.

Canadian tax measures

On June 20, 2024, Bill C-59, An *Act to implement certain provisions of the fall economic statement tabled in Parliament on November 21, 2023 and certain provisions of the budget tabled in Parliament on March 28, 2023* received royal assent. The amendments made provide, in particular, for a new rule to deny financial institutions the dividend received deduction for certain dividends received after December 31, 2023, on Canadian shares that are mark-to-market property for tax purposes, except in the case of dividends received on certain preferred shares or those held in connection with issued insurance contracts. These proposals will have a limited impact on the amount of income tax payable by Desjardins Group as of 2024.

Regulation amending the Regulation respecting the application of the Deposit Institutions and Deposit Protection Act

On February 29, 2024, the AMF issued the *Regulation amending the Regulation respecting the application of the Deposit Institutions and Deposit Protection Act* to increase the premium payable by authorized deposit institutions. The premium rate has increased from 5 to 7.5 basis points of the amount of the deposits held by Desjardins Group and guaranteed by the AMF. This regulation came into force on April 30, 2024, and the premium paid by Desjardins for fiscal 2024 reflects this change.

Integrity and Security Guideline

On January 31, 2024, OSFI released its final *Integrity and Security Guideline*. This final guideline reflects the feedback received through public consultations held from October 13 to November 24, 2023. It clarifies expectations for all federally regulated financial institutions concerning policies and procedures on integrity and security. Financial institutions should consider their susceptibility to undue influence, foreign interference and malicious activity when applying the expectations in the guideline. Following the publication of its guideline, OSFI sent the entities subject to this guideline at Desjardins Group an integrity and security self-assessment questionnaire, which was completed and returned to OSFI. Work is underway to identify the differences between the guideline's expectations and the existing controls. OSFI could proceed with additional work and possibly send supervisory letters.

Complaint processing

The *Regulation respecting complaint processing and dispute resolution in the financial sector* was approved on February 14, 2024 by the Québec Minister of Finance. The new requirements will come into force on July 1, 2025. Work is underway to modernize and ensure compliance of the process for managing dissatisfaction and complaints. The new requirements now include a processing period of 60 days and provide for administrative penalties.

Bill 30, An Act to amend various provisions mainly with respect to the financial sector

On June 7, 2023, the Québec Minister of Finance tabled Bill 30, An *Act to amend various provisions mainly with respect to the financial sector* (Bill 30) in the National Assembly. Bill 30 is an omnibus bill that amends, in particular, the *Insurers Act* (chapter A-32.1), the *Act respecting the distribution of financial products and services* (chapter D-9.2) and the *Act respecting financial services cooperatives* (chapter C-67.3) (AFSC). Among the many amendments to the above-mentioned legislation, the adoption of Bill 30 has replaced, in particular, the requirement for the review of an authorization granted by the AMF with the requirement for insurers and deposit-taking institutions to send a notice to the AMF regarding transactions leading to the acquisition of control of a group without having significant impact on the acquirer. Bill 30 came into force on May 9, 2024, except for certain provisions that will come into force by 2026. Desjardins Group is complying with the applicable provisions as and when they come into force.

Decision to make Desjardins Financial Corporation Inc. subject to requirements

On September 18, 2024, the AMF's Decision No. 2024-PDG-0045 came into force, authorizing that the articles of Desjardins Financial Corporation Inc., a wholly-owned indirect subsidiary of the Federation and a regulated holding company, be amended, and revising Decision No. 2015-PDG-0109 in order to make Desjardins Financial Corporation Inc. subject to certain provisions of the *Insurers Act* and the *Act respecting the regulation of the financial sector* in accordance with section 478 of the AFSC. This resulted, in particular, in no longer being considered an interested party under the *Insurers Act* and being required to set up an ethics committee. In addition, the decision allowed amendments to be passed regarding the articles of Desjardins Financial Corporation Inc., so that now it is an interested party under the AFSC. Accordingly, Desjardins Group's Board of Ethics and Professional Conduct has become the only ethics committee authorized with regard to the operations of Desjardins Financial Corporation Inc.

Act to protect consumers against abusive commercial practices and to offer better transparency with respect to prices and credit

An Act to protect consumers against abusive commercial practices and to offer better transparency with respect to prices and credit was assented to and became law on November 7, 2024. This Act amends the *Consumer Protection Act* and its regulations, including certain provisions concerning credit contracts, and it introduces a protection plan for demand deposit accounts, limiting consumer liability in the event of fraud or unauthorized use of consumers' deposit accounts. Although some provisions came into force on November 7, 2024, most of the requirements concerning credit contracts will become effective on August 7, 2025, and those relating to deposit accounts will come into force by order in council. A regulation governing the protection of deposit accounts is still to come. Desjardins Group is closely monitoring developments in this file and will be taking part in consultations on the matter. An impact analysis is in progress to determine the adjustments that need to be made to systems, processes and contracts in order to comply with these new requirements.

1.0 Desjardins Group

1.1 Profile and structure

WHO WE ARE

Desjardins Group is the largest financial cooperative group in North America, with assets of $470.9 billion. As at December 31, 2024, the organization included 203 caisses in Québec and Caisse Desjardins Ontario Credit Union Inc., the *Fédération des caisses Desjardins du Québec* and its subsidiaries, and the *Fonds de sécurité Desjardins*. A number of its subsidiaries and components are active across Canada, and Desjardins Group maintains a presence in the United States through Desjardins Bank, National Association, and Desjardins Florida Branch.

Through its Personal and Business Services, Wealth Management and Life and Health Insurance, and Property and Casualty Insurance business segments, Desjardins Group offers a full range of financial services to members and clients designed to meet their needs. As one of the largest employers in the country, Desjardins Group capitalizes on the skills of close to 55,200 employees and the commitment of nearly 2,300 directors in the caisse network.

The Federation is a cooperative entity that is responsible for assuming orientation, framework, coordination, treasury and development activities for Desjardins Group and acts as a financial agent on Canadian and foreign financial markets. It provides its member caisses with a variety of services, including certain technical, financial and administrative services. It acts as a monitoring and control organization for the caisses and its mission includes risk management and capital management for Desjardins Group, as well as ensuring the financial soundness and sustainability of the *Groupe coopératif Desjardins* (composed of the Desjardins caisse network in Québec, the Federation and the *Fonds de sécurité Desjardins*), pursuant to the AFSC. The Federation is, among other things, the treasurer and official representative of Desjardins Group with the Bank of Canada and the Canadian banking system. The Federation also has the right to participate in the Visa Inc. and MasterCard Inc. payment systems in Canada on behalf of Desjardins Group. In addition, it manages majority interests in joint-stock companies through holding companies.

The AFSC provides that the entities comprising the *Groupe coopératif Desjardins* may be amalgamated into a single legal entity to be wound up, as these entities cannot be wound up in any other manner. It should be mentioned that Caisse Desjardins Ontario Credit Union Inc. is excluded from this amalgamation-liquidation provided for in the Act.

Summary additional information on the entities that are not part of the *Groupe coopératif Desjardins* or the subsidiaries of the entities that comprise it but that are included in Desjardins Group's financial statements may be found under Section 5.5, "Additional information required pursuant to the AMF's decision No. 2021-FS-0091."

WHAT MAKES US DIFFERENT

Desjardins Group takes pride in its cooperative nature because it provides the necessary leverage to always work in the interests of members and clients. The resulting mission and values are the driving force for its directors, managers and employees. They are echoed in its orientations, and help Desjardins Group achieve its vision of sustainable prosperity within the communities it serves. Since the first caisse was founded in 1900 in Lévis, Desjardins Group has always been a key player in financial literacy, and it believes that the cooperative business model is more relevant now than ever in a greatly changing world.

Desjardins Group continues to make progress in implementing its commitments and concrete measures to integrate environmental, social and governance (ESG) factors into its business model and in managing its operations, combat climate change and biodiversity loss and to adapt to these realities. It does this, in particular, through financial literacy and solidarity-based finance, as well as by offering products and services that meet all the financial needs of members and clients.

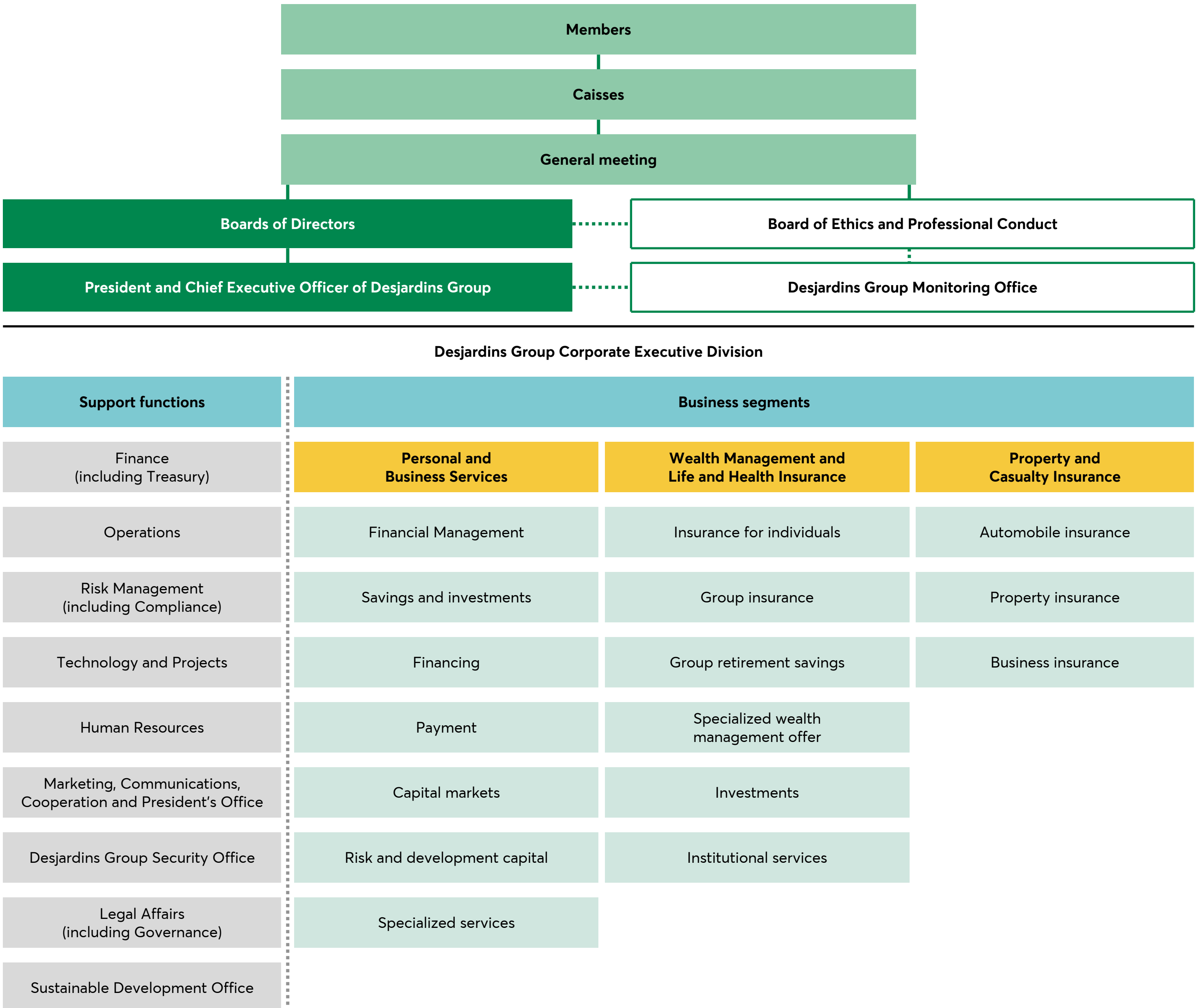
Desjardins Group's goal is to be everyone's #1 choice. Thanks to its varied distribution channels, numerous intermediary networks and personnel who strive to always work in the interests of members and clients, Desjardins Group stays close to its members and their communities. In order to best meet members' increasingly diverse needs, Desjardins Group pays special attention to the caisse network and its range of service delivery methods. This process is also part of Desjardins Group's continued commitment to the vitality of cooperation at the caisse level in terms of democratic life, representation, education and training, cooperation with other cooperatives and support for community development.

Another hallmark of Desjardins Group is its modern, grassroots-level democratic governance, based on the active participation of directors elected by caisse members. This participation is expressed in working together and in terms of governance. Community collaboration groups are active in various areas where the caisses are present, and the Desjardins Collaboration Forum serves a similar purpose at the caisse network level. In terms of governance, the caisses' elected officers participate at the annual general meeting, at orientation congresses and on the Board of Directors of the Federation and its subsidiaries and its various commissions.

STRUCTURE OF DESJARDINS GROUP

Desjardins Group's structure has been designed to take into account the needs of its members and clients, as well as the markets in which it operates. As a result, the Federation and its subsidiaries, the caisse network in Québec and Caisse Desjardins Ontario Credit Union Inc. have the support of three main business segments (Personal and Business Services, Wealth Management and Life and Health Insurance, and Property and Casualty Insurance), which enhances their ability to build on their products and services.

Additional information on the business segments, particularly their profile, operations, 2024 achievements, the industry in which they operate, and their strategies and priorities for 2025 may be found in Section 2.2, "Analysis of business segment results."



1.2 Financial highlights

Table 4 – Financial highlights
As at December 31 and for the years ended December 31

(in millions of dollars and as a percentage)	2024	2023[1]
Results		
Net interest income	**$ 7,471**	$ 6,619
Insurance service result	**2,087**	1,366
Net insurance finance result	**795**	691
Net insurance service income	**2,882**	2,057
Other income	**4,307**	3,901
Total net revenue	**14,660**	12,577
Provision for credit losses	**597**	529
Non-interest expense		
Gross non-interest expense	**10,645**	10,217
Non-interest expense included in insurance service expenses[2]	**(939)**	(985)
Net non-interest expense	**9,706**	9,232
Income taxes on surplus earnings	**1,001**	557
Surplus earnings before member dividends	**$ 3,356**	$ 2,259
Contribution to surplus earnings by business segment[3]		
Personal and Business Services	**$ 1,719**	$ 1,019
Wealth Management and Life and Health Insurance	**601**	601
Property and Casualty Insurance	**1,101**	494
Other	**(65)**	145
	$ 3,356	$ 2,259
Amount returned to members and the community[4]		
Member dividends	**$ 437**	$ 412
Sponsorships, donations and scholarships[5]	**120**	126
	$ 557	$ 538
Indicators		
Net interest margin[4]	**2.29%**	2.29%
Return on equity[6]	**9.0**	6.8
Credit loss provisioning rate[6]	**0.22**	0.20
Gross credit-impaired loans/gross loans[6]	**0.81**	0.74
Liquidity coverage ratio[7]	**165**	154
Net stable funding ratio[7]	**129**	124
Productivity index – Personal and Business Services[6]	**69.8**	78.4
Insurance and annuity premiums – Wealth Management and Life and Health Insurance[6]	**$ 6,220**	$ 6,313
Total contractual service margin (CSM) – Wealth Management and Life and Health Insurance[8]	**2,585**	2,595
Direct premiums written – Property and Casualty Insurance[6]	**7,565**	6,856
On-balance sheet and off-balance sheet		
Assets	**$ 470,942**	$ 422,940
Loans, net of allowance for credit losses	**289,597**	265,935
Deposits	**300,946**	279,329
Equity	**38,690**	34,390
Assets under administration[6]	**588,207**	535,264
Assets under management[6]	**104,220**	87,164
Average assets[6]	**447,745**	409,820
Capital measures		
Tier 1A capital ratio[9]	**22.2%**	20.4%
Tier 1 capital ratio[9]	**22.2**	20.4
Total capital ratio[9]	**24.2**	21.9
TLAC ratio[10]	**32.9**	29.4
Leverage ratio[9]	**7.6**	7.3
TLAC leverage ratio[10]	**11.2**	10.5
Risk-weighted assets[9]	**$ 149,621**	$ 140,481
Other information		
Number of employees	**55,290**	56,165

(1) Data have been restated to conform with the current year's presentation.
(2) Represents the non-interest expense directly related to the fulfillment of insurance contracts presented under "Insurance service result."
(3) The breakdown by line item is presented in Note 30, "Segmented information," to the Combined Financial Statements.
(4) For more information about non-GAAP financial measures and non-GAAP ratios, see "Non-GAAP and other financial measures" on pages 3 to 5.
(5) Including $65 million in 2024 from the caisses' Community Development Fund ($57 million in 2023).
(6) For further information about supplementary financial measures, see the Glossary on pages 106 to 113.
(7) In accordance with the Liquidity *Adequacy Guideline* issued by the AMF, see Section 4.0, "Risk management."
(8) Total CSM of $2,838 million ($2,813 million as at December 31, 2023) presented net of reinsurance in the amount of $253 million ($218 million as at December 31, 2023). Included in the line items "Insurance contract liabilities" and "Reinsurance contract assets (liabilities)" on the Combined Balance Sheets. For more information, see Note 16, "Insurance and reinsurance contracts," to the Combined Financial Statements.
(9) In accordance with the *Capital Adequacy Guideline* issued by the AMF for financial services cooperatives in particular, see Section 3.2, "Capital management."
(10) In accordance with the *Total Loss Absorbing Capacity Guideline* ("TLAC Guideline") issued by the AMF and based on risk-weighted assets and exposures for purposes of the leverage ratio at the level of the resolution group, which is deemed to be Desjardins Group, excluding Caisse Desjardins Ontario Credit Union Inc., see Section 3.2, "Capital management."

2024 Desjardins Group highlights

Surplus earnings before member dividends	Total net income	Net interest income	Loans, net of allowance for credit losses outstanding	Direct premiums written(1) – Life and Health Insurance	Direct premiums written(1) – P&C Insurance	Tier 1A capital ratio	Member dividends
$3,356 million	$14,660 million	$7,471 million	$289.6 billion	$6,889 million	$7,565 million	22.2%	$437 million
+ 48.6%	+ 16.6%	+ 12.9%	+ 8.9%	- 1.8%	+ 10.3%	+ 1.8%	+ 6.1%

Comparison of 2024 to 2023

- Surplus earnings before member dividends of $3,356 million, up $1,097 million compared to fiscal 2023.
- Total net revenue of $14,660 million, up $2,083 million, or 16.6%:
  - Net interest income of $7,471 million, up $852 million, or 12.9%, mainly due to growth in the average outstanding loan portfolio.
  - Insurance service result of $2,087 million, up $721 million, mainly due to higher automobile and property insurance income in the Property and Casualty Insurance segment.
  - Net insurance finance result of $795 million, up $104 million mainly due to net gains on shares and interest income on fixed income securities, which were higher than in 2023.
  - Other income of $4,307 million, up $406 million, or 10.4%, notably due to growth in assets under management and under administration, business volumes in credit card payment activities, revenues resulting from the acquisition of Worldsource,[2] and capital market activities.
- Provision for credit losses of $597 million, up $68 million compared to 2023.
- Gross non-interest expense of $10,645 million, up $428 million, or 4.2% compared to 2023, of which $90 million was due to expenses related to operations acquired from Worldsource.[2] Measures taken to improve efficiency and effectiveness limited the increase in other items included under this heading to $338 million, or 3.4%, despite wage indexation.
- $557 million returned to members and the community,[3] including a provision for member dividends of $437 million and sponsorships, donations and scholarships of $120 million, up $19 million, or 3.5%.
- Commitments of $28 million made in 2024 under the GoodSpark Fund to support in particular regional social and economic activities. Since 2017, Desjardins Group has made total commitments of $210 million.

Other highlights

- Tier 1A capital ratio of 22.2%, compared to 20.4% as at December 31, 2023.
- Total capital ratio of 24.2%, compared to 21.9% as at December 31, 2023.
- Total assets grew 11.3% since December 31, 2023, to $470.9 billion as at December 31, 2024.
- In 2024, the Federation made various securities issues on Canadian, U.S. and International markets. For more information, see the "Sources of funding" section on pages 84 and 85.

ESG highlights

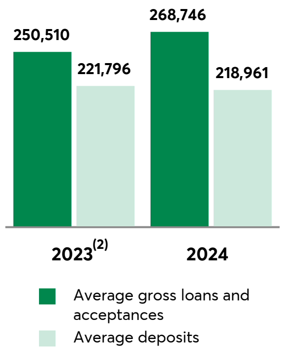
- In March 2024, Desjardins Group was awarded an AAA rating by the rating agency MSCI Inc. for its efforts to integrate environmental, social and governance issues into its operations. As a result, Desjardins was ranked in the top 9% of financial institutions worldwide by MSCI Inc. on December 31, 2024.
- Desjardins completed a third sustainable bond issue in 2024, this time on the European market, for 500 million euros. This issue will be used to finance projects in several of the eight environmental categories of the Desjardins Sustainable Bond Framework, such as renewable energy, energy efficiency and clean transport.
- Desjardins signed the Investor and Banking Statement on Vaping, initiated by the Tobacco-Free Finance Pledge, which is in line with our position on tobacco and vaping adopted in 2020. This statement calls on governments to take regulatory action and raise awareness to reduce the growing risks associated with vaping, particularly for young people.
- Desjardins is backing the Global Investor Statement to Governments on the Climate Crisis, a statement by major international investors, representing over US$29 trillion in assets under management, calling on governments to act and implement policies to encourage decisive action by investors to combat climate deregulation.

(1) For further information about supplementary financial measures, see the Glossary on pages 106 to 113.
(2) The term "Worldsource" includes references to IDC Worldsource Insurance Network Inc., Worldsource Financial Management Inc. and Worldsource Securities Inc.
(3) For more information about non-GAAP financial measures, see "Non-GAAP and other financial measures" on pages 3 to 5.

2024 Business segment highlights

PERSONAL AND BUSINESS SERVICES

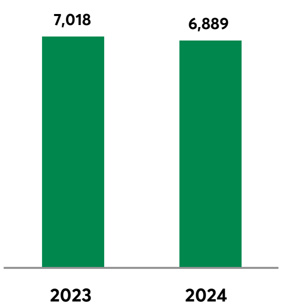
Average gross loans and acceptances and average deposits[1]
(in millions of dollars)



- Québec's leader in residential mortgages and a major player in consumer loans in Québec, with estimated market shares of 39%[3] and 26%,[3] respectively.
- 5th largest credit card issuer in Canada (based on 2023 outstandings).
- Leader in farm credit in Québec, with a market share of about 42%.[3]
- Major player in Québec in the commercial and industrial niche, with an estimated market share of 21%.[3]
- Leader in personal savings in Québec, especially in on-balance sheet personal savings products, with a market share in this industry estimated at approximately 36%.[3]
- Surplus earnings before member dividends totalled $1,719 million, up $700 million compared to 2023, due to growth in net interest income and other income as well as a decline in non-interest expense following the implementation of measures aimed at improving efficiency and effectiveness.
- Growth of $18.2 billion, or 7.3%, in the average outstandings for the entire gross loans and acceptances portfolio, compared to 2023.

WEALTH MANAGEMENT AND LIFE AND HEALTH INSURANCE

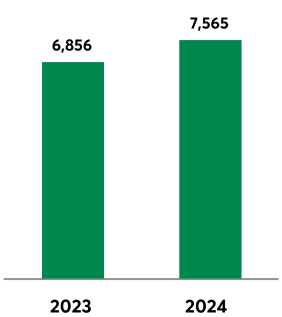
Direct premiums written[1]
(in millions of dollars)



- No. 5 life and health insurer in Canada and No. 2 in Québec.[4]
- No. 1 in Canada and in Québec for market-linked guaranteed investments.[5]
- No. 1 independent distributor in Canada following the integration of Worldsource's operations.[6]
- Desjardins Online Brokerage ranked second in independent investor satisfaction by JD Power.
- Net surplus earnings of $601 million, stable compared to 2023. The increase in other income due especially to growth in assets under management and under administration was offset by the higher costs of such growth and administration fees, as well as by the lower net insurance finance result primarily due to the lower gain on the sale of real properties than in 2023.
- Decrease of $129 million, or 1.8%, in direct premiums written compared to 2023, mainly as a result of group retirement savings when a major group was added in 2023.

PROPERTY AND CASUALTY INSURANCE

Direct premiums written[1]
(in millions of dollars)



- No. 3 property and casualty insurer in Canada and Ontario, and No. 2 in Québec.[4]
- For the 32nd consecutive year, positive insurance service result.
- Acquisition of all the shares of The Insurance Company of Prince Edward Island (ICPEI), a Canadian insurer providing commercial and personal lines of insurance exclusively through a broker channel.
- Mobilization of the extended Desjardins group to respond, in just a few weeks, to the needs of members and clients following the two largest events in Desjardins's history of indemnification, with more than 40,000 claims.
- Net surplus earnings of $1,101 million, up $607 million compared to 2023, as a result of higher insurance revenue mainly in automobile and property insurance, the impact of the changes in prior year claims being more favourable than in 2023, as well as the increase in the net insurance finance result. This was partly offset by the higher claims expenses for catastrophes and major events.
- Direct premiums written grew by $709 million, or 10.3%, compared to 2023.

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(1) For further information about supplementary financial measures, see the Glossary on pages 106 to 113.
(2) Data have been restated to conform with the current year's presentation.
(3) These market shares were compiled and estimated as at September 30, 2024 according to a methodology developed by Desjardins and based on several external sources, including: the Bank of Canada, Statistics Canada and Investor Economics.
(4) Based on direct premiums written in 2023, published by MSA Research in March 2024.
(5) Based on assets under management in 2023, published by Investor Economics in the spring of 2024.
(6) According to the June 2024 Insurance Report, published by Investors Economics, and based on the annualized new premiums issued in 2023.

1.3 Significant events

Changes to Desjardins Group's governance model

Following the Federation's last Annual General Meeting held on March 22 and 23, 2024, the new governance model based on the separation of the roles of chair of the board from the role of president and CEO of Desjardins Group came into effect. This change, which was voted for by the caisse delegates at the 2023 Annual General Meeting, marks a shift to best governance practices, while also meeting Desjardins Group's current and future needs for agility and stable governance in particular. On May 15, 2024, the Federation's Board of Directors elected Louis Babineau as Chair of the Board of Directors while Guy Cormier will continue to lead and develop Desjardins Group until no later than March 2026, with the full powers granted to him as President and CEO.

Acquisition of The Insurance Company of Prince Edward Island (ICPEI)

On May 31, 2024, Desjardins Group, through Desjardins General Insurance Group Inc., a subsidiary of the Federation, acquired all of the issued and outstanding shares of ICPEI. Desjardins Group had held a minority interest in ICPEI since February 2023. ICPEI is a Canadian insurer providing commercial and personal lines of insurance exclusively through a broker channel. With this acquisition, Desjardins Group intends to strengthen its position across Canada and expand the footprint of its property and casualty insurance activities, and more specifically its offer for businesses.

Capital restructuring of Desjardins General Insurance Group inc.

On January 1, 2025, Desjardins General Insurance Group inc. redeemed the non-voting preferred shares series 1 held by Desjardins Financial Corporation Inc., *Groupe des Assurances du Crédit Mutuel SA* and State Farm Mutual Automobile Insurance Company (State Farm) and issued new non-voting preferred shares series 2 to Desjardins Financial Corporation Inc. and *Groupe des Assurances du Crédit Mutuel SA*. Following this transaction, State Farm no longer holds any shares in Desjardins General Insurance Group Inc., even though State Farm acquired a stake in 2015, after Desjardins Group had acquired State Farm's Canadian operations.

1.4 Strategic orientations and financial objectives

STRATEGIC ORIENTATIONS

Fiscal 2024 was the first year of the 2024-2027 updated Strategic Plan. To achieve Desjardins's goal of being everyone's #1 choice, the organization has been working on implementing the following ten strategic orientations:

- Continue our cultural evolution.
- Make a member-client shift a reality, by developing our distribution network.
- Achieve our full growth potential in target areas.
- Achieve adequate profitability to ensure Desjardins Group's competitiveness and sustainability.
- Optimize our end-to-end operations.
- Modernize our systems and make them resilient.
- Anchor our business practices in data and analytics.
- Affirm our commitment to security.
- Fast track support to our people in work transformation.
- Make our ESG ambitions a reality.

These strategic orientations contribute to depicting Desjardins Group as a simple, human, modern and efficient cooperative for its members and clients, as well as its directors, managers and employees.

Desjardins Group's mission, as a cooperative financial group contributing to the development of communities, is to give its members and clients the support they need to be financially empowered.

Further information about the business segments' 2025 strategies and priorities, which are part of Desjardins Group's strategic orientations, is found in Section 2.2, "Analysis of business segment results."

FINANCIAL OBJECTIVES

Desjardins Group sets financial objectives that provide it with the means of realizing its goals and its mission by ensuring a profitability level that allows it to achieve its objectives of giving back to the community, ensuring its sustainability and supporting its growth. Owing, in particular, to its outstanding financial strength and high level of capitalization, it continues to actively support its members and clients, and the community.

The organization's performance is measured using key indicators aligned with Desjardins's goals and mission, in accordance with the orientations of the Strategic Plan. It is therefore essential to focus on achieving the medium-term financial performance objectives as this helps make available the leverage needed to achieve our mission.

In recent years, Desjardins Group has invested significantly in initiatives to support its growth, the development of innovative technology platforms, privacy protection, security and the improvement of business processes. These decisions were aligned with the Strategic Plan and backed by excellent capitalization. Against this backdrop, Desjardins-wide measures were taken in fiscal 2023 and 2024 to improve efficiency and productivity. As a result, it was possible to boost the achievement of key financial performance indicators as of 2023, and even more in 2024, owing to the continuation of the measures and the addition of further initiatives, without impacting the level of service provided to members and clients.

The following table presents financial objectives for the medium term, which is the period covered by the Strategic Plan, as well as the results achieved in 2024 for each of the indicators. It is important to keep in mind that the medium-term key indicators presented below do not factor in the repercussions that extraordinary events could have on Desjardins Group's ability to achieve them.

Key indicators	Medium-term objectives	2024 results
Operating leverage(1)	**> 0%**	**11.5%**
Tier 1A capital ratio(2)	**High level**	**22.2%**
Return on equity(1)	**> 8%**	**9.0%**

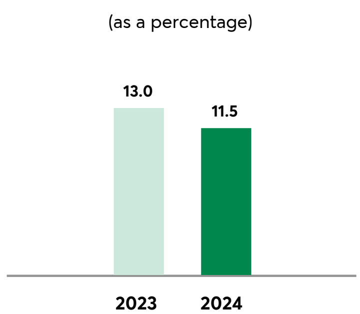
Overall performance in 2024

This section provides the results achieved in relation to the objectives set for 2024 and presented in the 2023 annual MD&A. Surplus earnings before member dividends for 2024 totalled $3,356 million, up compared to the prior year, despite two catastrophes and a major event in property and casualty insurance in 2024. The reduced frequency of claims and more favourable changes in prior year claims, as well as the growing net insurance finance result for property and casualty insurance operations made it possible to significantly exceed the surplus earnings for 2023. Lastly, the positive effect of measures taken to control the increase in non-interest expense across the organization and the higher-than-expected growth in total net revenue, notably in the Personal and Business Services segment's net interest income, also positively contributed to surplus earnings before member dividends for the year.

2024 key indicators

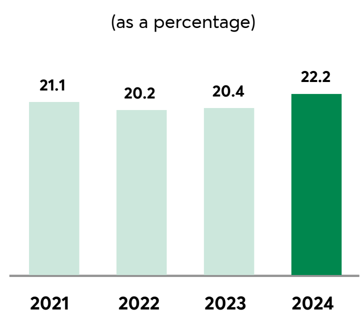
Operating leverage:(1)(3)
A measure of sustainability and profitability.

Results achieved in 2024:
The operating leverage was 11.5%, which meets the objective of achieving a positive ratio.



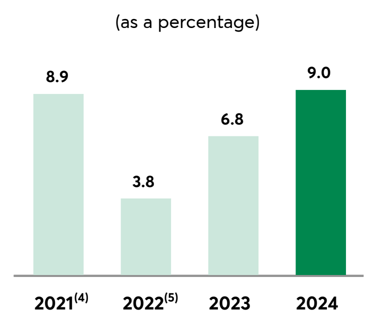
Tier 1A capital ratio:(2)
A measure of Desjardins Group's financial strength.

Results achieved in 2024:
As at December 31, 2024, this ratio was 22.2%, a high level compared with regulatory requirements.



Return on equity:(1)
A measure of profitability resulting in value creation for members and clients.

Results achieved in 2024:
This indicator was 9.0%, which is better than the objective of achieving over 8%.



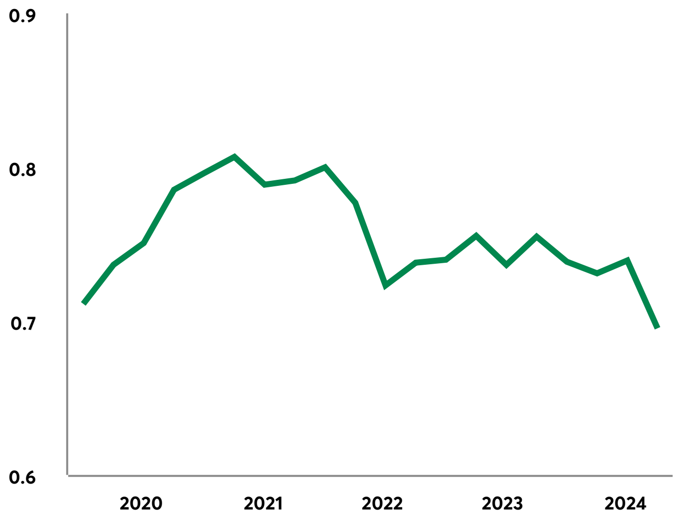
(1) For more information about supplementary financial measures, see the Glossary on pages 106 to 113.
(2) In accordance with the *Capital Adequacy Guideline* issued by the AMF. See Section 3.2, "Capital management."
(3) Given the changes in certain financial statement headings in order to reflect the new naming convention required following the adoption of IFRS 17, "Insurance Contracts," on January 1, 2023, with restatement of the comparative data for fiscal 2022 only, the data for calculating the operating leverage using the new naming convention are not available for the fiscal years prior to 2023.
(4) The information presented for fiscal 2021 has been prepared according to the standards that were in force before Desjardins Group retrospectively adopted IFRS 17 on January 1, 2023, with restatement of fiscal 2022.
(5) As permitted by IFRS 17, Desjardins Group has chosen to recognize the impact of the reclassification of its investments related to insurance activities as at January 1, 2023 and, consequently, not to restate fiscal 2022 for this item. This could therefore limit the comparability of the results.

FINANCIAL OUTLOOK

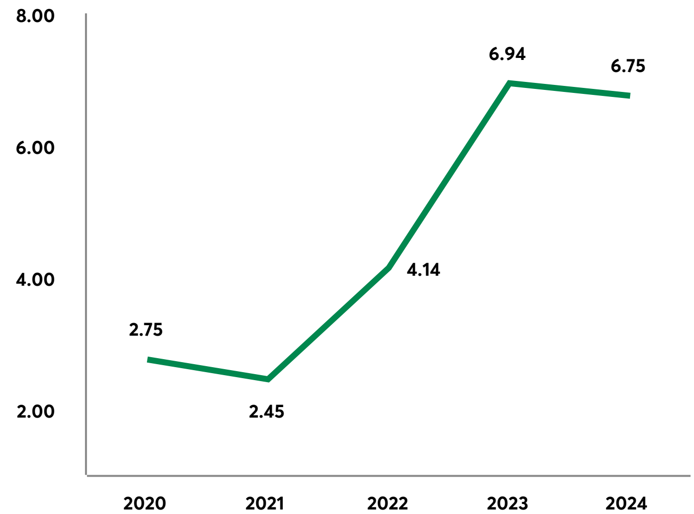
Desjardins Group's performance over the past few years has been positive overall, enabling it, in particular, to maintain its Tier 1A capital ratio above the industry average. In 2025, despite inflation returning to its 2% target and the Bank of Canada being expected to continue cutting its key interest rate, higher prices will continue to put pressure on economic growth. This increase in costs is further tightening household budgets, especially given the need to save for mortgage renewals at higher rates. As a result, a growing number of borrowers could experience payment problems, resulting in a larger number of properties being put up for sale. In addition, some geopolitical events, including the aftermath of the U.S. presidential election and the uncertainty caused by potential new tariffs, could affect Desjardins Group's financial performance. Despite all this, strict cost control, including the continued implementation of initiatives to promote efficiency and effectiveness as well as optimal capital management, will allow Desjardins Group to maintain a significant level of investments and to capitalize on the profits generated for the benefit of members and the community.

1.5 Economic environment and outlook

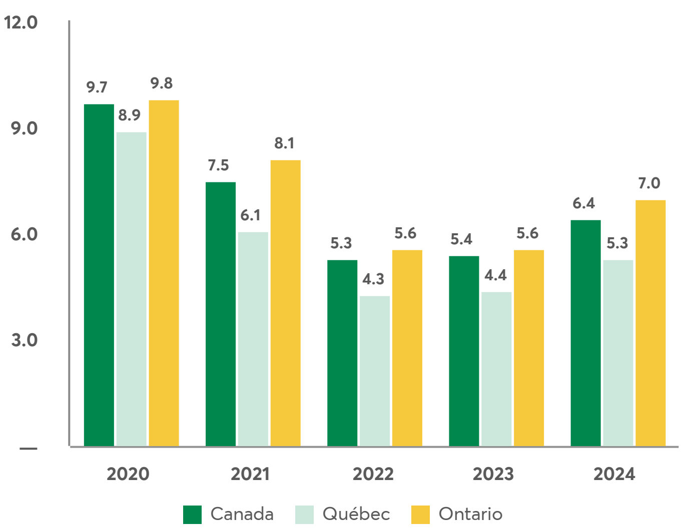
Changes in the Canadian dollar vs. the U.S. dollar (at quarter end)
(in U.S. dollars / Canadian dollars)



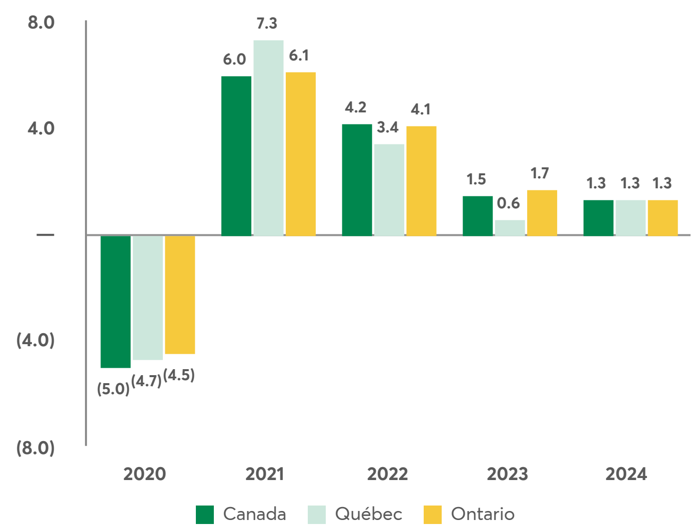
Changes in the prime rate (annual average)
(as a percentage)



Changes in the unemployment rate (annual average)
(as a percentage)



Annual growth in GDP
(as a percentage)



Global economy

Once again in 2024, growth in the global economy was relatively modest. The economy nevertheless overcame a number of obstacles, including a deterioration in the geopolitical situation in the Middle East, a further rise in maritime shipping costs and generally high interest rates, particularly at the start of the year. In the advanced economies, there was even an improvement in GDP growth compared to 2023, while the eurozone, despite the problems faced by industry in Germany, and the United Kingdom managed to emerge from a period of stagnation. Inflation rates also continued to decline, and price changes trended back close to the targets of central banks, which were able to begin a gradual easing of their monetary policies over the course of the year. In China, the economy proved rather fragile as difficulties in the property market continued and spread to other sectors, affecting confidence and domestic demand in particular. Inflation was very low in China throughout the year, even approaching deflationary conditions. The Chinese government announced a number of assistance measures that were not entirely successful, although real GDP growth had accelerated enough by the end of the year to reach the government's official target.

Global economic growth is expected to accelerate moderately in 2025. The major economies will benefit from lower interest rates as central banks continue to trim their key interest rates. Real incomes will also benefit from lower inflation. Over the next few years, international economic conditions, and those in China in particular, could be affected by higher tariffs in the United States, and possibly by retaliatory policies. However, the positive effects of increased trade with the United States could appear in early 2025, while the negative effects of a new US tariff policy may mostly be felt later in 2025 or in 2026. Global real GDP is expected to grow by 2.9% in 2025.

The world's main stock market indices posted very good gains in 2024, buoyed first by moderating inflation and then by cuts to key interest rates. The election of Donald Trump to the White House lifted US equities, but the effects elsewhere were more modest. Although some of the policies proposed by the new president-elect could have inflationary and negative effects on the global economy, the prospect of tax cuts for businesses and individuals means that investors can expect better returns in the short term. Later in 2025, however, US and global equity market returns could suffer from the detrimental effects of measures such as import tariffs and reduced immigration to the US.

United States

The US economy remained relatively strong in 2024, although hurricanes, labour disputes and tough elections disrupted the economic news. Following a 1.6% annualized gain in real GDP in the first quarter, increases of 3.0% and 3.1% were recorded in the second and third quarters. Consumption performed particularly well, and residential investment veered toward growth due to lower interest rates. The labour market slowed, from being overheated to a more balanced environment. Even so, over two million jobs were created in 2024. The inflation rate also fell, allowing the US Federal Reserve to begin cutting its key interest rates in September.

Donald Trump's new administration will undoubtedly want to press ahead with its program of new tax cuts. Tariff hikes, immigration cuts and deregulation measures have already been announced. Some positive effects on growth could become apparent in early 2025. GDP growth will continue to be good in the first quarter of 2025, and US real GDP growth should reach 2.3% for the year as a whole. The more negative effects, due in particular to higher tariffs, should lead to more adverse consequences that could begin in the second quarter of 2025. But they should be felt mainly in 2026, in addition to leading to higher inflation.

Canada

After rising considerably in 2022 and 2023, the Bank of Canada's key interest rates began to fall in June 2024. This easing of conditions was made possible by a normalization of inflation, which approached the median target of 2% in the summer of 2024. Despite the start of rate cuts, Canadian demand in 2024 continued to show the restrictive effects of the hikes made in 2022 and 2023. Real GDP growth thus remained relatively moderate, with an estimated average gain of 1.3% for 2024 as a whole, compared with 1.5% for 2023. The benefits of interest rate cuts should become more apparent beginning in 2025. This being said, the Canadian economy will still need to overcome a number of problems over the next few years. These include the slowdown in immigration announced by the federal government and the many mortgages being renewed at higher rates, even if rates have fallen since June 2024. In addition, the re-election of Donald Trump to the White House brings new limits on trade between Canada and the United States, which will significantly curb Canadian exports and, as a result, economic growth in Canada. Canadian real GDP may grow by 1.4% in 2025 and just 1.3% in 2026.

Québec

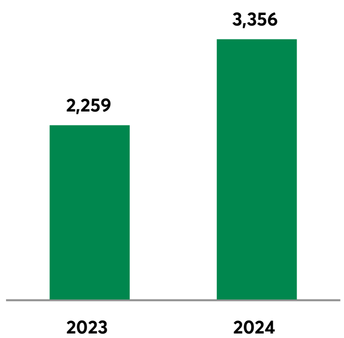
The Québec economy staged a strong comeback at the start of 2024, following a period of decline the previous year due to forest fires and strikes in the health and education sectors. By the spring, real GDP had even fully recovered the ground lost. However, the province's economy grew more modestly in the second half of 2024. The labour market therefore deteriorated slightly during the year, with the unemployment rate rising. Despite the cumulative beneficial effect of interest rate cuts, the Québec economy, like that of the rest of Canada, will need to contend with a number of obstacles. This will undoubtedly slow the recovery in 2025 and 2026. Such obstacles include the Trump administration imposing tariffs as well as new restrictions on immigration, which will slow population growth. As a result, following an estimated gain of 1.3% in 2024, Québec's real GDP could grow 1.2% in 2025.

The evolution of the markets in which Desjardins Group operates is described in the corresponding analyses in Section 2.2 "Analysis of business segment results."

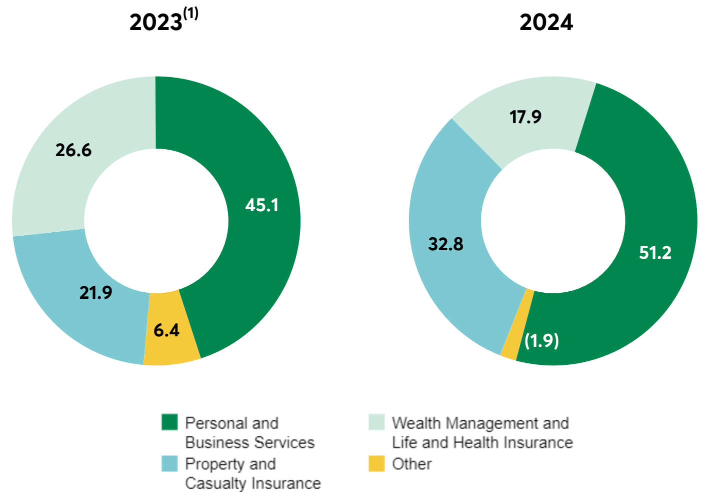
2.0 Review of Financial results

2.1 Analysis of 2024 results

Surplus earnings before member dividends
(in millions of dollars)



Segment contributions to surplus earnings before member dividends
(as a percentage)



2024 SURPLUS EARNINGS

For fiscal 2024, Desjardins Group reported surplus earnings before member dividends of $3,356 million, up $1,097 million, compared to fiscal 2023. This increase was due, on one hand, to solid results in the Personal and Business Services segment, which benefited from growth in net interest income, mainly due to business growth, and in other income. On the other hand, a significant increase was recorded in the insurance service result in the Property and Casualty Insurance segment. The Wealth Management and Life and Health Insurance segment also performed well in 2024. We should also note that the increase in non-interest expense was limited through rigorous expenditure management.

By its very nature as a cooperative financial group contributing to the development of communities, Desjardins Group's gives its members and clients the support they need to be financially empowered, which it continued to do during fiscal 2024.

- A total of $557 million was returned to members and the community,[2] compared to $538 million for fiscal 2023.
  - Provision for member dividends of $437 million, up $25 million, compared to 2023.
  - An amount of $120 million was given back in the form of sponsorships, donations and scholarships, compared to $126 million for the previous year, with $65 million in 2024 and $57 million in 2023 from the caisses' Community Development Fund.
- Commitments of $28 million made in 2024 under the GoodSpark Fund to support, in particular, regional social and economic activities. Since 2017, Desjardins Group has made total commitments of $210 million.

- **Contribution of business segments to surplus earnings:**
  - Personal and Business Services: **Surplus earnings of $1,719 million,** up $700 million, compared to 2023, mainly due to the following:
    - Increase in net interest income and other income.
    - Decrease in non-interest expense following measures taken to improve efficiency and effectiveness.
    - Offset by an increase in the provision for credit losses.
  - Wealth Management and Life and Health Insurance: **Surplus earnings of $601 million,** stable, compared to 2023. The increase in other income, due in particular to an increase in assets under management and under administration, was offset by the following:
    - Higher costs due to the increase in assets under management and under administration and administrative expenses, including spending on personnel.
    - Decrease in the net insurance finance result due to a lower gain on disposal of buildings than in 2023 and the decrease in the fair value of certain infrastructure investments, partly offset by the favourable impact of hedging the interest rate risk.
  - Property and Casualty Insurance: **Surplus earnings of $1,101 million,** up $607 million, compared to 2023. The change was due to the following:
    - Increase in income from insurance activities.
    - More favourable impact of changes in prior year claims than in 2023.
    - Increase in the net insurance finance result.
    - Offset by higher claims expenses due to catastrophes and major events.

- **Return on equity was 9.0%,** compared to 6.8% for 2023, primarily due to the increase in surplus earnings, as previously explained.

(1) Data have been restated to conform with the current year's presentation.
(2) For more information about non-GAAP financial measures, see "Non-GAAP and other financial measures" on pages 3 to 5.

The following table shows the return on equity.

Table 6 – Return on equity
For the years ended December 31

(in millions of dollars and as a percentage)	2024	2023
Surplus earnings before member dividends	**$ 3,356**	$ 2,259
Non-controlling interests' share	**(133)**	(71)
Group's share before member dividends	**$ 3,223**	$ 2,188
Average equity – Group's share	**$ 35,712**	$ 32,335
Return on equity[1]	**9.0%**	6.8%

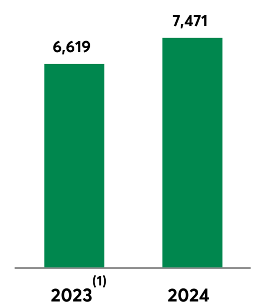
[1] For further information about supplementary financial measures, see the Glossary on pages 106 to 113.

NET INTEREST INCOME

Net interest income is the difference between interest income earned on assets, such as loans and securities, and the interest expense related to liabilities, such as deposits and subordinated notes. It is sensitive to interest rate and volume fluctuations, funding and matching strategies, as well as the composition of interest-bearing or non-interest-bearing financial instruments.

For analysis purposes, Table 7 shows the changes in net interest income for the main interest-bearing asset and liability classes, while Table 8 details how net interest income was affected by changes in volume and interest rates for the different interest-bearing assets and liabilities.

Net interest income
(in millions of dollars)



[1] Data have been restated to conform to the current years' presentation.

Net interest income totalled $7,471 million, up $852 million, or 12.9%. This increase resulted from the following:
- Growth in average loans outstanding, mainly business loans and residential mortgages, partly offset by an increase in average outstanding deposits.
- Wider margins in the loan and portfolio and deposits.

- Net interest income from the Personal and Business Services segment increased by $759 million, while that from the Wealth Management and Life and Health Insurance segment grew by $26 million. The Other heading posted a $67 million increase.

- **Net interest margin of 2.29%**[1] in 2024, the same ratio as in 2023.

- **Interest income of $17,765 million,** up $2,549 million, or 16.8%, essentially due to:
  - Growth in the average volume of total interest-bearing assets, mainly from loans, leading to an increase in interest income of $1,363 million.
  - Increase in interest income of $1,186 million, related to higher interest rates in the loan portfolio.

- **Interest expense of $10,294 million,** up $1,697 million, or 19.7%, mainly due to the following:
  - $889 million increase in interest expense, related to higher interest rates on deposits.
  - Growth in the average volume of total interest-bearing liabilities, mainly from deposits, having led to an increase in interest expense of $808 million.

[1] For more information about non-GAAP ratios, see "Non-GAAP and other financial measures" on pages 3 to 5.

Table 7 – Net interest income on average interest-bearing assets and liabilities
For the years ended December 31

(in millions of dollars and as a percentage)	2024 Average volume	2024 Interest	2024 Average rate	2023[1] Average volume	2023[1] Interest	2023[1] Average rate
Interest-bearing assets[2]						
Securities, cash and deposits with financial institutions	$ 64,146	$ 2,477	3.86%	$ 61,524	$ 2,433	3.95%
Loans	294,732	15,288	5.19	268,293	12,783	4.76
Total interest-bearing assets	358,878	17,765	4.95	329,817	15,216	4.61
Other assets	88,867			80,003		
Total assets	$ 447,745	$ 17,765	3.97%	$ 409,820	$ 15,216	3.71%
Interest-bearing liabilities[2]						
Deposits	$ 289,585	$ 8,056	2.78%	$ 268,099	$ 6,459	2.41%
Subordinated notes	3,540	165	4.66	2,921	139	4.76
Other liabilities	35,460	2,073	5.85	31,361	1,999	6.37
Total interest-bearing liabilities	328,585	10,294	3.13	302,381	8,597	2.84
Other liabilities	82,532			74,213		
Equity	36,628			33,226		
Total liabilities and equity	$ 447,745	$ 10,294	2.30%	$ 409,820	$ 8,597	2.10%
Net interest income		$ 7,471			$ 6,619	

(1) Data have been restated to conform with the current year's presentation.
(2) For more information about non-GAAP financial measures, see "Non-GAAP and other financial measures" on pages 3 to 5.

Table 8 – Impact of changes in volumes and rates on net interest income
For the years ended December 31

(in millions of dollars and as a percentage)	2024/2023 Change in average volume	2024/2023 Change in average rate	Increase (decrease) Interest	Increase (decrease) Average volume	Increase (decrease) Average rate
Interest-bearing assets[1]					
Securities, cash and deposits with financial institutions	$ 2,622	(0.09)%	$ 44	$ 104	$ (60)
Loans	26,439	0.43	2,505	1,260	1,245
Change in interest income			2,549	1,363	1,186
Interest-bearing liabilities[1]					
Deposits	$ 21,486	0.37%	$ 1,597	$ 518	$ 1,079
Subordinated notes	619	(0.10)	26	29	(3)
Other liabilities	4,099	(0.52)	74	261	(187)
Change in interest expense			1,697	808	889
Change in net interest income			$ 852	$ 555	$ 297

(1) For more information about non-GAAP ratios, see "Non-GAAP and other financial measures" on pages 3 to 5.

NET INSURANCE SERVICE INCOME

Net insurance service income stood at $2,882 million[(1)], up $825 million, compared to 2023. The change in this heading, which consists of the insurance service result and the net insurance finance result, can be explained by the items from the following segments:

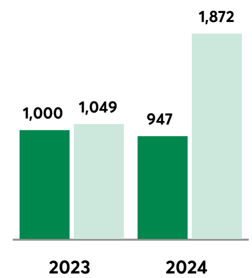
Wealth Management and Life and Health Insurance

- Insurance service result of $590 million, up $4 million, or 0.7%, mainly due to the following:
  - Adjustment to the indexation assumption in individual insurance and group retirement savings.
  - Business growth in group insurance.
  - More favourable experience in credit and direct insurance, particularly in disability loan and life insurance.
  - Less unfavourable impact of new onerous contracts in group insurance and group retirement savings.

  This increase was offset in part by the following:
  - Overall unfavourable impact of updating actuarial assumptions.
  - Less favourable experience in group insurance, mainly for long-term disability and life coverage, partly offset by less unfavourable accident and health insurance coverage.

- Net insurance finance result of $357 million, down $57 million, or 13.8% mainly due to the following:
  - Lower gain on disposal of buildings than in 2023.
  - Decrease in the fair value of certain infrastructure investments.
  - Offset by the favourable impact of hedging the interest rate risk.

Net insurance service income
(in millions of dollars)



Property and Casualty insurance

- Insurance service result of $1,468 million, up $668 million.
  - Insurance revenue of $7,425 million, up $783 million, or 11.8%. By including ceded insurance revenue of $362 million presented under "Net reinsurance service income (expenses)," the increase was $727 million, or 11.5%, mainly due to premium growth in automobile and property insurance as well as business arising from the acquisition of ICPEI.
  - Insurance service expenses of $6,502 million, up $727 million, or 12.6%. By including ceded insurance service expenses of $907 million presented under "Net reinsurance service income (expenses)," there was an increase of $59 million, or 1.1%, mainly due to the following:
    - Higher amortization of acquisition costs compared to 2023.
    - Less favourable effect of the loss component on onerous contracts than in 2023, mainly due to business insurance and automobile insurance.
    - Change in investment funds that benefited groups having signed agreements under the The Personal banner. It should be recalled that this change was offset by the results of these groups.
    - Offset by lower claims expenses compared to 2023 due to the following:
      - Impact arising from more favourable changes in prior year claims than in 2023, due to automobile and property insurance.
      - Claims expenses for the current year that were lower than those recorded in 2023 due to automobile, property and business insurance, and due in particular to a reduced frequency of claims, mitigated by additional business arising from the acquisition of ICPEI.
      - Partly offset by higher claims expenses for catastrophes and major events than in 2023. Fiscal 2024 was marked by two catastrophes and one major event, whereas fiscal 2023 was marked by eleven major events of smaller scope.

- Net insurance finance result of $404 million, up $155 million.
  - Net insurance investment income of $777 million, up $216 million. This increase was essentially due to the following:
    - Higher net gains on shares than in 2023.
    - Higher interest income on fixed income securities compared to 2023.
  - Net insurance finance expense of $415 million, up $72 million. By including net reinsurance finance income of $42 million ($31 million in 2023), the net insurance and reinsurance finance expenses totalled $373 million, compared to $312 million in 2023. The change was mainly due to the impact of a decrease in the discount rates used to value net liabilities for incurred claims, which were more unfavourable than in 2023.

OTHER INCOME

Table 9 – Other income
For the years ended December 31

(in millions of dollars)	2024	2023[(1)]
Deposit and payment service charges	**$ 527**	$ 483
Lending fees and card service revenues	**1,038**	951
Brokerage and investment fund services	**1,480**	1,339
Management and custodial service fees	**901**	751
Net other investment income (loss)	**(205)**	(72)
Foreign exchange income (loss)	**241**	192
Other	**325**	257
Total other income	**$ 4,307**	$ 3,901

(1) Data have been restated to conform with the current year's presentation.

(1) The difference between this result and the sum of business segment results is due to intersegment transactions, which are eliminated in the Other category.

Other income stood at $4,307 million, up $406 million, or 10.4%, compared to fiscal 2023, due to the following:

- **Deposit and payment service charges of $527 million,** up $44 million, or 9.1%, mainly from the caisse network.
- **Lending fees and card service revenues of $1,038 million,** up $87 million, or 9.1%, mainly due to business growth in credit card payment activities.
- **Income from brokerage and investment fund services of $1,480 million,** up $141 million, or 10.5%, mainly due to the following:
  - Increase in income related to operations acquired from Worldsource on March 1, 2023.
  - Higher income as a result of growth in assets under management.
  - Higher revenues driven by strong performance in the capital markets.
- **Management and custodial service fees of $901 million,** up $150 million, or 20.0%, essentially due to the following:
  - Higher income as a result of growth in assets under management and under administration.
  - Increase in income related to operations acquired from Worldsource on March 1, 2023.
- **Net investment loss of $205 million,** compared to $72 million in 2023, mainly due to losses on disposal of securities that were higher than in 2023.
- **Foreign exchange income (loss) of $241 million,** up $49 million, or 25.5%, due to fluctuating exchange rates.
- **Other income of $325 million,** up $68 million, or 26.5%, mainly due to the following:
  - Decrease in the contingent consideration payable related to the acquisition in 2015 of the Canadian operations of State Farm, arising from unfavourable developments in claims taken over, whereas an increase arising from favourable developments in claims taken over was recognized in 2023.
  - Gain on disposal of the interest in Fiera Holdings Inc. and Fiera Capital LP.

TOTAL NET REVENUE

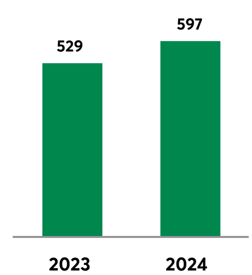
Total net revenue amounted to $14,660 million, up $2,083 million, or 16.6%, compared to 2023.

PROVISION FOR CREDIT LOSSES

The provision for credit losses totalled $597 million, compared to $529 million for 2023. The 2024 provision reflects a migration of credit quality as well as the impact of unfavourable changes in the economic outlook on the business loan portfolios. In the credit card portfolios, the favourable impact of updated forward-looking information was partly offset by the unfavourable effect of changes made to methodology. The provision for 2024 also reflects higher net write-offs, which are gradually returning to pre-pandemic levels.

Desjardins Group continued to present a high-quality loan portfolio in 2024.
- The credit loss provisioning rate was 0.22% in 2024, compared to 0.20% for fiscal 2023.
- The ratio of gross credit-impaired loans, as a percentage of the total gross loans portfolio, was 0.81%, compared to 0.74% as at December 31, 2023. This increase was due to a greater volume of gross impaired loans, mainly business loans.

Provision for credit losses
(in millions of dollars)



The following table shows the calculation of the credit loss provisioning rate.

Table 10 – Credit loss provisioning rate
For the years ended December 31

(in millions of dollars and as a percentage)	2024	2023
Total provision for credit losses	**$ 597**	$ 529
(Recovery of) provision for credit losses on securities	**(2)**	8
Provision for credit losses on loans and off-balance sheet items	**$ 599**	$ 521
Average gross loans	**$ 278,048**	$ 258,598
Average gross acceptances	**—**	9
Average gross loans and acceptances(1)	**$ 278,048**	$ 258,607
Credit loss provisioning rate(1)	**0.22%**	0.20%

(1) For further information about supplementary financial measures, see the Glossary on pages 106 to 113.

GROSS NON-INTEREST EXPENSE

Table 11 – Gross non-interest expense
For the years ended December 31

(in millions of dollars and as a percentage)	2024	2023
Salaries and employee benefits		
Salaries	**$ 4,275**	$ 4,363
Employee benefits	**1,208**	1,065
	5,483	5,428
Professional fees	**821**	817
Technology	**1,217**	1,131
Commissions	**790**	705
Occupancy costs	**397**	408
Communications	**375**	358
Business and capital taxes	**148**	123
Other	**1,414**	1,247
Total non-interest expense	**$ 10,645**	$ 10,217

Non-interest expense totalled $10,645 million, up $428 million, or 4.2%, compared to 2023, largely due to:
- Increase in expenses of $90 million related to operations acquired from Worldsource on March 1, 2023.
- Measures taken to improve efficiency and effectiveness limited the increase in other items included in gross non-interest expense to $338 million, or 3.4%, despite wage indexation.

- **Salaries and employee benefits of $5,483 million,** up $55 million, or 1.0%, compared to 2023, due to the following:
  - Increase in employee benefits, including pension expense.
  - Offset by measures taken to improve efficiency and effectiveness that led to a reduction in payroll costs, despite wage indexation.

- **Professional fees of $821 million,** an amount comparable to 2023.

- **Technology expenses of $1,217 million,** up $86 million, or 7.6%, compared to 2023, to support growth in operations and enhance the services offered to members and clients.

- **Commissions of $790 million,** up $85 million, or 12.1%, compared to 2023, mainly due to the following:
  - Higher costs as a result of growth in assets under management and under administration.
  - Increase in expenses related to operations acquired from Worldsource on March 1, 2023.

- **Occupancy costs of $397 million,** down $11 million, or 2.7%, from 2023.

- **Communication expenses of $375 million,** up $17 million, or 4.7%, compared to 2023.

- **Business and capital taxes of $148 million,** up $25 million, or 20.3%, compared to 2023 attributable to the increase in the premium payable to the AMF following the issuance of the *Regulation amending the Regulation respecting the application of the Deposit Institutions and Deposit Protection Act*.

- **Other expenses of $1,414 million,** up $167 million, or 13.4%, compared to 2023, attributable to the change in provisions for contingencies relating to our activities in 2023.

INCOME TAXES ON SURPLUS EARNINGS AND INDIRECT TAXES

Desjardins Group is a cooperative financial group, and each of its entities that operates as a financial services cooperative—namely the caisses and the Federation—is considered a private and independent company for tax purposes, unlike the vast majority of other Canadian financial institutions, which are large public corporations. Desjardins entities that are not financial services cooperatives are subject to the large corporation tax regime.

- **Income taxes on surplus earnings after member dividends of $892 million,** up $443 million, compared to fiscal 2023.
  - Effective tax rate on surplus earnings after member dividends[1] of 22.8% for the year ended December 31, 2024, up from 18.7% for fiscal 2023, mainly due to the following:
    - Increase in surplus earnings after member dividends for which the applicable tax rate is 26.5%.
    - Decrease in non-taxable investment income compared to fiscal 2023.

Note 27, "Income taxes on surplus earnings," to the Combined Financial Statements presents, among other things, a reconciliation of the statutory tax rate and the effective tax rate, expressed in dollars and as a percentage.

Indirect taxes consist of property and business taxes, payroll and social security taxes, the goods and services tax, and sales taxes. Indirect taxes are included in non-interest expense. For fiscal 2024, Desjardins entities paid $1,991 million in indirect taxes, compared to $1,988 million in 2023.

(1) For further information about supplementary financial measures, see the Glossary on pages 106 to 113.

2.2 Analysis of business segment results

Desjardins Group's financial reporting is organized by business segments, which are defined based on the needs of members and clients and the markets in which Desjardins operates, and on its internal management structure. Desjardins Group's financial results are divided into the following three business segments: Personal and Business Services, Wealth Management and Life and Health Insurance, and Property and Casualty Insurance. In addition to these three segments, there is also the Other category. This section presents an analysis of the results for each of these segments.

Various estimation and allocation methods are used in preparing the financial information of the business segments. Intersegment transactions are generally recognized based on the agreements in effect between the segments. During the year, Desjardins Group updated its calculation method for the internal funding rate. This new internal funding rate, which is market-based, takes into account Desjardins Group's risk management objectives and costs related to capital. For non-interest expense not directly allocatable to one of the business segments, a financial performance framework including assumptions and methods for allocating overhead costs to the various business segments was established.

In 2024, some changes were made to business segments to reflect management's decisions on how each segment is managed. This presentation reflects the revision of the method used to allocate non-interest expense to segments. As a result, some non-interest expense items were moved from the Other category to the Personal and Business Services segment. In addition, certain wealth management activities of the caisse network previously reported in the Personal and Business Services segment are now reported in the Wealth Management and Life and Health Insurance segment. Furthermore, some trading activities involving interest rate and currency financial instruments were transferred from the Other category to the Personal and Business Services segment. Comparative figures have been restated to conform with the presentation for the current year.

2.2.1 Personal and Business Services

PROFILE

The Personal and Business Services segment is central to Desjardins Group's operations. With its comprehensive, integrated line of products and services designed to meet the needs of individual and business members, institutions, non-profit organizations and cooperatives, Desjardins Group is a leader in financial services in Québec and is present on the financial services scene outside Québec.

Desjardins's offer includes everyday financial management, savings products, payment services, financing, specialized services, access to capital markets, risk and development capital, business ownership transfers and advisory services, and through its distribution network, life and health insurance and property and casualty insurance products.

In addition, members and clients know that they can rely on the largest advisory force in Québec, made up of dedicated professionals who are there for them at every stage in their life or entrepreneurial journey.

To meet the constantly changing needs of its members and clients, Desjardins Group offers its services through the caisse network and the Desjardins Business centres, in person, by phone, online, via applications for mobile devices, and at ATMs.

SERVICES

- **Financial management:**
  - In addition to our cashier and ATM services, the AccèsD and *AccèsD Affaires* online platforms, available online and through our app for mobile devices, provide access to a variety of transactions such as payments and transfers, making it easy for individuals and businesses to manage their finances.
- **Savings and investments:**
  - Products distributed by the caisses and the Desjardins Business centres, such as mutual investment funds (Desjardins Funds), market-linked guaranteed investments (MLGI), the guaranteed savings offer, and annuity products.
- **Financing:**
  - **Residential mortgages,** for the purchase of land, new or existing homes and for renovations.
  - **Consumer loans,** such as loans for the purchase of automobiles and durable goods, personal loans and lines of credit, student loans and Accord D financing solutions.
  - **Commercial credit,** which makes it possible to offer financing in the commercial and industrial, agricultural and agri-food, and public and institutional sectors, as well as for commercial and multi-residential real estate.
- **Payment:**
  - Debit and credit card payment services for individuals and businesses, electronic payment services, and both domestic and international funds transfers.
- **Capital markets:**
  - Meeting the financing needs of Canadian corporations, institutions and cooperatives, and providing advisory services for mergers and acquisitions, an offer of derivative products, as well as intermediation and execution services on the stock and fixed income securities markets.
  - Carried out by teams of experienced professionals who are supported by a research team that is renowned in the industry for its excellence.
- **Risk and development capital (Desjardins Capital):**
  - Specializes in direct and indirect investment in small and medium-sized enterprises (SMEs) and cooperatives in every region of Québec.
  - Promotes, supports and encourages the sustainability of SMEs in Québec.
  - As manager of *Capital régional et coopératif Desjardins* (CRCD), Desjardins Capital encourages Quebecers to save.
  - Accompanies and provides customized solutions, strategic advice and value-added services for companies in various stages of start-up, growth or transfer.

- **Specialized services:**
  - International services, banking and cash management services, Desjardins employer solutions (payroll and human resources management, as well as group retirement savings), factoring, specialized financing for institutional clients, the franchise sector, health care and professional firms.
  - In addition, the program aimed at facilitating the construction of affordable housing and the non-financial services of the EspaceProprio housing ecosystem (property purchases, sales, construction, renovation and maintenance).

2024 ACHIEVEMENTS

- **Support for members and clients remains a priority in the current economy.** Proactive support strategies continue to be employed for personal and business members who are at greater risk of financial difficulty (price increases, high bankruptcy rate, agricultural sector under pressure, etc.):
  - A support plan has been developed and implemented specifically for the agricultural, commercial fishing and real estate sectors, aimed at adjusting, among other things, our offers and financing conditions in order to better support entrepreneurs in these challenging sectors.
  - A refinancing solution has been put in place to help business members who were unable to repay their loan from the Canada Emergency Business Account program and benefit from the financial incentive, which has enabled more than 5,000 members to repay their loans.
- **Enhanced and simplified digital experience:**
  - Continued redesign of desjardins.com and enhancement of certain functionalities on *AccèsD* to provide a simple, integrated, consistent and personalized digital information experience to members and clients of Desjardins Group.
  - Modernization of *AccèsD Affaires* with continuous improvements to the features on offer in order to enhance the digital experience for businesses and simplify the day-to-day management of their banking transactions.
  - Gradual roll out of the Alvie virtual assistant, which will eventually provide financial tips to personal and business members when they use Desjardins mobile services and direct them to Customer Relations Centres.
  - Roll out of the new mobile application for the School Caisse, enabling young members and non-members to consult fun and dynamic financial education content on a platform tailored to young users.
  - Gradual roll-out of the interactive voice response, which allows members and clients to enjoy a more fluid experience thanks to the virtual assistant's referral of calls to credit card client services.
- **Recognition:**
  - The *Regroupement des aveugles et amblyopes du Montréal métropolitain* named Desjardins winner of the 2024 *Coup de cœur* award for its online services. Desjardins's commitment to accessibility is reflected in its culture, which promotes the removal of barriers for all its members and clients.
- **Improvement of offers in retail sectors:**
  - Personalized support for cooperatives in setting up their financial project and by offering advantageous discounts on lines of credit, payroll services, transaction plans and payment solutions.
  - Enhancement of our support for businesses in the manufacturing sector through the launch of the manufacturing offer.
  - Development of the offer for startups in partnership with several institutions and organizations, including the *École des entrepreneurs du Québec*.
  - Development of the business transfer offer, enabling Desjardins to stand out through the support it provides to entrepreneurs with a unified approach, as well as in the financing conditions offered to members and clients. In 2024, Desjardins supported 1,582 members in their transfer process, for a financing volume of $2.8 billion.
  - Delivery of the new range of credit cards for micro and small businesses. The improved offer includes a freebie in the first year, a low interest rate, rewards on purchases and a new look.
- **Reinforcing our role as a socioeconomic leader:**
  - Continuation of the "Together for Our Youth" program, in which Desjardins invests more than $50 million each year to help young people achieve their full potential in a more inclusive and sustainable world. Designed for 5- to 30-year-olds, the program supports thousands of initiatives and partners rooted in four areas of the daily lives of young people: education; employment and entrepreneurship; health and healthy lifestyles; and social commitment.
  - $5 million awarded to entrepreneurs in Québec and Ontario under the Momentum Fund program. Non-repayable financial assistance in amounts of up to $20,000 were granted to 708 businesses in 2024 to foster innovation, accelerate the digital transformation and invest in energy-efficient equipment. Since 2020, Desjardins Group has made commitments under this program totalling $24 million.
  - Continuation of the Desjardins GoodSpark Grants program for a 5th year. The program is intended to support 150 small businesses as they carry out a project focused on innovation, employment, community impact or sustainable development. A total of $3 million, in the form of $20,000 grants, was awarded to stimulate economic growth in Ontario and the Atlantic and Western regions.
  - As part of a partnership with the Québec government, Desjardins is committed to supporting the construction of more than 1,750 affordable housing units by the end of 2025. As of December 31, 2024, 7 projects totalling 1,182 units are in operation, and 12 projects totalling 780 units were under construction. Desjardins has also been chosen as a financial partner by the *Société de développement Angus* to foster the construction of 1,001 new affordable housing units.
- The sector continues to gradually roll out its **ESG approach** throughout its operations, in particular by enhancing the support provided to members and clients in their sustainable transitions through personalized support, strategic advice and tailored solutions to integrate sustainable practices, while strengthening their competitiveness:
  - Launch of the guaranteed loan product, aimed at helping underserved business clients (women, Indigenous people, visible minorities, LGBTQ+, newcomers) with less than $10 million in revenue to obtain financing for working capital. This new product positions Desjardins with regard to diversity, which represents a large portion of new entrepreneurs.
  - Deployment of the last training module on sustainable finance in partnership with Finance Montréal. The program targets approximately 5,000 Desjardins Business employees per year, with the aim of facilitating dialogue with entrepreneurs on ESG issues.
  - Enhancement of the supplier diversification policy in order to expand the pool of businesses that can bid for Desjardins contracts. Collaborative work is carried out with certification organizations to validate that a company does indeed meet the diversity criteria.

- **Safety and fraud prevention tips:**
  - Continuation of the "Sharpen your cyber reflexes" program to provide support to members and clients with relevant information and tools. The initiative invites members and clients to sharpen their cyber reflexes through various tips as a way to address various security issues identified and prioritized by Desjardins Group: phishing, easy money scams, romance scams, investment fraud and transactional best practices.
  - Against a backdrop of growing concern among members and clients about cyber attacks, Desjardins has implemented financing solutions for businesses interested in investing in cybersecurity, and Desjardins Insurance offers coverage to mitigate the impact of a cyber attack.
  - Deployment of text message notifications to advise members and clients of any potential fraudulent transactions on their debit cards.
  - Continued roll out of the anti-fraud program to protect members and clients from various fraud schemes.

INDUSTRY

- **Canadian market:**
  - In 2024, the Canadian financial industry comprised some 79 domestic and foreign banking institutions, as well as 389 savings and loan cooperatives, over half of which belonged to Desjardins Group.
  - In the banking services industry, on-balance sheet and off-balance sheet personal savings outstanding was estimated at $7,600 billion as at December 31, 2024, for a year-over-year increase of 13.9%, compared to an increase of 9.3% recorded at the end of 2023. The increase in 2024 was due to the improved returns offered by the financial markets: the S&P/TSX stock market index rose 18.0% while the S&P 500 increased by 23.3% in the twelve-month period. Fiscal 2024 was also marked by a good growth in sales of on-balance sheet savings products, fuelled by the demand for term savings.
  - Outstanding volume of loans to individuals was estimated at $2,901 billion as at December 31, 2024, a year-over-year increase of 4.8%, a slight increase compared the increase to 3.3% to the previous year-end. This recovery was mainly due to the effect of cuts to interest rates on demand for housing credit.
  - Business financing outstanding as at December 31, 2024, was estimated at $1,207 billion, a year-over-year increase of 4.1%, down from 6.9% growth recorded at the end of 2023.
- **Québec market:**
  - On-balance sheet and off-balance sheet personal savings outstanding was estimated at $1,461 billion as at December 31, 2024, a year-over-year increase of 14.0%, versus an increase of 11.4% at year-end 2023. The stronger growth in savings in 2024 was due to a higher savings rate for Québec households compared with the Canadian average.
  - Outstanding volume of retail financing was estimated at $510 billion as at December 31, 2024, for a year-over-year increase of 6.1%, compared to 3.0% growth recorded a year earlier.
  - Business financing outstanding was estimated at $274 billion as at December 31, 2024, for a year-over-year increase of 11.3%, compared to 9.9% growth at year-end 2023.
    - Agricultural loans, included in business financing, were estimated at $29 billion as at December 31, 2024, a year-over-year increase of 9.1%, accelerating from the 7.3% growth recorded on the same date one year earlier.
- **Competition in Québec for financial services to individuals and businesses:**
  - Desjardins Group is a leader in many of the fields in which it operates.
  - It is a leader in residential mortgages, with a market share estimated at approximately 39%(1) as at December 31, 2024, and it is a major player in consumer credit, with a market share of approximately 26%(1) on the same date.
  - Desjardins Group is a leader in personal savings in Québec, especially in on-balance sheet personal savings products, with a market share in this industry estimated at approximately 36%(1) as at December 31, 2024.
  - In commercial and industrial loans, Desjardins Group is also a major player in Québec, with an estimated market share of approximately 21%(1) as at December 31, 2024.
  - Desjardins Group is a leader in agricultural financing, with a loan portfolio of $11.8 billion and an estimated market share of 42%(1) as at December 31, 2024.
  - The major industry players are focusing primarily on client experience, access to services and proactive advice.
  - The fight for market share is therefore very fierce, since all the players are adopting strategies aimed at intensifying business relations with their clients and at getting to know them better.

Additional information about the economic environment can be found in Section 1.5, "Economic environment and outlook," of this MD&A.

2025 STRATEGIES AND PRIORITIES

The 2025 strategies and priorities of the Personal and Business Services segment are incorporated into Desjardins Group's strategic orientations and are aimed at helping Desjardins to achieve its goal of being everyone's #1 choice, by always working in the best interests of members and clients. The strategic directions of Desjardins Group, as presented in Section 1.4, "Strategic orientations and financial objectives," of this MD&A, are also the strategic directions of the Personal and Business Services segment.

The segment's priorities for 2025 to 2027 will be to:
- Encourage digital adoption and improve distribution efficiency by developing channels;
- Improve the performance of its key processes;
- Strengthen the loyalty of its members and clients and the closeness of its relationships, in particular through digital technologies;
- Increase the competitiveness of its business lines;
- Be the financial partner of choice for businesses and entrepreneurs;
- Develop its business posture by anchoring it more firmly in data and analytics.

(1) These market shares were compiled and estimated as at September 30, 2024 according to a methodology developed by Desjardins and based on several external sources, including: the Bank of Canada, Statistics Canada and Investor Economics.

Between now and 2027, the segment will continue to focus more on supporting and retaining its existing members and clients rather than winning new ones, and on making efficiency gains to improve competitiveness.

The segment will continue to consolidate its leadership position in financing, everyday financial management, savings and, through its distribution network, life and health and P&C insurance products. The segment will continue to work always in the best interests of its members and clients, in particular, by giving members and clients a simple, omnichannel experience by leveraging mobile platforms, speeding up the segment's digital initiatives, transforming and optimizing its physical and remote distribution models and enhancing service delivery. The segment will also continue to strive to enhance the employee experience.

For this segment, reaching objectives requires the commitment of every director, manager and employee, as well as a high-calibre, comprehensive and integrated offer that is easy to access, all in the best interests of members and clients.

ANALYSIS OF FINANCIAL RESULTS

Table 12 – Personal and Business Services – Segment results
For the years ended December 31

(in millions of dollars and as a percentage)	2024	2023[1]
Net interest income	**$ 7,134**	$ 6,375
Other income	**2,543**	2,359
Total net revenue	**9,677**	8,734
Provision for credit losses	**599**	520
Gross non-interest expense	**6,757**	6,846
Income taxes on surplus earnings	**602**	349
Surplus earnings before member dividends	**1,719**	1,019
Member dividends, net of tax recovery	**328**	304
Net surplus earnings for the year after member dividends	**$ 1,391**	$ 715
Indicators		
Average assets[2]	**$ 342,529**	$ 322,104
Average core interest-bearing assets[3]	**251,477**	239,785
Average gross loans and acceptances[2]	**268,746**	250,510
Average deposits[2][4]	**218,961**	221,796
Net interest margin[3]	**2.66%**	2.53%
Productivity index[2]	**69.8**	78.4
Credit loss provisioning rate[2]	**0.22**	0.21
Gross credit-impaired loans/gross loans and acceptances[2]	**0.84**	0.76

(1) Data have been restated to conform with the current year's presentation.
(2) For further information about supplementary financial measures, see the Glossary on pages 106 to 113.
(3) For more information about non-GAAP financial measures and non-GAAP ratios, see "Non-GAAP and other financial measures" on pages 3 to 5.
(4) The year ended December 31, 2023 included larger intersegment transactions related to cash management activities, which are eliminated in the Other category.

COMPARISON OF 2024 AND 2023

- **Surplus earnings before member dividends of $1,719 million,** up $700 million, compared to 2023, mainly due to the following:
  - Increase in net interest income and other income.
  - Decrease in non-interest expense following measures taken to improve efficiency and effectiveness.
  - Offset by an increase in the provision for credit losses.

- **Net interest income of $7,134 million,** up $759 million, or 11.9%. This increase resulted from the following:
  - Growth in average residential mortgages outstanding and average business loans outstanding.
  - Wider net interest margins.

- **Other income of $2,543 million,** up $184 million, or 7.8%, mainly as a result of:
  - Growth in business volumes from credit card payment activities.
  - Increase in income related to deposit and payment service charges.
  - Growth in sales by the caisse network of various products, such as Desjardins Funds.
  - Higher income related to the good performance of capital markets.
  - Offset by losses on disposal of securities that were higher than in the comparative period of 2023.

- **Total net revenue of $9,677 million,** up $943 million, or 10.8%.

- **Provision for credit losses of $599 million,** compared to $520 million for fiscal 2023. The 2024 provision reflects a migration of credit quality as well as the impact of unfavourable changes in the economic outlook on the business loan portfolios. In the credit card portfolios, the favourable impact of updated forward-looking information was partly offset by the unfavourable effect of changes made to methodology. The provision for 2024 also reflects higher net write-offs, which are gradually returning to pre-pandemic levels.

- **Gross non-interest expense of $6,757 million,** down $89 million, or 1.3%, due to the implementation of measures taken to improve efficiency and effectiveness.
- **Net interest margin of 2.66%,** up 13 basis points from 2023, due in particular to more marked growth in the average loan volume compared with that of other products, combined with the impact on the loan portfolio of higher interest rates.
- **Productivity index at 69.8%,** compared to 78.4% in 2023, due to the growth in revenues combined with the decline in expenses other than gross interest.

2.2.2 Wealth Management and Life and Health Insurance

PROFILE

The Wealth Management and Life and Health Insurance segment plays a leading role in developing the financial independence of Desjardins Group members and clients by helping them develop healthy financial habits.

The segment supports members and clients, individuals and businesses, through various distribution networks and designs several lines of individual insurance (life and health) coverage as well as investment solutions. The segment also includes asset management and trust services. The Wealth Management and Life and Health Insurance segment is a Canadian leader in responsible investing and responsible insurance.

The Wealth Management and Life and Health Insurance segment's vast and diversified Canada-wide distribution networks are one of its greatest strengths:
- Desjardins caisse network;
- Desjardins specialized networks (Signature Service, Private Wealth Management, Securities and Online Brokerage);
- Desjardins agent network;
- Desjardins Financial Security Life Assurance Company partner networks;
- Worldsource subsidiaries;
- External insurance and investment solution networks;
- Actuarial consulting firms and brokers;
- Client Relations Centres and digital channels.

SERVICES

Life and Health Insurance
- Includes a wide range of products offered to individuals, and a group retirement savings and insurance service offer for businesses and their employees.
- These products and services offer them peace of mind by reducing the financial effects that could occur due to illness, accident or death, and these investment solutions help them achieve their savings and investment objectives.
  - **Insurance for individuals**
    - Includes life insurance, health and disability insurance, credit insurance, travel insurance and assistance services.
  - **Group insurance**
    - Includes life, death and accidental mutilation, critical illness, disability, prescription drug, health care and dental insurance, health and wellness expense accounts, as well as prevention and wellness services.
  - **Group retirement savings**
    - Includes accumulation and disbursement plan solutions, group annuities, as well as support to achieve and maintain financial independence (videos, simulators, webinars and virtual guide).

Wealth Management
- Offers a wide range of products and advisory services to meet the needs of members and clients at every stage of their lives, helping them to build, grow, protect and pass on personal and business assets with complete peace of mind.
  - **Specialized wealth management offer (Signature Service, Private Wealth Management, Securities and Online Brokerage):**
    - Each Desjardins network offers support based on a consulting approach to provide responses tailored to the personal, family and business situations of members and clients.
    - These networks differ from one another in their approach and in the range of proprietary advisory services and products they offer.
  - **Investments:**
    - Wide range of investment solutions for individuals.
    - Mutual funds, guaranteed market-linked investments, guaranteed investment funds and exchange-traded funds (ETFs), including responsible investment and annuity solutions, enabling members and clients to find the investments best suited to their needs.
  - **Institutional services:**
    - Services for institutional clients, mainly pension funds, foundations, investment funds and insurers.
    - Asset management and trust services, such as custody of securities on North American and international markets and fiduciary services for businesses.

2024 ACHIEVEMENTS

Life and Health insurance

- **Changes to the range of products and services:**
  - A full range of life and health insurance products is now available to partnering general agents (including advisors in the IDC Worldsource network) in Québec, providing more choice and security to their clients.
  - Introduction of a new individual insurance advisory service enabling policyholders diagnosed with a serious illness to speak to a Desjardins employee even before a claim is initiated.
  - Launch of the group First Home Savings Account (FHSA) for tax-free savings toward the purchase of a first property, a unique product for saving toward the purchase of a first home.
- **Enhanced and simplified digital experience:**
  - Improved digital mortgage renewal process, providing eligible members with access to an insurance offer when they renew online.
  - Deployment of new digital features for group insurance members and clients, such as online plan enrolment and enhanced online claims services for all healthcare.
  - In group retirement savings, an enhanced digital pathway enabling online transfers to be made independently from another institution to Desjardins.
- **Improved group insurance offer:**
  - Focus on women's health: helping employers create a more inclusive and caring workplace by offering women products and services tailored to their specific health issues or to those that are more likely to affect them.
  - Focus on mental health: enabling support for policyholders suffering from mood and anxiety disorders, addictions and eating disorders.
  - Launch of the first Healthy Weight program in the market to help employees adopt a healthy approach to weight management.
- **Awards won and recognition gained:**
  - Desjardins stood out at the Insurance Business Canada Awards by being nominated for the Excellence award for Life & Health Insurer of the Year, which recognizes Desjardins's commitment to its products and services and to financial literacy, as well as its exemplary customer service approach.
  - In the latest NMG Consulting survey, Desjardins once again ranked in the top third of insurers in terms of partner satisfaction with group insurance.

Wealth Management

- **Changes to the range of products and services offered:**
  - Launch of the new Desjardins Investment Savings Account as part of the specialized wealth management offer, with net sales attaining $3 billion.
  - Enhanced range of ETFs with the launch of new index funds that provide geographical exposure and diversified asset classes. Assets under management totalled $2.2 billion as at December 31, 2024.
  - Members conducting business in the caisses were given access to all investment products for their FHSA investments.
  - Launch of the new DGAM Canadian Private Real Estate Fund, enabling investors to participate in the dynamic Canadian commercial property market, which is popular with major institutional investors.
  - Roll out of private financial services offering an exclusive range of high-end personalized banking solutions and financing strategies.
  - Enhanced support and expertise from advisors on investment solutions.
- **Digital experience enhanced** by making it easier to purchase mutual funds online.
- The segment continues to gradually roll out its **ESG approach** across all its activities, including:
  - Publication on desjardins.com of Desjardins's first report on responsible annuities, which provides information on the responsible investment approach.
  - Publication of a white paper on fossil fuel investments, summarizing Desjardins's investment strategy to support the energy transition while managing risk and return.
- **Awards won and recognition gained,** all attesting to our commitment to developing high-return investing solutions for members and clients:
  - Desjardins Online Brokerage ranked second in independent investor satisfaction by JD Power.
  - Garnered 9 FundGrade A+® 2024 awards from Fundata, which recognizes the best investment solutions available in Canada each year, 2 of which were received for responsible investing solutions.
  - Received 4 awards at the 2024 LSEG Lipper Fund Awards, in particular with the Desjardins RI Emerging Markets Multifactor - Net Zero Pathway ETF, which won an award in the emerging markets equity ETF category (for the third consecutive year), and the Desjardins RI Canada Multifactor - Net Zero Trajectory ETF, which won an award in the Canadian equity ETF category.
  - Desjardins was ahead of the pack with its line of structured products:
    - Most awarded financial institution at the *2024 SRP Americas* gala, taking 7 awards, including the prestigious "Best House, Canada" award (fifth consecutive year) from Structured Retail Products.
    - Award for Canada's "Best Principal Protected Issuer" at the third annual SPi Canada *2024* Awards for Excellence.

INDUSTRY

- **Canadian market:**
  - Wealth Management: At the end of 2023, financial assets of close to $6,712 billion were held by Canadian households, for annual growth of 8.3% (compared with a decrease of 4.3% in 2022). Following a peak reached in the Bank of Canada's key interest rate, several rate cuts have been implemented since June 2024 as the inflation rate slowed (inflation reached the Bank's 2% target in August) and due to weak economic growth. North American equity markets reached new historic highs in 2024, driven by lower interest rates and good performance in several sectors.
  - Life and Health Insurance: Premium income totalled $157 billion in life and health insurance and in annuities in 2023, up $12 billion, compared to 2022 and growing at an average pace of 6.1% per year over the last five years. More than 30 million Canadians are protected financially, representing a record number of policyholders, and $128 billion was paid in benefits in 2023, up 13% compared to 2022. This includes a record amount of $36.6 billion in health, prescription drug and dental benefits. Claims for mental health counselling continued to rise, more than doubling from 2019.
- **Competition in Canada:**
  - Wealth Management: The key industry players are the major banking groups, life and health insurance companies and investment fund manufacturers and their distribution networks, which are trying to outdo one another in order to win over clients and build their loyalty. For over 30 years, Desjardins has been one of the most committed players when it comes to promoting and advancing responsible investing in Canada by:
    - Offering an extensive line of responsible investing solutions on the market;
    - Ranking 2nd among mutual fund issuers and 4th among ETF issuers in responsible investing as at June 30, 2024.
  - Life and Health Insurance: Based on 2023 statistics, there are more than 150 insurers conducting business in Canada, with five insurers accounting for 75.5% of the market. Desjardins Financial Security Life Assurance Company ranks fifth in Canada, with direct premiums written of $7.0 billion in 2023.

2025 STRATEGIES AND PRIORITIES

The 2025 strategies and priorities of the Wealth Management and Life and Health Insurance segment form part of Desjardins Group's strategic orientations and aim to help Desjardins achieve its goal of being everyone's #1 choice, by always working in the best interests of members and clients. The strategic orientations of Desjardins Group, as presented in Section 1.4, "Strategic orientations and financial objectives," of this MD&A, are also the strategic orientations of the Wealth Management and Life and Health Insurance segment.

The segment's priorities for 2025 to 2027 regarding wealth management activities will seek to:
- Align the organization for optimal execution;
- Increase business development;
- Tighten execution to meet the current and future needs of members and clients;
- Accelerate modernization, digitization initiatives, and our use of data and analytics.

While the priorities for life and health insurance activities will seek to:
- Significantly enhance member and client experience;
- Stay the course on profitable growth;
- Accelerate use of data and analytics;
- Position Desjardins as a responsible insurer;
- Implement organizational transformation.

In order to strengthen its leadership in member and client experience, this segment can rely on the commitment of its managers, employees and distribution partners, who always strive to better meet the needs of members and clients by providing exemplary and distinctive quality service.

ANALYSIS OF FINANCIAL RESULTS

Table 13 – Wealth Management and Life and Health Insurance – Segment results
As at December 31 and for the years ended December 31

(in millions of dollars)	2024	2023[1]
Net interest income	**$ 231**	$ 205
Insurance service result		
Insurance revenue	**4,261**	3,944
Insurance service expenses	**(3,663)**	(3,296)
Net reinsurance service income (expenses)	**(8)**	(62)
	590	586
Net insurance finance result		
Net insurance investment income (loss)	**1,564**	2,397
Net insurance finance income (expenses)	**(1,238)**	(2,055)
Net reinsurance finance income (expenses)	**31**	72
	357	414
Net insurance service income	**947**	1,000
Other income	**2,616**	2,274
Total net revenue	**3,794**	3,479
Provision for credit losses	**4**	6
Non-interest expense		
Gross non-interest expense	**3,376**	3,114
Non-interest expense included in insurance service expenses[2]	**(327)**	(366)
Net non-interest expense	**3,049**	2,748
Income taxes on surplus earnings	**140**	124
Net surplus earnings for the year	**$ 601**	$ 601
Indicators		
Contractual service margin (CSM)[3]		
Total CSM[3][4]	**$ 2,585**	$ 2,595
CSM on new sales[3][5]	**70**	54
Net sales of savings products[6]	**5,422**	2,124
Insurance sales[6]	**558**	479
Group insurance premiums[6]	**4,067**	3,840
Individual insurance premiums[6]	**1,068**	1,015
Annuity premiums[6]	**1,085**	1,458
Segregated fund receipts[6]	**4,809**	3,900

(1) Data have been restated to conform with the current year's presentation.
(2) Represents the non-interest expense directly related to the fulfillment of insurance contracts presented under "Insurance service result."
(3) Included under "Insurance contract liabilities" and "Reinsurance contract assets (liabilities)" in the Combined Balance Sheets. For further information, see Note 16, "Insurance and reinsurance contracts" to the Combined Financial Statements.
(4) Total CSM of $2,838 million ($2,813 million as at December 31, 2023) presented net of reinsurance for a total amount of $253 million ($218 million as at December 31, 2023).
(5) CSM on new insurance business totalling $68 million ($56 million as at December 31, 2023) presented net of reinsurance for a total amount of $(2) million ($2 million as at December 31, 2023).
(6) For further information about supplementary financial measures, see the Glossary on pages 106 to 113.

COMPARISON OF 2024 AND 2023

- **Net surplus earnings of $601 million,** stable compared to 2023. The increase in other income, due in particular to an increase in assets under management and under administration, was offset by the following:
  - Higher costs due to the increase in assets under management and under administration and administrative expenses, including spending on personnel.
  - Decrease in the net insurance finance result due to a lower gain on disposal of buildings than in 2023 and the decrease in the fair value of certain infrastructure investments, partly offset by the favourable impact of hedging the interest rate risk.

- **Net interest income of $231 million,** up $26 million, or 12.7%. This increase was mainly due to the following:
  - Increase in the interest margin on securities.
  - Volume growth due to the new Desjardins Investment Savings Account.
  - Offset by lower net interest income from Worldsource.

- **Insurance service result of $590 million,** up $4 million, or 0.7%, mainly due to the following:
  - Adjustment to the indexation assumption in individual insurance and group retirement savings.
  - Business growth in group insurance.
  - More favourable experience in credit and direct insurance, particularly in disability loan and life insurance.
  - Less unfavourable impact of new onerous contracts in group insurance and group retirement savings.

  This increase was offset in part by the following:
  - Overall unfavourable impact of updating actuarial assumptions.
  - Less favourable experience in group insurance, mainly for long-term disability and life coverage, partly offset by less unfavourable accident and health insurance coverage.

- **Net insurance finance result of $357 million,** down $57 million, or 13.8%, mainly due to the following:
  - Lower gain on disposal of buildings than in 2023.
  - Decrease in the fair value of certain infrastructure investments.
  - Offset by the favourable impact of hedging the interest rate risk.

- **Other income of $2,616 million,** up $342 million, or 15.0%, mainly due to the following:
  - Higher income from specialized networks due to increased assets under administration.
  - Higher income from increased assets under management compared to 2023.
  - Increase in income of $77 million related to operations acquired from Worldsource on March 1, 2023.
  - Gain on disposal of the interest in Fiera Holdings Inc. and Fiera Capital LP.

- **Total net revenue of $3,794 million,** up $315 million, or 9.1%.

- **Gross non-interest expense of $3,376 million,** up $262 million, or 8.4%, owing primarily to the following:
  - Higher costs as a result of growth in assets under management and under administration.
  - $90 million increase in costs related to operations acquired from Worldsource on March 1, 2023.
  - Increase in spending on personnel.

  Note that a gross non-interest expense of $327 million was included under insurance service expenses, compared to $366 million in 2023.

Additional information for certain indicators:

- **Contractual service margin (CSM)**
  - Total CSM of $2,585 million as at December 31, 2024 compared to $2,595 million as at December 31, 2023. The slight decrease in total CSM was due to the following:
    - Effect of services rendered, which were mainly due to the creation of the CSM upon the transition to IFRS 17, "Insurance Contracts."
    - Adjustment to the indexation assumption in individual insurance and group retirement savings.

    This decline was partially offset by the following:
    - Favourable impact of new sales in individual insurance and group retirement savings.
    - Gains on guaranteed investment fund liabilities due to favourable economic conditions.
    - Overall favourable updating of actuarial assumptions.
    - Impact of accretion expenses.

- **Business growth**
  - Increase in net sales of savings products generated mainly by specialized networks and Worldsource subsidiaries, partly offset by lower net sales from group capital accumulation plans.
  - Increase in insurance sales, essentially from group insurance.
  - Growth in insurance premiums, mainly in group insurance.
  - Decrease in annuity premiums, mainly in group retirement savings, related to the addition of a large group in 2023.

2.2.3 Property and Casualty Insurance

PROFILE

The Property and Casualty (P&C) Insurance segment offers insurance products providing coverage for the assets of Desjardins Group members and clients and guarding them against disaster. This segment includes the operations of Desjardins General Insurance Group Inc. and its subsidiaries, offering a personal line of automobile and property insurance products across Canada and also providing businesses with insurance products. Its products are offered in the Desjardins caisse network in Québec and at Caisse Desjardins Ontario Credit Union Inc. and the Desjardins Business centres, and are distributed through P&C insurance agents in a number of client care centres, as well as through an exclusive agent network, including over 450 agencies in Ontario, Alberta and New Brunswick. This exclusive agent network distributes P&C insurance and several other financial products. In addition, the insurance products offered by the newly acquired ICPEI are distributed by a network of independent brokers, mainly in Québec, Ontario, New Brunswick and Nova Scotia. The segment also offers advice and loss prevention services to members and clients to help them protect their assets and guard against the impact of weather and climate events. Members and clients also have access to a multitude of services online and via applications for mobile devices.

Desjardins General Insurance Group Inc., which has more than 3.7 million clients, markets its products to the Canada-wide individual and business market under the Desjardins Insurance banner, and to the group market—including members of professional associations and unions, and employers' staff—under the The Personal banner.

SERVICES

- **Automobile insurance,** including motorcycle and recreational vehicle insurance:
  - Offers insurance coverage tailored to clients' specific needs and their vehicles' features;
  - Also includes the necessary coverage to obtain financial compensation for bodily injury in provinces where such coverage is not provided by a public plan.
- **Property insurance:**
  - Offers owners, co-owners and tenants insurance coverage to protect their physical property, with all-risk insurance coverage and optional coverages for primary and secondary residences.
- **Business insurance:**
  - Covers the insurance requirements for commercial vehicles, commercial property and public liability for businesses;
  - Service is provided to the following sectors, among others: service firms, retailers and wholesalers, garages, general or specialized contractors, offices, health care professionals, commercial buildings, condominiums and apartment buildings.

2024 ACHIEVEMENTS

- **Continued enhancement of the member and client experience as well as digital transformation,** in particular by:
  - Launch of the online "Add vehicle" transaction, performed 100% independently, for automobile insurance policyholders in Québec with a concrete improvement aimed at simplifying the member and client experience and promoting their empowerment.
  - Deployment of a new Ajusto dashboard in the insurance application. Policyholders can now more easily learn how to improve their driving habits and know the impact on their insurance premiums.
  - Improvement to online after-sales service and contribution to an enhanced financial empowerment of members and clients through new features such as:
    - The ability to see by insurance product (automobile or home) the type of payment as well as the display of an alert when a payment is late.
    - The option to make changes to insurance policies, even at the time of renewal.
  - Mobilization of the extended Desjardins group to respond, in just a few weeks, to the needs of members and clients following the two largest events in Desjardins's history of indemnification, with more than 40,000 claims.
- The segment continues to gradually deploy its **ESG approach** in all of its operations, in particular by:
  - Committing $3.2 million for the 2022-2024 period to support various organizations that encourage road safety in Québec and the rest of Canada [Parachute, Traffic Injury Research Foundation (TIRF), Arrive Alive, Operation Red Nose].
  - Continuing work to achieve the investment portfolio's carbon neutrality objectives for 2040 in the following three sectors: energy, transportation and real estate, as well as for 2050 for the entire portfolio (commitment to the global Business Ambition for 1.5°C initiative).
  - An ESG plan has been defined in support of the Group's plan, with six priorities:
    - Support members and clients during catastrophes and major events, raise their awareness of climate change and provide them with prevention advice so that they will be well protected.
    - Strengthen climate and catastrophe modelling to anticipate the impacts.
    - Manage the impacts on our results.
    - Take a leadership role in climate and catastrophe resilience.
    - Integrate ESG considerations into all our extended operations and investments.
    - Ensure regulatory compliance.
  - Collaboration with the Insurance Bureau of Canada and the federal government on the proposed development of a national flood insurance program, aimed at providing affordable flood insurance coverage for Canadian households located in high-risk areas and not currently covered by private insurers.
- **Acquisition of all the shares in ICPEI.** ICPEI is a Canadian insurer that offers personal and commercial insurance products exclusively through a network of brokers. The goals of this acquisition are to:
  - Meet the needs of business clients with more complex insurance requirements.
  - Consolidate the presence of Desjardins Group in P&C insurance, particularly in the area of business insurance, in order to strengthen its position across Canada.

INDUSTRY

- **Canadian market:**
  - The P&C insurance industry offers insurance coverage for motor vehicles, personal and commercial property, and public liability.
  - A mature market, with an average annual premium growth rate of 8.0% in the period from 2019 to 2023.
  - The segment has grown at a sustained rate of 8.2%, reaching $80.4 billion in direct premiums written in 2023. Profitability remains an important issue for the industry in general, and rates continue to increase in all the business lines.
  - Individual insurance accounts for 57.6% of the market, and business insurance, for 42.4%.
- **State of the industry in 2024:**
  - In automobile insurance, driving habits continued to normalize in 2024 and the frequency of claims fell slightly. Furthermore, the measures taken in 2024 to address vehicle theft were successful, leading to a notable decrease in the costs related to vehicle theft in Ontario and Québec compared to 2023. However, theft levels were still much higher than the historical averages.
  - Alberta has announced significant reforms to the automobile insurance system, including a transition to a no-fault claims model. These future changes are intended to reduce legal costs and improve care for accident victims.
  - The industry is being affected by weather events across Canada. In 2024, according to Catastrophe Indices and Quantification Inc. (CatIQ), catastrophic events caused insurable losses of $8.5 billion for the Canadian P&C insurance industry, such that 2024 was ranked 1st in terms of the size of extreme weather losses in Canada.

- **Industry trends:**
  - Operational excellence remains fundamental to the P&C insurance sector, especially when costs are under pressure.
  - Digitalization and systems modernization remain important for insurers, as the key players seek to derive a competitive advantage from their digital capabilities and mobile-focused functionalities.
  - Insurers are increasingly exploiting advanced analytics across the value chain to generate efficiencies, secure segmentation gains and improve the client experience.
  - Consolidation continues in the brokerage sector, led by insurers and investment funds.

2025 STRATEGY AND PRIORITIES

The Property and Casualty Insurance segment's strategies and priorities for 2025 fall within the scope of Desjardins Group's strategic orientations and aim to help the Group attain its goal of being everyone's #1 choice by constantly working in the best interests of members and clients. The strategic orientations of Desjardins Group, as presented in Section 1.4, "Strategic orientations and financial objectives," of this MD&A are also the strategic orientations of the Property and Casualty Insurance segment.

The segment's priorities from 2025 to 2027 will be to:
- Modernize its business systems to support its member- and client-centered developments;
- Carry out the omnichannel transformation to ensure the accessibility of online services and make members and clients more independent;
- Reduce operating risks and enhance the organization's agility;
- Accelerate growth in the various business lines in business insurance;
- Pursue our objective of becoming a Canadian leader in the field of advanced analytics by rolling out several models between 2025 and 2027, including in the area of claims and pricing;
- Implement ESG actions by supporting members and clients during catastrophes and major events, raising their awareness of climate change and providing prevention advice.

Achieving these objectives is based on the commitment of all directors, managers and employees, as well as on a comprehensive and integrated offer of high quality and accessible services, always in the interests of members and clients.

ANALYSIS OF FINANCIAL RESULTS

Table 14 – Property and Casualty Insurance – Segment results
For the years ended December 31

(in millions of dollars and as a percentage)	2024	2023
Insurance service result		
Insurance revenue	**$ 7,425**	$ 6,642
Insurance service expenses	**(6,502)**	(5,775)
Net reinsurance service income (expenses)	**545**	(67)
	1,468	800
Net insurance finance result		
Net insurance investment income (loss)	**777**	561
Net insurance finance income (expenses)	**(415)**	(343)
Net reinsurance finance income (expenses)	**42**	31
	404	249
Net insurance service income	**1,872**	1,049
Other income (loss)	**16**	(26)
Total net revenue	**1,888**	1,023
(Recovery of) provision for credit losses	**(6)**	5
Non-interest expense		
Gross non-interest expense	**1,057**	1,025
Non-interest expense included in insurance service expenses(1)	**(644)**	(651)
Net non-interest expense	**413**	374
Income taxes on surplus earnings	**380**	150
Net surplus earnings for the year	**$ 1,101**	$ 494
Of which:		
Group's share	**$ 968**	$ 423
Non-controlling interests' share	**133**	71
Indicators		
Direct premiums written(2)	**$ 7,565**	$ 6,856
Loss ratio(3)(4)(5)	**64.6%**	72.8%
Current year loss ratio(3)(4)(5)	**66.1**	75.1
Loss ratio related to catastrophes and major events(3)(4)(5)	**7.8**	3.6
Ratio of changes in prior year claims(3)(4)(5)	**(9.3)**	(5.9)
Expense ratio(3)	**24.5**	26.2
Ratio of losses on onerous contracts(3)	**(0.4)**	(0.9)
Combined ratio(3)(4)(5)	**88.7**	98.1
Discounted combined ratio(3)	**84.4**	93.0

(1) Represents the non-interest expense directly related to the fulfillment of insurance contracts presented under "Insurance service result."
(2) For further information about supplementary financial measures, see the Glossary on pages 106 to 113.
(3) For further information about non-GAAP ratios, see "Non-GAAP and other financial measures" on pages 3 to 5.
(4) Undiscounted ratio, therefore excluding the effect of discounting net liabilities for claims incurred.
(5) Data have been restated to conform with the current year's presentation.

COMPARISON OF 2024 AND 2023

- **Net surplus earnings of $1,101 million,** up $607 million, compared to 2023. The change was due to the following:
  - Increase in income from insurance activities.
  - More favourable impact of changes in prior year claims than in 2023.
  - Increase in the net insurance finance result.
  - Offset by higher claims expenses due to catastrophes and major events.

- **Insurance service result of $1,468 million,** up $668 million.
  - **Insurance revenue** of $7,425 million, up $783 million, or 11.8%. By including ceded insurance revenue of $362 million presented under "Net reinsurance service income (expenses)," the increase was $727 million, or 11.5%, mainly due to premium growth in automobile and property insurance as well as business arising from the acquisition of ICPEI.
  - **Insurance service expenses** of $6,502 million, up $727 million, or 12.6%. By including ceded insurance service expenses of $907 million presented under "Net reinsurance service income (expenses)," there was an increase of $59 million, or 1.1%, mainly due to the following:
    - Higher amortization of acquisition costs compared to 2023.
    - Less favourable effect of the loss component on onerous contracts than in 2023, mainly due to business insurance and automobile insurance.
    - Change in investment funds that benefited groups having signed agreements under the The Personal banner. It should be recalled that this change was offset by the results of these groups.

  - Offset by lower claims expenses compared to 2023 due to the following:
    - Impact arising from more favourable changes in prior year claims than in 2023, due to automobile and property insurance.
    - Claims expenses for the current year that were lower than those recorded in 2023 due to automobile, property and business insurance, and due in particular to a reduced frequency of claims, mitigated by additional business arising from the acquisition of ICPEI.
    - Partly offset by higher claims expenses for catastrophes and major events than in 2023. Fiscal 2024 was marked by two catastrophes and one major event, whereas fiscal 2023 was marked by eleven major events of smaller scope.

- **Net insurance finance result of $404 million**, up $155 million.
  - **Net insurance investment income** of $777 million, up $216 million. This increase was essentially due to the following:
    - Higher net gains on shares than in 2023.
    - Higher interest income on fixed income securities compared to 2023.
  - **Net insurance finance expense of $415 million,** up $72 million. By including net reinsurance finance income of $42 million ($31 million in 2023), the net insurance and reinsurance finance expenses totalled $373 million, compared to $312 million in 2023. The change was mainly due to the impact of a decrease in the discount rates used to value net liabilities for incurred claims, which were more unfavourable than in 2023.

- **Other revenue of $16 million,** compared to a loss of $26 million in 2023. The change was due to a decrease in the contingent consideration payable as part of the acquisition in 2015 of the Canadian operations of State Farm arising from unfavourable developments in claims taken over, compared with an increase recorded in 2023 as a result of the favourable developments in claims taken over.

- **Total net revenue of $1,888 million,** up $865 million.

- **Gross non-interest expense of $1,057 million,** up $32 million, or 3.1%. This increase was mainly due to the following:
  - Higher salary expenses due to salary indexation.
  - Gross non-interest expense incurred by ICPEI.

  Note that a gross non-interest expense of $644 million was included in insurance service expenses, compared to $651 million in 2023.

2.2.4 Other category

The Other category includes financial information that is not specific to a business segment. It mainly includes treasury activities and those related to financial intermediation between liquidity surpluses and the needs of the caisses. This category also includes the results for the support functions provided by the Federation to Desjardins Group, including: finance, including treasury; operations; risk management, including compliance; human resources; marketing, communications, cooperation and the President's Office; Desjardins Group Security Office; legal affairs, including governance; and the Office of Sustainable Development. It also includes all of Desjardins Group's IT operations. In addition to various adjustments required to prepare the Combined Financial Statements, intersegment balance eliminations are classified in this category.

Table 15 – Other category
For the years ended December 31

(in millions of dollars)	2024	2023[(1)]
Net interest income	**$ 106**	$ 39
Net insurance service income	**63**	8
Other income (loss)	**(868)**	(706)
Total net revenue (loss)	**(699)**	(659)
Provision for (recovery of) credit losses	**—**	(2)
Net non-interest expense	**(513)**	(736)
Income taxes on surplus earnings	**(121)**	(66)
Net surplus earnings (deficit) for the year	**$ (65)**	$ 145

[(1)] Data have been restated to conform with the current year's presentation.

COMPARISON OF 2024 AND 2023

- **Net deficit of $65 million,** compared to net surplus earnings of $145 million in 2023.
  - Concerning treasury activities, market rate fluctuations and changes in hedging positions had an overall favourable effect on net interest income and on net other investment income (loss) included under other income.
  - Non-interest expense included amounts invested for the continued implementation of Desjardins-wide strategic projects, which are aimed at creating innovative technological platforms, protecting privacy and improving business processes. It also included changes in contingency provisions for our operations, supplier agreements and the investment portfolio, as well as commitments made to the GoodSpark Fund, with the aim, in particular, of providing social and economic support to the regions.
  - Due to the activities and intersegment balance eliminations in the Other category, we believe that the comparability of the two years' results is limited.

2.3 Analysis of fourth quarter results and quarterly trends

Table 16 – Results for the previous eight quarters

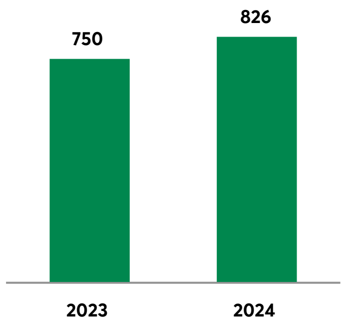
	2024				2023			
(unaudited, in millions of dollars and as a percentage)	**Q4**	Q3	Q2	Q1	Q4[(1)]	Q3[(1)]	Q2[(1)]	Q1[(1)]
Net interest income	**$ 1,962**	$ 1,915	$ 1,861	$ 1,733	$ 1,696	$ 1,716	$ 1,666	$ 1,541
Insurance service result								
Insurance revenue	**2,998**	2,945	2,829	2,752	2,718	2,656	2,562	2,493
Insurance service expenses	**(2,268)**	(3,168)	(2,182)	(2,351)	(2,093)	(2,245)	(2,238)	(2,358)
Net reinsurance service income (expenses)	**58**	493	(27)	8	(47)	(20)	(36)	(26)
	788	270	620	409	578	391	288	109
Net insurance finance result								
Net insurance investment income (loss)	**375**	1,560	467	(39)	3,005	(1,363)	249	1,080
Net insurance finance income (expenses)	**(309)**	(1,463)	(244)	375	(2,780)	1,479	(83)	(999)
Net reinsurance finance income (expenses)	**28**	57	14	(26)	115	(65)	11	42
	94	154	237	310	340	51	177	123
Net insurance service income	**882**	424	857	719	918	442	465	232
Other income								
Deposit and payment service charges	**138**	134	129	126	134	119	117	113
Lending fees and card service revenues	**278**	260	238	262	185	258	242	266
Brokerage and investment fund services	**367**	374	363	376	347	339	400	253
Management and custodial service fees	**261**	219	222	199	207	192	189	163
Other net investment income (loss)	**(101)**	(60)	(61)	17	(65)	(30)	41	(18)
Foreign exchange income	**80**	66	47	48	59	47	47	39
Other	**91**	53	97	84	57	50	72	78
	1,114	1,046	1,035	1,112	924	975	1,108	894
Total net revenue	**3,958**	3,385	3,753	3,564	3,538	3,133	3,239	2,667
Provision for credit losses	**272**	105	87	133	231	127	66	105
Non-interest expense								
Gross non-interest expense	**2,868**	2,524	2,697	2,556	2,749	2,443	2,680	2,345
Non-interest expense included in insurance service expenses[(2)]	**(209)**	(235)	(250)	(245)	(250)	(240)	(246)	(249)
Net non-interest expense	**2,659**	2,289	2,447	2,311	2,499	2,203	2,434	2,096
Income taxes on surplus earnings	**201**	234	301	265	58	189	186	124
Surplus earnings before member dividends	**826**	757	918	855	750	614	553	342
Member dividends, net of tax recovery	**84**	82	81	81	68	78	80	78
Net surplus earnings for the period after member dividends	**$ 742**	$ 675	$ 837	$ 774	$ 682	$ 536	$ 473	$ 264
Of which:								
Group's share	**689**	664	802	740	641	520	462	261
Non-controlling interests' share	**53**	11	35	34	41	16	11	3
Total assets	**$ 470,942**	$ 464,677	$ 444,348	$ 435,819	$ 422,940	$ 414,056	$ 409,558	$ 398,604
Indicators								
Return on equity[(3)]	**8.2%**	8.1%	10.2%	9.8%	8.6%	7.4%	6.8%	4.3%
Tier 1A capital ratio[(4)]	**22.2**	21.9	21.2	21.0	20.4	20.8	20.9	19.9
Total capital ratio[(4)]	**24.2**	24.0	23.2	22.0	21.9	22.3	22.4	21.4

(1) Data have been restated to conform with the current year's presentation.
(2) Represents the non-interest expense directly related to the fulfillment of insurance contracts presented under "Insurance service result."
(3) For further information about supplementary financial measures, see the Glossary on pages 106 to 113.
(4) In accordance with the *Capital Adequacy Guideline* issued by the AMF, see Section 3.2 "Capital management."

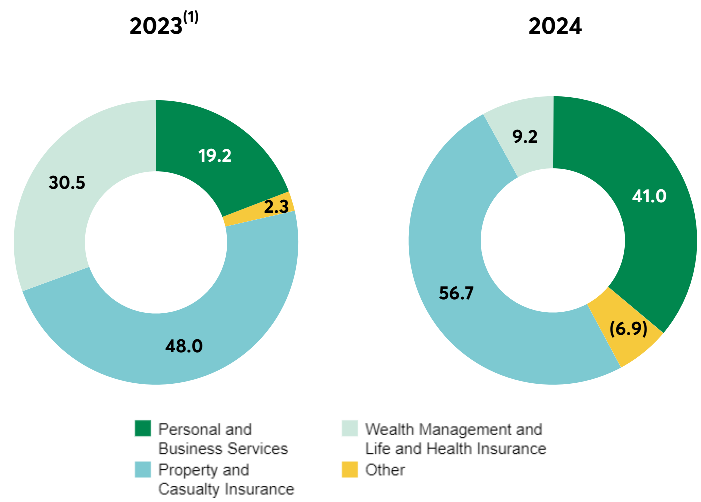
FOURTH QUARTER RESULTS

For the fourth quarter of 2024, Desjardins Group posted surplus earnings before member dividends of $826 million, up $76 million, or 10.1%, compared to the same period in 2023.

Surplus earnings before member dividends
(in millions of dollars)



Segment contributions to surplus earnings before member dividends
(as a percentage)



- **Contribution of business segments to surplus earnings:**
  - Personal and Business Services: **Surplus earnings of $339 million,** up $195 million, compared to the same period in 2023, primarily due to the following:
    - Increase in net interest income.
    - Increase in other income from credit card payment activities.
  - Wealth Management and Life and Health Insurance: **Surplus earnings of $76 million,** down $153 million, compared to the fourth quarter of 2023. The change was due to the following:
    - Decrease in the net insurance finance result due to a gain on disposal of buildings realized in the fourth quarter of 2023.
    - Higher costs due to growth in assets under management and under administration.

    This decrease was partially offset by the following:
    - Increase in other income, due in particular to the increase in assets under management and under administration.
    - Increase in the insurance service result, mainly due to the less unfavourable impact of new onerous contracts compared to the fourth quarter of 2023.
  - Property and Casualty Insurance: **Surplus earnings of $468 million,** up $108 million, compared to the fourth quarter of 2023, due to the increase in insurance revenue. This increase was partially offset by the following:
    - Less favourable effect of the loss component on onerous contracts than that observed in the comparative period of 2023.
    - Decrease in the net insurance finance result.

- **Return on equity of 8.2%,** compared to 8.6% for the fourth quarter of 2023.

- **Net interest income of $1,962 million,** up $266 million, or 15.7%, compared to the same quarter in 2023. This increase was primarily due to the following:
  - Growth in average business loans outstanding and residential mortgages, partly offset by the increase in outstanding deposits.
  - Widening of net interest margins.

- **Net insurance service income of $882 million**[2]**,** down $36 million, or 3.9%, compared to the fourth quarter of 2023. The change in this heading, which consists of the insurance service result and the net insurance finance result, was due to items from the following segments:

  - Wealth Management and Life and Health Insurance segment:
    - Insurance service result of $142 million, up $19 million, or 15.4%, mainly due to the following:
      - Less unfavourable effect of new onerous contracts in group insurance.
      - Overall favourable effect of the updating of actuarial assumptions.
      - Partly offset by a less favourable experience in individual insurance.

    - Net insurance finance result of $25 million, down $168 million, mainly due to the gain on disposal of buildings in the fourth quarter of 2023.

[1] Data have been restated to conform with the current period's presentation.
[2] The difference between this result and the sum of business segment results is due to intersegment transactions, which are eliminated in the Other category.

- Property and Casualty Insurance segment:
  - Insurance service result of $633 million, up $168 million, or 36.1%.
    - Insurance revenue of $1,967 million, up $228 million, or 13.1%. Including ceded insurance service income of $98 million, presented under "Net reinsurance service income (expenses)," resulted in an increase of $218 million, or 13.2%, mainly due to premium growth in automobile and property insurance to business resulting from the acquisition of ICPEI.
    - Insurance service expenses of $1,399 million, up $149 million, or 11.9%. Including ceded insurance service expenses of $163 million, presented under "Net reinsurance service income (expenses)," resulted in an increase of $50 million, or 4.2%, primarily due to the less favourable effect of the loss component on onerous contracts compared to that recorded in 2023.

  - Net insurance finance result of $79 million, down $36 million, or 31.3%.
    - Net insurance investment income of $144 million, down $203 million, compared to the corresponding quarter. This change is largely the result of the following:
      - Negative change in the fair value of matched bonds compared to a positive change in the corresponding quarter of 2023, due in particular to the effect of higher market interest rates in the fourth quarter of 2024, compared with a decrease in the corresponding quarter of 2023.
      - Lower net gains on common shares compared to the corresponding quarter of 2023.
    - Net insurance finance expenses of $79 million, compared with $254 million in the corresponding quarter of 2023. Including net reinsurance finance income of $14 million ($22 million in the corresponding quarter), net insurance and reinsurance finance expenses were $65 million, compared with $232 million in the corresponding quarter. This change was due to the favourable impact of higher discount rates used to measure net liabilities for incurred claims, whereas rates declined in the corresponding quarter of 2023.

- **Other income rose to $1,114 million,** up $190 million, or 20.6%, compared to the fourth quarter of 2023, due to the following:
  - Higher income from credit card payment activities.
  - Growth in income related to increased assets under management and under administration.

- **Total net revenue of $3,958 million,** up $420 million, or 11.9%, compared to that which had been recorded for the same period in 2023.

- **Provision for credit losses of $272 million,** compared to $231 million for the same period in 2023. The provision for the fourth quarter of 2024 reflects a migration in credit quality and the impact of the updating of unfavourable forward-looking information, particularly in business loans due to uncertainties related to trade policies. The provision for the three-month period ended December 31, 2024 also reflects stable net write-offs compared to the corresponding quarter of 2023, and which have returned to pre-pandemic levels.

  Desjardins Group continued to have a high-quality loan portfolio in 2024.
  - Ratio of gross credit-impaired loans, as a percentage of the total gross loans and acceptances portfolio, was 0.81%, compared to 0.74% as at December 31, 2023. This increase was due to a rise in the volume of gross impaired loans, mainly in the business loan portfolios.

- **Gross non-interest expense of $2,868 million,** up $119 million, or 4.3%, compared to the fourth quarter of 2023, mainly due to wage indexation and higher fees and commissions.

- **Income taxes on surplus earnings after member dividends of $178 million,** up $143 million compared to the corresponding period in 2023.
  - Effective tax rate on surplus earnings after member dividends[(1)] of 19.3% for the quarter ended of December 31, 2024, up from 4.9% for the same period of 2023, mainly due to the following:
    - Lower non-taxable investment income compared to the fourth quarter of 2023.
    - Increase in surplus earnings after member dividends for which the applicable tax rate is 26.5%.

QUARTERLY TRENDS

Quarterly income, expenses and surplus earnings before member dividends are affected by certain trends, including seasonal variations, and by changes in general economic conditions and the financial markets. In addition, following the transition to IFRS 17, "Insurance Contracts," on January 1, 2023, insurers' net surplus earnings are more sensitive mainly to financial market changes, but also to interest rates, which makes the quarterly results more volatile compared to past quarterly results.

The results for Desjardins Group's most recent eight quarters were affected by developments in the global, U.S., Canadian and Québec economies as well as by inflation, with an expected rise in Canadian and Québec real GDP of 1.3% in 2024, compared to increases of 1.5% and 0.6%, respectively, recorded for 2023. Canada's key interest rate was subject to successive hikes until July 2023 when it peaked at 5.0%. It began to subside in June 2024 and ended the year at 3.25%. Lastly, changes in actuarial assumptions as well as loss experience and weather conditions may also cause significant variations between quarters. Two catastrophes and one major event were recorded in fiscal 2024, compared to no catastrophes and eleven major events in 2023.

- **Net interest income – 2024 quarters up when compared to 2023 quarters.**
  - Growth in average loans outstanding, mainly business loans and residential mortgages, partly offset by an increase in average outstanding deposits.
  - Higher interest rates on the loan portfolio, mitigated by the increase in the interest expense on deposits.

(1) For further information about supplementary financial measures, see the Glossary on pages 106 to 113.

- **Net insurance service income – Quarterly fluctuations.**
  - **Wealth Management and Life and Health Insurance:**
    - Favourable insurance service results over the last eight quarters:
      - Business growth in group insurance and in credit and direct insurance.
      - Favourable experience in credit and direct insurance and a less favourable experience in group insurance.
      - Favourable adjustment to the indexation assumption in individual insurance and group retirement savings in the second quarter of 2024.
      - Overall unfavourable effect of the updating of actuarial assumptions in 2024, mainly due to group retirement savings, partly offset by credit and direct insurance.
      - Less unfavourable impact of new onerous contracts in group insurance.
    - Favourable net insurance finance result over the last eight quarters:
      - Overall favourable impact of hedging the interest rate risk compared to 2023.
      - Negative change in the fair value of certain infrastructure investments in the third quarter of 2024.
      - Higher gain on disposal of buildings in the fourth quarter of 2023 than in the second quarter of 2024.
      - Favourable adjustment made to liability discount curve parameters in the second quarter of 2023.

  - **Property and Casualty Insurance:**
    - Upward trend in insurance revenue over the last eight quarters.
    - Higher current year claims expenses for the first three quarters of 2024, while a decrease was recorded for the third and fourth quarters of 2023.
    - Favourable trend in prior-year automobile insurance claims over the last eight quarters that was considerably stronger in the third quarter of 2024 and the second quarters of 2024 and 2023.
    - Impacts of catastrophes and major events over the last eight quarters:
      - Torrential rainfall in Québec, hail in Alberta and water and wind damage in Ontario in the third quarter of 2024;
      - Wind and water damage in Québec and Ontario in the third quarter of 2023;
      - An ice storm in Québec and Ontario in the second quarter of 2023.
    - Favourable effect of the loss component on onerous contracts in automobile insurance for most quarters, but more significantly favourable in the fourth quarters of 2024 and 2023, while the effect was unfavourable for the first quarter of 2024 and for the first and second quarters of 2023.
    - Favourable net insurance finance result for the last eight quarters, but more significantly favourable in the first quarter of 2024, mainly due to net gains on shares.

- **Other income – 2024 quarters up when compared to 2023 quarters, with the exception of the second quarter of 2024.**
  - Increase in income related to operations acquired from Worldsource on March 1, 2023.
  - Higher income related to growth in assets under management and under administration.
  - Increase in income related to the good performance of capital markets.
  - Gain on disposal of the investment in Fiera Holdings Inc. and Fiera Capital LP in the second quarter of 2024.
  - Increase in income from credit card payment activities.
  - Unfavourable effect of changes in market rates and changes in hedging positions on net other investment income (loss) in the second quarter of 2024.

- **Provision for credit losses – 2024 quarters up when compared to 2023 quarters, except for third quarter 2024.**
  - Unfavourable effect of the updating of forward-looking information for the business loan portfolios in the fourth quarter of 2024 and favourable effect in the first quarter of 2024 and in the first and second quarters of 2023.
  - Favourable effect of the updating of forward-looking information for the credit card portfolios in the third quarter of 2024 and in the first quarters of 2024 and 2023.
  - Unfavourable effect of changes made to methodology in the first quarter of 2024 for the credit card portfolios and in the first quarter of 2023 for the business loan portfolios.
  - Unfavourable migration of the credit quality of business loan portfolios in the fourth and third quarters of 2024 and in the fourth quarter of 2023 and favourable migration in the second quarter of 2024.
  - Increased net write-offs for the first three quarters of 2024 compared to the corresponding quarters of 2023, which are now back to pre-pandemic levels.
  - Ratio of gross credit-impaired loans, as a percentage of the total portfolio of gross loans and acceptances, up for the 2024 quarters compared to the 2023 quarters. Desjardins Group has nevertheless continued to have a high-quality loan portfolio.

- **Gross non-interest expense – Limited growth when 2024 and 2023 quarters are compared, due to the measures taken to improve efficiency and effectiveness.**
  - Increase in expenses related to operations acquired from Worldsource on March 1, 2023.
  - Wage indexation and increased spending on technology.
  - Higher costs related to the growth of assets under management and under administration.

3.0 Balance sheet review

3.1 Balance sheet management

Table 17 – Combined Balance Sheets
As at December 31

(in millions of dollars and as a percentage)	2024		2023	
Assets				
Cash and deposits with financial institutions	**$ 5,977**	**1.3%**	$ 8,987	2.1%
Securities	**99,308**	**21.1**	88,365	20.9
Securities borrowed or purchased under reverse repurchase agreements	**23,666**	**5.0**	13,678	3.2
Loans, net of allowance for credit losses	**289,597**	**61.5**	265,935	62.9
Segregated fund net assets	**28,959**	**6.1**	24,754	5.9
Derivative financial instruments	**7,579**	**1.6**	5,861	1.4
Other assets	**15,856**	**3.4**	15,360	3.6
Total assets	**$ 470,942**	**100.0%**	$ 422,940	100.0%
Liabilities and equity				
Deposits	**$ 300,946**	**64.0%**	$ 279,329	66.1%
Insurance contract liabilities	**34,538**	**7.3**	32,961	7.8
Commitments related to securities sold short	**13,249**	**2.8**	11,686	2.8
Commitments related to securities lent or sold under repurchase agreements	**20,633**	**4.4**	12,032	2.8
Derivative financial instruments	**6,112**	**1.3**	6,626	1.6
Segregated fund net liabilities – Investment contracts	**25,329**	**5.4**	21,233	5.0
Other liabilities	**27,483**	**5.8**	21,729	5.1
Subordinated notes	**3,962**	**0.8**	2,954	0.7
Equity	**38,690**	**8.2**	34,390	8.1
Total liabilities and equity	**$ 470,942**	**100.0%**	$ 422,940	100.0%

ASSETS

As at December 31, 2024, Desjardins Group's total assets stood at $470.9 billion, up $48.0 billion, or 11.3%, since December 31, 2023.

Cash and deposits with financial institutions decreased by $3.0 billion, or 33.5% and securities, including those borrowed or purchased under reverse repurchase agreements, increased by $20.9 billion, or 20.5%, reflecting cash management activities.

Desjardins Group's outstanding loan portfolio, net of the allowance for credit losses, grew by $23.7 billion, or 8.9%, mainly due to residential mortgages which increased by $14.1 billion, or 8.5%. Business and government loans have risen by $9.3 billion, or 12.1% since December 31, 2023. Outstanding consumer, credit card and other personal loans are up $0.4 billion, or 1.8%, since the end of 2023.

Information on the quality of Desjardins Group's loan portfolio is presented in Section 4.2, "Risk management," on pages 70 to 73 of this MD&A.

Segregated fund net assets were up $4.2 billion, or 17.0%, on account of the increase in the fair value of the portfolio as a result of financial market developments.

Derivative financial instrument assets rose by $1.7 billion, or 29.3%, owing primarily to the effect of exchange rate fluctuations and financial market developments.

Other assets increased by $0.5 billion, or 3.2%, driven mainly by higher net assets under defined benefit plans.

LIABILITIES

Desjardins Group's total liabilities amounted to $432.3 billion as at December 31, 2024, up $43.7 billion, or 11.2%, since December 31, 2023.

Outstanding deposits grew by $21.6 billion, or 7.7%. The increase in business and government deposits, which accounted for 46.3% of the total deposit portfolio, was largely responsible for this growth. These outstanding deposits were up $12.0 billion, or 9.4%, owing in particular to various securities issued in Canadian, U.S. and international markets, and growth in business member deposits in the caisse network. Outstanding personal deposits, which accounted for 53.7% of the total deposit portfolio, were up $10.0 billion, or 6.6%, mainly as a result of growth in member deposits at the caisses. Deposits from deposit institutions are down $0.3 billion since the end of 2023.

Desjardins Group's insurance contract liabilities rose by $1.6 billion, or 4.8%, primarily on account of the change in liabilities as a result of life and health insurance operations.

Commitments related to securities sold short and lent or sold under repurchase agreements rose by $10.2 billion, or 42.9%, to a volume of $33.9 billion.

Derivative financial instrument liabilities were down by $0.5 billion, or 7.8%, owing primarily to the effect of exchange rate fluctuations.

Segregated fund net liabilities were up by $4.1 billion, or 19.3%, on account of the increase in the fair value of the portfolio due to financial market developments.

Other liabilities grew by $5.8 billion, or 26.5%, owing primarily to higher amounts payable to clients, brokers and financial institutions.

Subordinated notes increased by $1.0 billion, or 34.1%, following an issue of $1.0 billion in Non-Viability Contingent Capital (NVCC)-eligible notes under the Canadian NVCC Subordinated Notes Program on May 15, 2024.

EQUITY

Equity has increased by $4.3 billion, or 12.5%, since December 31, 2023, due to net surplus earnings for the year after member dividends of $3.0 billion and a $1.7 billion rise in other comprehensive income.

Information about income taxes on member dividends, remuneration and dividends is presented in the table below.

Table 18 – Information about member dividends, remuneration and dividends
For the years ended December 31

(in millions of dollars)	2024	2023	2022
Member dividends	**$ 437**	$ 412	$ 403
Remuneration on F capital shares	**266**	293	262
Dividends	**157**	56	80
	$ 860	$ 761	$ 745

Note 22, "Capital stock," and Note 23, "Share capital," to the Combined Financial Statements provide additional information about Desjardins Group's capital stock and share capital.

3.2 Capital management

Capital management is crucial to the financial management of Desjardins Group with an objective to ensure the financial soundness and sustainability of the Desjardins Cooperative Group. To help safeguard a capital level and structure that maintains the confidence of members and clients and optimizes financial capital costs, the organization has a target capital structure that takes into account the banking industry regulatory requirements, Desjardins Group's objectives for maintaining its credit ratings and the risk profiles of the organization and its components. The target structure is subject to change and updated annually by the Federation's Board of Directors based on changes in the above factors.

Desjardins Group's Integrated Capital Management Framework

Broadly speaking, Desjardins Group's Integrated Capital Management Framework includes the policies and processes required to set capitalization targets, to establish strategies to ensure that targets are met, to quickly raise capital, to ensure that the components contribute appropriately to capitalization, and to optimize internal capital flow and utilization procedures. The key principles and components of the target capital structure are set out in Desjardins Group's capital management policy.

Desjardins Group's capital management is the responsibility of the Federation's Board of Directors. To support it with this task, it has mandated the Management Committee, through the Desjardins Group Finance and Risk Management Committee, to ensure that Desjardins Group maintains an adequate level of capital. The Finance Executive Division is responsible for preparing a capitalization plan on an annual basis to forecast capital trends, devise strategies and recommend action plans for achieving the target capital structure.

Desjardins Group has developed a stress-testing program aimed at establishing and measuring the effect of various integrated scenarios, i.e. to simulate various economic scenarios and to assess their financial and regulatory repercussions, as well as any impacts on regulatory ratios. This process makes it possible to determine if the level of capital is adequate in view of the risks to which Desjardins Group is exposed. In addition, each year, Desjardins Group carries out a comprehensive assessment of the significant risks to which it is exposed. This assessment, combined with the stress-testing program, feeds into the organization's risk profile assessment.

Each year, through the Internal Capital Adequacy Assessment Program (ICAAP), Desjardins Group ensures that the level of capital is appropriate to meet regulatory requirements, absorb shocks caused by a stress event, cover all significant risks and maintain high credit ratings with credit rating agencies. Additional information on the ICAAP and the stress-testing program is presented in Section 4.2, "Risk management."

The current situation and the forecasts show that, overall, Desjardins Group has a solid capital base that allows it to continue to be one of the best-capitalized Canadian financial institutions and meet its targets.

Regulatory framework

Desjardins Group's regulatory capital ratios are calculated in accordance with the *Capital Adequacy Guideline* issued by the AMF and applicable, in particular, to financial services cooperatives. The Guideline takes into account the global regulatory framework for more resilient banks and banking systems (Basel III) issued by the Bank for International Settlements.

In accordance with the applicable regulatory framework, a minimum amount of capital must be maintained on a combined basis by all the Desjardins Group components. Some of these components are subject to separate requirements regarding regulatory capital, liquidity and funding, which are set by regulatory authorities governing trusts, credit unions, insurers and securities, among other things. Desjardins Group oversees and manages the capital requirements of these entities to ensure efficient use of capital and continuous compliance with the applicable regulations.

In this regard, it should be mentioned that the life and health insurance subsidiary under provincial jurisdiction is subject to the *Capital Adequacy Requirements Guideline – Life and Health Insurance* issued by the AMF. The property and casualty insurance subsidiaries under provincial jurisdiction must comply with the *Guideline on Capital Adequacy Requirements – Property and Casual Insurance* issued by the AMF. The property and casualty insurance subsidiaries under federal jurisdiction must comply with the *OSFI's Minimum Capital Test – Guideline* for property and casualty insurance companies.

For the purpose of calculating capital, Desjardins Financial Corporation Inc., the holding corporation that mainly includes the insurance companies, was deconsolidated and presented as a Desjardins Group partial capital deduction under the rules for significant investments stated in the *Capital Adequacy Guideline.* Desjardins Financial Corporation Inc. is subject to the AMF's *Capital Adequacy Requirements Guideline – Life and Health Insurance.*

In addition, Desjardins Group has been required to maintain a minimum loss absorbing capacity at all times in order to support its internal recapitalization (bail-in) in the event of failure. Such capacity is composed of regulatory capital instruments and unsecured external long-term debt that meets the criteria under the *Total Loss Absorbing Capacity Guideline* issued by the AMF.

The following table presents a summary of the regulatory minimum ratios set by the AMF under Basel III.

Table 19 – Summary of ratios regulated by the AMF under Basel III

(as a percentage)		Minimum ratio	Capital conservation buffer		Minimum ratio including capital conservation buffer	Supplement applying to D-SIFIs[(1)(2)]		Minimum ratio including capital conservation buffer and supplement applying to D-SIFIs	Capital and leverage ratio as at December 31, 2024
Tier 1A capital ratio[(3)]	>	4.5%	2.5%	>	7.0%	1.0%	>	8.0%	**22.2%**
Tier 1 capital ratio[(3)]	>	6.0	2.5	>	8.5	1.0	>	9.5	**22.2**
Total capital ratio[(3)]	>	8.0	2.5	>	10.5	1.0	>	11.5	**24.2**
TLAC ratio[(4)]	>	21.5	N/A	>	21.5	N/A	>	21.5	**32.9**
Leverage ratio[(5)]	>	3.0	N/A	>	3.0	0.5	>	3.5	**7.6**
TLAC leverage ratio[(6)]	>	6.75	N/A	>	6.75	N/A	>	6.75	**11.2**

(1) Supplement applicable to Desjardins Group as a domestic systemically important financial institution (D-SIFI).

(2) At its discretion, the AMF may also set higher target ratios when warranted by circumstances. In this regard, the AMF could activate the countercyclical buffer when it considers that excess credit growth is associated with a build-up of system-wide risk. Based on this assessment, a countercyclical buffer requirement representing between 0% and 2.5% of total risk-weighted assets (RWA) will be put in place when circumstances warrant. This requirement will be lifted when the risk either crystallizes or dissipates.

(3) The capital ratios are expressed as a percentage of regulatory capital to risk-weighted assets.

(4) The TLAC ratio is expressed as a percentage of regulatory capital and TLAC-eligible instruments (as set out in the TLAC Guideline) compared to risk-weighted assets at the level of the resolution group, which is deemed to be Desjardins Group, excluding Caisse Desjardins Ontario Credit Union Inc.

(5) The leverage ratio is calculated by dividing Tier 1 capital by the exposure measure, which is an independent measure of risk and includes: (1) on-balance sheet exposures, (2) securities financing transaction exposures, (3) derivative exposures, and (4) off-balance sheet items.

(6) The TLAC leverage ratio is calculated by dividing the sum total of regulatory capital and TLAC-eligible instruments (as set out in the TLAC Guideline) by the exposure measure at the level of the resolution group.

Regulatory developments

Desjardins Group continues to monitor changes in capital requirements under the global standards developed by the Basel Committee on Banking Supervision (BCBS) and to assess their impact on the capital ratios and the leverage ratio.

In February 2025, the AMF issued a new revision of the *Capital Adequacy Guideline* proposing, in particular, changes to the principles for Non-Viability Contingent Capital-eligible instruments as well as concordance and clarification changes. These changes are effective retroactively to January 1, 2025. No significant impact on Desjardins Group's regulatory capital ratios is anticipated.

The "Regulatory environment" section presents additional details on regulation as it affects all Desjardins Group operations. In addition, this section contains information on the internal recapitalization (bail-in) regime applicable to Desjardins.

Compliance with requirements

As at December 31, 2024, the Tier 1A, Tier 1 and total capital ratios of Desjardins Group, calculated in accordance with Basel III requirements, were 22.2%, 22.2% and 24.2%, respectively. The leverage ratio was 7.6%.

As at December 31, 2024, the Tier 1A capital ratio was up 175 basis points, compared to December 31, 2023, owing primarily to increases in reserves and surplus earnings for the year.

The TLAC ratio and the TLAC leverage ratio were 32.9% and 11.2%, respectively, as at December 31, 2024.

Desjardins Group and all its components that are subject to minimum regulatory requirements with respect to capitalization were in compliance with said requirements as at December 31, 2024.

Regulatory capital and other TLAC instruments

The following tables present Desjardins Group's main capital components, regulatory capital balances and other TLAC instruments, as well as risk-weighted assets, regulatory ratios, and changes in regulatory capital and other TLAC instruments during the year.

Table 20 – Main capital components and other TLAC instruments

	Regulatory capital and other TLAC instruments			
	Total capital			Other TLAC instruments
	Tier 1 capital		Tier 2 capital	
	Tier 1A[1]	Tier 1B[1]		
Eligible items	• Reserves and undistributed surplus earnings • Eligible accumulated other comprehensive income • F capital shares	• Non-controlling interests[2]	• Eligible portion of allowance for credit losses • NVCC subordinated notes[3] • Eligible qualifying shares	• TLAC senior notes
Regulatory adjustments	• Goodwill • Software • Other intangible assets • Net defined benefit plan assets • Deferred tax assets essentially resulting from loss carryforwards • Provision deficit • Gains and losses from fluctuations in the fair value of financial liabilities due to changes in the entity's credit risk • Equity investments in investment funds subject to the fallback approach			
Deductions	• Mainly significant investments in financial entities[4]	• Investment in preferred shares of a component deconsolidated for regulatory capital purposes	• Investment in preferred shares of a component deconsolidated for regulatory capital purposes • Subordinated financial instrument	

(1) The Tier 1A and Tier 1B ratios are the equivalent of the financial institutions' CET1 and AT1 ratios for financial services cooperatives regulated by the AMF.
(2) The amount of non-controlling interests is determined, in particular, based on the nature of the operations and the capitalization level of the investee.
(3) These notes meet the Non-Viability Contingent Capital (NVCC) requirements of the *Capital Adequacy Guideline*. To be eligible, the notes must include a clause requiring the full and permanent conversion into a Tier 1A capital instrument at the point of non-viability.
(4) Represent the portion of investments in the components deconsolidated for regulatory capital purposes (mainly Desjardins Financial Corporation Inc.) that exceeds 10% of capital, net of regulatory adjustments. In addition, when the non-deducted balance, plus deferred tax assets, net of corresponding deferred tax liabilities, exceeds 15% of the adjusted capital, the surplus is also deducted from this capital. The net non-deducted balance is subject to risk weighting at a rate of 250%.

Table 21 – Regulatory capital and other TLAC instruments
As at December 31

(in millions of dollars and as a percentage)	2024	2023
Tier 1A capital		
F capital shares[(1)]	**$ 4,789**	$ 4,889
Reserves and undistributed surplus earnings	**32,783**	29,362
Eligible accumulated other comprehensive income	**256**	(708)
Deductions[(2)]	**(4,671)**	(4,865)
Total Tier 1A capital	**33,157**	28,678
Total Tier 1 capital[(3)]	**33,157**	28,678
Tier 2 capital		
Eligible instruments[(4)]	**3,989**	2,981
Eligible portion of allowance for credit losses	**99**	62
Deductions	**(976)**	(976)
Total Tier 2 capital	**3,112**	2,067
Total regulatory capital (Tiers 1 and 2)	**$ 36,269**	$ 30,745
Total regulatory capital for TLAC purposes[(5)]	**$ 35,328**	$ 29,845
TLAC senior notes	**12,469**	10,292
Total loss absorbing capacity (TLAC) available	**47,797**	40,137
Risk-weighted assets and leverage ratio exposures		
Risk-weighted assets	**149,621**	140,481
Risk-weighted assets for TLAC purposes[(5)]	**145,372**	136,311
Leverage ratio exposure	**434,089**	390,563
TLAC leverage ratio exposure[(5)]	**427,337**	383,474
Ratios		
Tier 1A capital ratio	**22.2%**	20.4%
Tier 1 capital ratio	**22.2**	20.4
Total capital ratio	**24.2**	21.9
TLAC ratio[(5)]	**32.9**	29.4
Leverage ratio	**7.6**	7.3
TLAC leverage ratio[(5)]	**11.2**	10.5

(1) Including capital shares held in the Trust Fund of the Federation.

(2) Deductions from Tier 1A consist of regulatory adjustments ($567 million, $2,371 million in 2023), significant investments ($3,958 million, $2,379 million in 2023) and items that could not be deducted from Tiers 1B and 2 because of insufficient capital in these tiers ($146 million, $115 million in 2023). The latter include contractual service margins reported as a liability in the financial statements of Desjardins Group's insurance subsidiaries. This is a new requirement of the *Capital Adequacy Guideline* as of January 1, 2024.

(3) No Tier 1B capital instrument has been issued to date.

(4) Corresponds to eligible qualifying shares and NVCC subordinated notes. For further information, see Note 19, "Subordinated notes," of the Combined Financial Statements and "Template CCA – Main features of regulatory capital instruments and other TLAC-eligible instruments" in the Pillar 3 Report.

(5) Data calculated at the resolution group level, which is deemed to be Desjardins Group, excluding Caisse Desjardins Ontario Credit Union Inc.

The Federation is able to issue eligible instruments as NVCC on Canadian, U.S. and international markets. Since this program was implemented, it has carried out issues of such securities for a total of $4.0 billion as at December 31, 2024. As a result, should there be a trigger event as defined in the *Capital Adequacy Guideline*, these notes would automatically and immediately be converted into Tier 1A capital of the Federation.

In addition, Desjardins Group has been issuing TLAC-eligible debt since October 1, 2019, to meet the minimum requirements for a total of $12.5 billion as at December 31, 2024.

On December 12, 2024, the Board of Directors approved an interest payment of $266 million to holders of F capital shares.

Table 22 – Change in regulatory capital and other TLAC instruments
For the years ended December 31

(in millions of dollars)	2024	2023
Tier 1A capital		
Balance at beginning of year	**$ 28,678**	$ 28,156
Increase in reserves and undistributed surplus earnings[1]	**3,421**	456
Eligible accumulated other comprehensive income	**964**	1,446
F capital shares[2]	**(100)**	—
Deductions[3]	**194**	(1,380)
Balance at end of year	**33,157**	28,678
Total Tier 1 capital[4]	**33,157**	28,678
Tier 2 capital		
Balance at beginning of year	**2,067**	2,289
Eligible instruments	**1,008**	27
Eligible portion of allowance for credit losses	**37**	(99)
Deductions	**—**	(150)
Balance at end of year	**3,112**	2,067
Total capital	**$ 36,269**	$ 30,745
Total regulatory capital for TLAC purposes[5]	**$ 35,328**	$ 29,845
Other TLAC instruments		
Balance at beginning of the year	**10,292**	9,179
TLAC senior notes	**2,177**	1,113
Balance at end of year	**12,469**	10,292
Total loss absorbing capacity (TLAC) available[5]	**$ 47,797**	$ 40,137

(1) Amount including the change in defined benefit pension plans.
(2) On April 29, 2024, the Federation redeemed for cancellation 10 million F capital shares held in the Trust Fund.
(3) Include contractual service margins reported as a liability in the financial statements of Desjardins Group's insurance subsidiaries. This is a new requirement of the *Capital Adequacy Guideline* as of January 1, 2024.
(4) No Tier 1B capital instrument has been issued to date.
(5) Data calculated at the resolution group level, which is deemed to be Desjardins Group, excluding Caisse Desjardins Ontario Credit Union Inc.

Risk-weighted assets (RWA)

Desjardins Group calculates RWA for credit risk, market risk and operational risk.

Credit risk

- Desjardins uses the Internal Ratings-Based Approach for credit risk.
- This approach is used for retail exposures – Personal as well as for most exposures in the asset classes consisting of sovereign borrowers, financial institutions, businesses and SMEs similar to other retail client exposures.
- The Standardized Approach is used to measure the credit risk of certain exposures related to components of lesser importance, as well as asset classes that are not significant in terms of amount and perceived risk profile.

Market risk

- On January 1, 2024, Desjardins Group adopted a revised standardized approach framework for the calculation of market risk RWA in accordance with the requirements of the updated *Capital Adequacy Guideline* in connection with the Basel III regulatory reforms. The internal models approach is no longer used.

Operational risk

- Desjardins Group uses the Standardized Approach to calculate operational risk.

Desjardins is also subject to an RWA floor. When the RWA modelled are lower than the RWA calculated using the Standardized Approach multiplied by a factor set by the AMF, the difference is added to the denominator of the regulatory capital ratio, as specified in the AMF's *Capital Adequacy Guideline*.

As indicated in the following table, risk-weighted assets totalled $149.6 billion as at December 31, 2024. Of this amount, $121.8 billion was for credit risk, $4.9 billion for market risk and $22.9 billion for operational risk. As at December 31, 2023, risk-weighted assets stood at $140.5 billion.

Table 23 – Risk-weighted assets

(in millions of dollars and as a percentage)	Internal Ratings-Based Approach		Standardized Approach		Total as at December 31, 2024				Total as at December 31, 2023
	Exposures (1)	Risk-weighted assets	Exposures (1)	Risk-weighted assets	Exposures (1)	Risk-weighted assets	Capital requirements (2)	Average risk weighting rate	Risk-weighted assets
Credit risk other than counterparty risk									
Sovereign borrowers	**$ 99,909**	**$ 7,154**	**$ 6,119**	**$ —**	**$106,028**	**$ 7,154**	**$ 573**	**6.7%**	$ 6,934
Non-central government public sector entities	**—**	**—**	**8,989**	**1,798**	**8,989**	**1,798**	**144**	**20.0**	1,715
Financial institutions	**5,731**	**1,340**	**2,491**	**1,016**	**8,222**	**2,356**	**188**	**28.6**	3,050
Businesses	**38,203**	**20,864**	**15,938**	**14,449**	**54,141**	**35,313**	**2,826**	**65.2**	32,702
Securitizations	**—**	**—**	**48**	**284**	**48**	**284**	**23**	**596.4**	326
Equities	**—**	**—**	**831**	**1,854**	**831**	**1,854**	**148**	**223.2**	843
SMEs similar to other retail client exposures	**10,294**	**5,969**	**304**	**232**	**10,598**	**6,201**	**496**	**58.5**	5,420
Real estate	**178,077**	**28,276**	**5,551**	**3,932**	**183,628**	**32,208**	**2,577**	**17.5**	31,042
Other retail client exposures (excluding SMEs)	**21,714**	**6,122**	**877**	**208**	**22,591**	**6,330**	**506**	**28.0**	7,655
Qualifying revolving retail client exposures	**15,236**	**4,263**	**1,495**	**1,126**	**16,731**	**5,389**	**431**	**32.2**	4,379
Subtotal – Credit risk other than counterparty risk	**369,164**	**73,988**	**42,643**	**24,899**	**411,807**	**98,887**	**7,912**	**24.0**	94,066
Counterparty risk									
Sovereign borrowers	**2**	**—**	**—**	**—**	**2**	**—**	**—**	**—**	—
Financial institutions	**5,345**	**1,701**	**28**	**6**	**5,373**	**1,707**	**137**	**31.8**	1,251
Businesses	**1**	**1**	**314**	**296**	**315**	**297**	**24**	**94.5**	535
Trading portfolio	**1,462**	**1,103**	**1,096**	**1,074**	**2,558**	**2,177**	**174**	**85.1**	1,473
Credit valuation adjustment (CVA) charge(3)	**—**	**—**	**—**	**2,715**	**—**	**2,715**	**217**	**—**	3,233
Additional requirements for banking and trading portfolio	**—**	**—**	**495**	**19**	**495**	**19**	**1**	**3.8**	16
Subtotal – Counterparty risk	**6,810**	**2,805**	**1,933**	**4,110**	**8,743**	**6,915**	**553**	**79.1**	6,508
Other assets(4)	**—**	**—**	**—**	**—**	**26,397**	**16,043**	**1,283**	**60.8**	14,739
Total credit risk	**375,974**	**76,793**	**44,576**	**29,009**	**446,947**	**121,845**	**9,748**	**27.3**	115,313
Market risk(3)	**—**	**—**	**—**	**4,901**	**—**	**4,901**	**392**	**—**	2,881
Operational risk	**—**	**—**	**—**	**22,875**	**—**	**22,875**	**1,830**	**—**	22,287
Total risk-weighted assets	**$375,974**	**$ 76,793**	**$ 44,576**	**$ 56,785**	**$446,947**	**$149,621**	**$ 11,970**	**33.5%**	$ 140,481

(1) Net exposures after credit risk mitigation (net of loss allowance for expected credit losses on credit-impaired loans other than retail clients, except for credit card loans, using the Standardized Approach, excluding those using the Internal Ratings-Based Approach, according to the *Capital Adequacy Guideline*).
(2) The capital requirement is 8% of risk-weighted assets.
(3) Data as at December 31, 2024, reflect the provisions relating to the revised market risk and credit valuation adjustment (CVA) risk frameworks arising from the Basel III regulatory reforms. These provisions became effective on January 1, 2024. Comparative data have not been restated.
(4) This item includes, in particular, the portion of investments below a certain threshold in components deconsolidated for regulatory capital purposes (mainly Desjardins General Insurance Group Inc. and Desjardins Financial Security Life Insurance Company), which is weighted at 250%. In addition, this category excludes the CVA charge and additional requirements related to the banking and trading portfolio, which are disclosed in the counterparty credit risk section.

Movements in risk-weighted assets

In credit risk, fluctuations in RWA for 2024 were segmented into two items, namely credit risk other than counterparty risk and counterparty risk.

- In credit risk other than counterparty risk, the $6.1 billion net increase in RWA was chiefly due to:
  - Growth in portfolio size, which resulted in a $9.0 billion increase in RWA.
  - Changes in exchange rates, resulting in a $1.3 billion increase in RWA.
  - Update of models resulting in a $0.3 billion increase in RWA.
  - Changes in portfolio quality, generating a $2.6 billion decrease in RWA.
  - Changes in policies and procedures resulting in an $1.9 billion decrease in RWA.
- For counterparty risk, a $0.4 billion increase in RWA resulted primarily from changes in portfolio quality and size, partially offset by changes in policies and procedures.

In market risk, a $2.0 billion increase in RWA was observed, mainly due to a fluctuation in risk levels.

In operational risk, a $0.6 billion increase in RWA resulted from fluctuations in revenue generated, partially offset by changes in methods and policies.

Table 24 – Change in risk-weighted assets[1]
As at December 31

(in millions of dollars)	2024 Credit risk other than counterparty risk	2024 Counterparty risk	2024 Total	2023 Credit risk other than counterparty risk	2023 Counterparty risk	2023 Total
Credit risk						
Risk-weighted assets at beginning of year	**$ 108,805**	**$ 6,508**	**$ 115,313**	$ 113,092	$ 5,691	$ 118,783
Size of portfolio[2]	**9,034**	**419**	**9,453**	8,591	1,965	10,556
Quality of portfolio[3]	**(2,651)**	**848**	**(1,803)**	2,565	(85)	2,480
Updating of models[4]	**323**	**—**	**323**	615	2	617
Policies and procedures[5]	**(1,855)**	**(984)**	**(2,839)**	(15,797)	(1,050)	(16,847)
Acquisitions and transfers	**—**	**—**	**—**	—	—	—
Change in exchange rates	**1,274**	**124**	**1,398**	(261)	(15)	(276)
Total changes in risk-weighted assets	**6,125**	**407**	**6,532**	(4,287)	817	(3,470)
Risk-weighted assets at end of year	**$ 114,930**	**$ 6,915**	**$ 121,845**	$ 108,805	$ 6,508	$ 115,313

(in millions of dollars)	2024	2023
Market risk		
Risk-weighted assets at beginning of year	**$ 2,881**	$ 3,959
Change in risk levels[6]	**2,743**	(1,078)
Policies and procedures[5]	**(723)**	—
Total changes in risk-weighted assets	**2,020**	(1,078)
Risk-weighted assets at end of year	**$ 4,901**	$ 2,881
Operational risk		
Risk-weighted assets at beginning of year	**$ 22,287**	$ 15,114
Revenue generated	**1,562**	2,091
Policies and procedures[5]	**(974)**	5,082
Total changes in risk-weighted assets	**588**	7,173
Risk-weighted assets at end of year	**$ 22,875**	$ 22,287

(1) Data as at December 31, 2024, reflect the provisions relating to the revised market risk and credit valuation adjustment (CVA) risk frameworks arising from the Basel III regulatory reforms. These provisions became effective on January 1, 2024. Comparative data have not been restated.
(2) Increase or decrease in underlying risk exposures.
(3) Change in risk mitigation factors and portfolio quality.
(4) Change in risk models and parameters.
(5) Regulatory changes and evolution development in the regulatory capital calculation methods.
(6) Relates to the change due to changes in positions and market volatility.

3.3 Off-balance sheet arrangements

In the normal course of operations, Desjardins Group enters into various off-balance sheet arrangements, including assets under management and under administration on behalf of its members and clients, credit instruments, guarantees, and structured entities, including securitization.

ASSETS UNDER MANAGEMENT AND UNDER ADMINISTRATION

As at December 31, 2024, Desjardins Group administered, on behalf of its members and clients, assets totalling $588.2 billion, for an increase of $52.9 billion, or 9.9% since December 31, 2023. Financial assets entrusted to Desjardins Group as wealth manager amounted to $104.2 billion as at December 31, 2024, representing an increase of $17.1 billion, or 19.6% since December 31, 2023. The increase in assets under management and under administration resulted primarily from a rise in assets as a result of financial markets developments and growth in the volume of assets managed and administered.

Assets under management and under administration by Desjardins Group are composed essentially of financial assets in the form of investment funds, securities held in custody and assets accumulated by pension funds. They do not belong to Desjardins Group, but to its members and clients and, as a result, they are not recognized on the Combined Balance Sheets. The Wealth Management segment is primarily responsible for the activities related to assets under management and under administration.

Table 25 – Assets under management and under administration
As at December 31

(in millions of dollars)	2024	2023[(1)]
Assets under management[(2)]		
Institutions and individuals	**$ 28,116**	$ 21,021
Investment funds	**76,104**	66,143
Total assets under management	**$ 104,220**	$ 87,164
Assets under administration[(2)]		
Individual and institutional trust and custodial services	**$ 401,605**	$ 373,821
Investment funds	**186,602**	161,443
Total assets under administration	**$ 588,207**	$ 535,264

(1) Data have been restated to conform with the current year's presentation.
(2) For further information about supplementary financial measures, see the Glossary on pages 106 to 113.

CREDIT INSTRUMENTS

In order to meet its members' and clients' financing needs, Desjardins Group enters into various agreements with them for such instruments as credit commitments, indemnification commitments related to securities lending and documentary letters of credit. These products are generally off-balance sheet instruments and may expose Desjardins Group to credit and liquidity risks. These instruments are subject to Desjardins Group's usual risk management rules.

Note 28, "Commitments, guarantees and contingent liabilities," to the Combined Financial Statements provides more detailed information about these credit instruments.

GUARANTEES

Desjardins Group also enters into various guarantee and indemnification agreements with its members and clients in the normal course of operations. These agreements remain off-balance sheet arrangements and include guarantees and standby letters of credit. Note 28, "Commitments, guarantees and contingent liabilities," to the Combined Financial Statements provides information about these off-balance sheet arrangements.

STRUCTURED ENTITIES

Desjardins Group enters into various financial transactions with structured entities in the normal course of operations to diversify its sources of funding and manage its capital. Structured entities are usually created for a unique and distinct purpose, and they frequently have limited activities. These entities may be included in Desjardins Group's Combined Balance Sheets if it has control over them. Detailed information concerning significant exposure to structured entities not included in Desjardins Group's Combined Balance Sheets is provided below. Note 13, "Interests in other entities," to the Combined Financial Statements provides more information about structured entities.

Securitization of Desjardins Group's financial assets

Desjardins Group participates in the *National Housing Act* (NHA) Mortgage-Backed Securities Program to manage its liquidities and capital. Transactions carried out under this program sometimes require the use of a structured entity, the Canada Housing Trust (CHT), set up by Canada Mortgage and Housing Corporation (CMHC) under the Canada Mortgage Bonds (CMB) Program. Note 8, "Derecognition of financial assets," to the Combined Financial Statements provides more information about the securitization of Desjardins Group's loans.

4.0 Risk management

The shaded areas and tables marked with an asterisk (*) in this section contain information about credit, market and liquidity risks in accordance with IFRS 7, "*Financial Instruments: Disclosures*." They also contain an analysis of how Desjardins Group assesses its risks as well as a description of its risk management objectives, policies and methods. IFRS 7 provides that risk disclosures may be included in the MD&A. Consequently, the shaded areas and tables marked with an asterisk (*) contain audited information and are an integral part of the Combined Financial Statements, as explained in Note 29, "Financial instrument risk management," to the Combined Financial Statements.

4.1 Risk factors that could impact future results

In addition to the risks presented in Section 4.2 of this MD&A, other systemic or macroeconomic risk factors, which are outside of Desjardins Group's control, may impact its future results. Furthermore, as indicated in the caution concerning forward-looking statements, general or specific risks and uncertainties may cause the actual results of Desjardins Group to differ from those in the forward-looking statements. Some of these risk factors are presented below.

4.1.1 Main risks and emerging risks

Principal risks and emerging risks are risks or risk factors that could have a significant impact on Desjardins Group's financial autonomy and would likely affect its reputation, the volatility of its results, the adequacy of its capitalization or liquidities, in the event they fully materialize. Among these risks, certain so-called emerging risks are sharply growing risk factors, or ones that are developing unexpectedly, with unanticipated results. Desjardins Group continues to be proactive in identifying and tracking these risks so that it can take the appropriate management measures when required. For example, the external environment is continuously monitored to identify the risk factors and economic and regulatory events that could impact its operations. In addition, regular exchanges between the Risk Management Executive Division, risk officers and the business segments further define the risk factors of greatest concern.

	Description
Security breaches (including cybersecurity)	Risks related to cyber threats have been on the rise for a number of years and more specifically in the global socio-economic and geopolitical environment, but also in connection with wider use of artificial intelligence. Indeed, both the aggregation of new services for members and clients and the exposure of online services are becoming increasingly complex and gradually extending to more and more areas and products. Increased monitoring of Desjardins Group's employees and infrastructures is in place, including that of applications involving confidential data, has been set up in order to better meet the performance needs of teleworking and to mitigate the risks associated with service interruptions, information security and reputation. In addition, the perpetrators of cyber threats are using increasingly sophisticated methods and strategies for criminal purposes. Consequently, Desjardins Group has been investing in enhancing its internal processes and in technology for many years. This enhancement consists, first, in optimizing its processes to respond efficiently to incidents and, second, in attracting and training new talent to continue to develop our defence methods. A malicious act targeting the computer network may result in financial costs, damage to the organization's image, a breach of confidentiality rules or other applicable legislation, as well as operational difficulties. The Desjardins Group Security Office ensures the protection of members' and clients' assets.
Fraud risk	Although this is a well-known risk in the financial services industry, we note that fraud cases fluctuate significantly in number from year to year. Rapidly evolving technology, significant advances in artificial intelligence, and the growing complexity of fraud schemes make prevention and detection increasingly challenging for financial institutions. Desjardins Group continues its efforts to combat fraud, in particular by investing in its systems and processes, training employees and raising member and client awareness.
Household and corporate indebtedness	With the high level of interest rates, debt service has considerably increased for many households and businesses. Despite recent key interest rate cuts, many households will have to renew their mortgage with a higher interest rate by 2026. In such conditions, an increasing number of households and businesses could experience difficulties in assuming their financial obligations. As a result, their solvency could significantly deteriorate. Desjardins Group has sound practices in granting and managing mortgage financing, including a stress test involving interest rates for mortgage financing, which should allow it to circumvent this risk.
Technological developments	Innovative technologies are being increasingly taken into consideration and adopted by financial institutions. These innovative technologies, such as artificial intelligence, represent a crucial vector for transforming business processes and models. Use of these technologies exposes financial institutions to other risks relating to cyber threats, system stability, the modernizing of infrastructure, complex environments, systems interdependence, and digital transformation. The members' and clients' growing needs to access banking transactions remotely and at any time require pursuing the shift that is well underway at Desjardins. Regulatory authorities' expectations will be increasingly demanding, and financial sector requirements will continue to grow in terms of managing technology risk. The growing presence of FinTech and InsurTech, which offer simple, innovative technology solutions that meet the expectations of members and clients, puts more pressure on traditional financial institutions to adapt. To meet the needs of its members and clients, Desjardins Group is in line with this trend and remains active in managing this operational and strategic risk, among others, by strengthening and rationalizing the technology ecosystem through investments and by reviewing and diversifying its products, services and distribution channels.

	Description
Regulatory developments	The financial services industry is one of the most tightly monitored and regulated, and industry regulation has been rapidly expanding for many years now. This trend is in response to a number of socio-economic phenomena: the development of new, increasingly complex financial products, ongoing volatility in the securities market, increasingly complex financial fraud, the fight against money laundering and terrorist financing, the fight against tax evasion, compliance with economic sanctions and the protection of personal information, environmental, social and governance issues, etc. Although Desjardins Group actively monitors and manages regulatory risk, changes in regulation, its complexity and its uncertainty could have an impact on the performance of its operations, its reputation, its strategies and its financial objectives. As an independent supervisory function, the Vice-President and Chief Compliance and Privacy Officer, Desjardins Group promotes a proactive approach to compliance by fully integrating it into the organization's regular operations. Maintaining an effective compliance management framework mobilizes significant amounts of technical, human and financial resources.
Interest rate developments	The Bank of Canada significantly increased its key interest rates from March 2022 to July 2023. Even though the target overnight rate has started to gradually decline since June 2024, the restrictive effects of higher rates on demand will continue accumulating in the coming quarters. The Bank of Canada is expected to continue reducing its key interest rates in the coming quarters, and the target overnight rate could fall to 2.25% by the end of 2025. Note that the Bank of Canada estimates the target overnight rate's neutral range to be from 2.25% to 3.25%.
Climate change	In a context where the impact of climate change risks is widely recognized, Desjardins Group understands the importance of better identifying the various aspects of those risks and measuring their current and future impact. The goal is twofold: to ensure the organization's long-term resilience and to support members and clients in the transition. The close interrelations between these risks and the political and regulatory environment, the macroeconomic situation, certain industry innovations, the global geopolitical situation or the more pressing social expectations, to name only a few, impose continuous monitoring in this area. Desjardins Group continues its efforts in that regard with various initiatives underway or completed in relation with its governance framework and aimed at integrating these risks into strategies and climate change risk management.
Geopolitical uncertainties	Owing to heightened geopolitical tensions, a greater number of conflicts may affect the global economy and markets. In addition, the war continues in Ukraine and the conflict in Israel could spread further, particularly with Lebanon and Iran. Middle East tensions could put significant upside pressure on oil prices and, in turn, revive global inflation. Following his re-election in the United States, President Trump's return to the White House has generated more uncertainty about international trade relations. There is a high risk of a trade war. In addition, tensions between China and the United States remained throughout 2024. The United States is pursuing a trade policy aimed at diminishing China's significance in U.S. supply chains. Lastly, political polarization and some radicalization could also create uncertainty.
Trade conflict with the United States	While it is unclear whether the United States will ultimately impose 25% tariffs on Canadian goods (and even higher tariffs on steel and aluminum), an unprecedented Canada/U.S. trade conflict threatens to take on proportions with abounding consequences. Given the apparent uncertainty surrounding the new U.S. administration, this trade conflict could just as easily end swiftly as it could worsen severely and, in turn, push Canada into a recession. Against this backdrop, a forward-looking analysis was carried out on the potential impacts on the Canadian and Québec economies, as well as on Desjardins Group, and its members and clients. However, it is difficult to quantify the potential impact on Desjardins Group's future financial results because of the great uncertainty. Monitoring and benchmarking mechanisms are being used to closely follow this evolving situation. Lastly, despite this climate of uncertainty, we continue provide members and clients with proactive support that is rapidly evolving to reflect the socio-economic and geopolitical environment.
Artificial intelligence	Artificial intelligence (AI) is booming and opening up new business opportunities while introducing new risks. For example, AI can result in biased decision-making or unintended outcomes requiring increased vigilance. Due to the large datasets it requires, AI also creates confidentiality, data security and personal information protection challenges. As with other technologies, AI could be prone to cyber attacks. These risks include potential algorithm bias, which can result in unfair or discriminatory decision-making. Unintended outcomes of AI systems can also pose liability and trust issues. In addition, collecting and processing large datasets raises the risk of privacy and information security breaches. To prepare for these contingencies and remain aligned with best practices, Desjardins Group has adopted an active approach. For instance, Desjardins Group took part in the AMF's discussions and drafted a responsible management framework for artificial intelligence that includes measures to ensure compliance with applicable regulations while anticipating future changes. Desjardins Group is also implementing measures to identify and mitigate algorithm bias while conducting robustness tests to ensure AI system reliability.
Data risk	Data represent a vital tool for Desjardins Group. They can be available in alphanumeric, text, sound or image format. At Desjardins Group, multiple initiatives have been launched to transform our data into strategic assets. The goal is to leverage data and analytics to improve the member and client experience, drive growth, manage risk and enhance organizational efficiency. Data management risks include the possibility of information confidentiality and security violations, which may result in financial losses, reputational harm and regulatory sanctions. Collecting and processing large datasets also raises the risk of cyber attacks and sensitive data breaches. To prepare for these contingencies and remain aligned with best practices, Desjardins Group has implemented the necessary frameworks to protect its sensitive information, comply with applicable regulations, maintain its reputation and safeguard the trust of its members and customers. These frameworks are strengthened as necessary, continuously operationalized and integrated into Desjardins Group's operational processes.

4.1.2 Other risk factors that could impact future results

	Description
General economic and business conditions in regions in which Desjardins Group operates	General economic and business conditions in the regions where Desjardins Group operates may significantly affect its income and surplus earnings. These conditions include short- and long-term interest rates, inflation, debt securities market fluctuations, foreign exchange rates, financial market volatility, tighter liquidity conditions in certain markets, the level of indebtedness, the strength of the economy, consumer spending and saving habits, and the volume of business conducted by Desjardins Group in a given region.
Monetary policies	The monetary policies of the Bank of Canada and the U.S. Federal Reserve, as well as interventions in capital markets, have an impact on Desjardins Group's income. The general level of interest rates may impact Desjardins Group's profitability because fluctuations affect the spread between interest paid on deposits and interest earned on loans, thereby affecting Desjardins Group's net interest income. Desjardins Group has no control over changes in monetary policies or capital market conditions, and it therefore cannot forecast or anticipate them systematically.
Critical accounting estimates and accounting standards	The Combined Financial Statements are prepared in accordance with the IFRS. The accounting policies used by Desjardins Group determine how it reports its financial position and results of operations, and management may be required to make estimates or rely on assumptions about matters that are inherently uncertain. Any change in these estimates and assumptions, as well as in accounting standards and policies, may have a significant impact on Desjardins Group's financial position and results of operations. Accounting policies and future accounting changes are described in Note 2, "Accounting policies," to the Combined Financial Statements.
New products and services to maintain or increase market share	Competitive pressures from Canadian financial institutions and the emergence of new competitors have led Desjardins Group to develop new products and services at a faster pace to meet the expectations of its members and clients. Developing these new products and services may involve some risks. In that context, Desjardins remains active to manage these risks, in particular by making investments and by reviewing and diversifying its products, services and distribution channels. At Desjardins Group, there is a risk management governance that involves identifying, analyzing, disclosing and monitoring all financial and non-financial risks created by new products and services.
Geographic concentration	Although Desjardins Group is diversified through its insurance operations, its banking operations are heavily concentrated in Québec. As at December 31, 2024, its loans to Québec members and clients therefore accounted for 88.3% of its aggregate loan portfolio. As a result of this significant geographic concentration, its results largely depend on economic conditions in Québec. Any deterioration in these conditions could adversely impact: • past due loans; • problem assets and foreclosed property; • claims and lawsuits; • the demand for products and services; • the value of collateral available for loans, especially mortgages, and by extension, clients' and members' borrowing capacity, the value of assets associated with impaired loans and collateral coverage.
Credit ratings	The credit ratings assigned to Desjardins Group by rating agencies are instrumental to its access to sources of wholesale funding and the cost of such funding. These ratings may be revised or withdrawn at any time by the agencies. In addition, a significant downgrade to various ratings could push up Desjardins Group's cost of funding, reduce its access to financial markets, and increase additional obligations required by its counterparties.
Dependency on third parties	We need to rely on third parties in order to provide top-quality, secure services. These third parties and the suppliers of these third parties, such as IT, office automation, telecommunications, cloud and other providers and suppliers, play a major role in supporting Desjardins Group's operations as well as in implementing technological innovations that allow Desjardins to improve the services it offers to members and clients. Using third parties can, however, generate certain risks. Desjardins recognizes the importance of these risks and is putting in place all the necessary measures to mitigate them. Inadequate management of third-party risk could affect Desjardins Group's ability to provide the services that members and clients need. This type of risk could have an impact on information security, business continuity, as well as on other types of risks, such as reputational risk. The oversight process used for outsourcing, together with the incident management process, allow Desjardins to adequately prevent and handle third-party risk.
Ability to recruit and retain talents	Desjardins Group's future performance is based in part on its ability to recruit key people, develop them and retain them. With the Canadian economy outperforming expectations and continued labour market tightness, we face stiff competition in attracting and retaining skilled people across the organization. In addition, multiple changes have gathered pace in workplaces over the past year, including the gradual introduction of AI, psychological wellness challenges and flexible working arrangements. Consequently, this risk aspect is periodically monitored through the governance mechanisms of the Management Committee of the Human Resources function, quarterly to the Desjardins Group Management Committee and annually with filing a report with Desjardins Group's Human Resources Commission. These mechanisms serve to deploy the appropriate strategies to put in place the success factors that enhance Desjardins Group's competitiveness as an employer.
Taxation risk	Government tax policies, such as the Canadian, provincial and foreign tax laws, and their interpretations by tax authorities and courts, are constantly evolving. These numerous changes and the complexity in interpreting and applying legislation may have a significant impact on the tax expense amounts, the deferred tax balances and the effective tax rate during the year when they occur and, consequently, on the calculation of Desjardins Group's surplus earnings.

	Description
Other factors	Other factors that may have a potential impact on Desjardins Group's future. These factors include unforeseen changes in consumer spending and saving habits, the possible impact on operations of international conflicts, public health crises, such as pandemics and epidemics or any other similar event affecting the local, national or global economy, as well as Desjardins Group's ability to anticipate and manage the risks associated with these factors properly despite a disciplined risk management environment. Desjardins Group cautions the reader that factors other than the foregoing could affect future results. Investors and other stakeholders relying on forward-looking statements to make decisions with respect to Desjardins Group should carefully consider these factors as well as other uncertainties, potential events, and industry factors or other items specific to Desjardins Group that could adversely impact its future results.

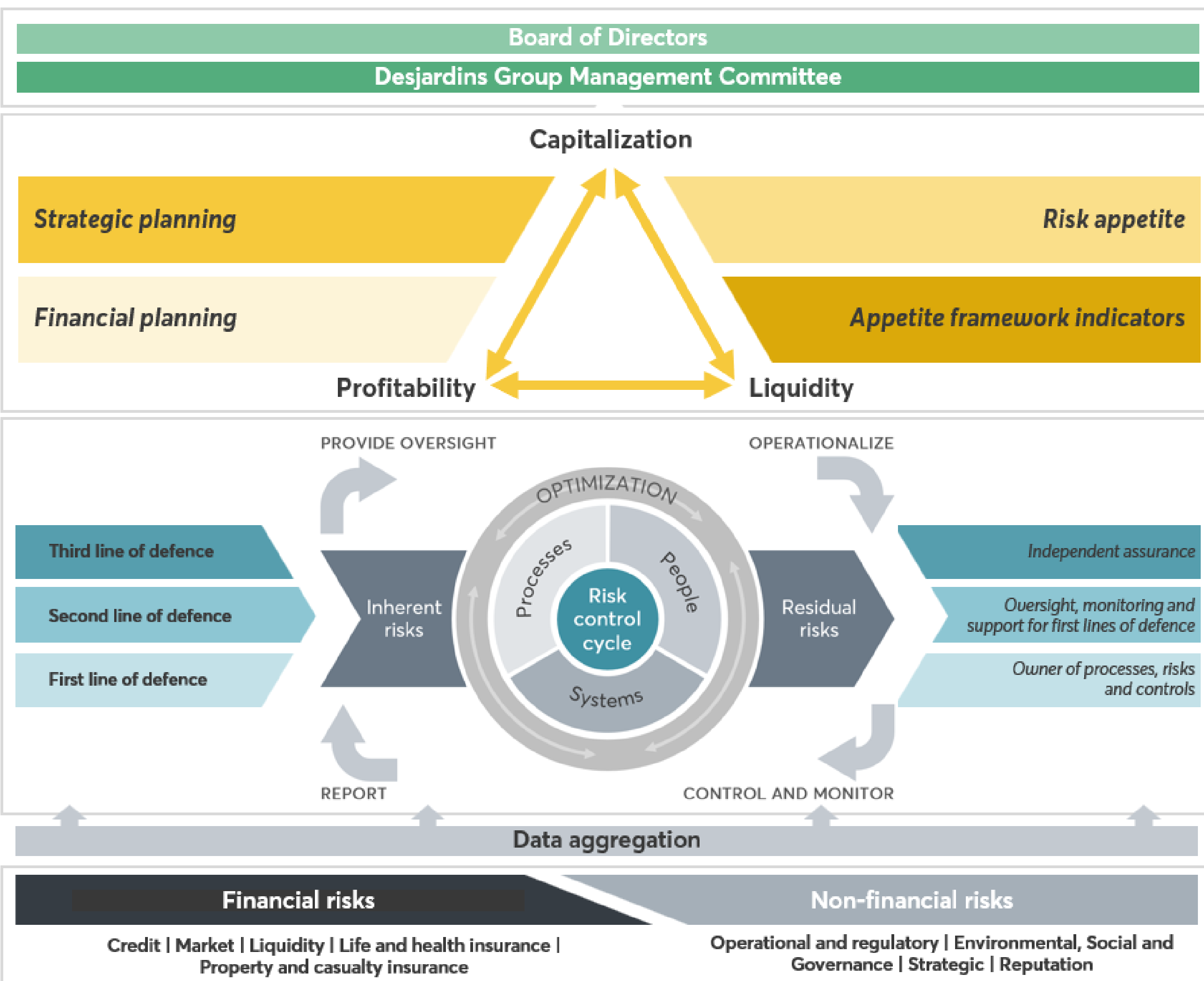
4.2 Risk management

4.2.1 Integrated Risk Management Framework

The objective of the Integrated Risk Management Framework is to enable Desjardins Group to appropriately manage all of its risks in accordance with its risk appetite and established organizational strategy.

The Integrated Risk Management Framework aims to be dynamic, efficient and able to evolve, having been tailored to the nature, size and complexity of Desjardins Group's operations. It provides sound and prudent risk management and ultimately optimizes capital use and supports decision-making, while governing the Group's various risks exposures.

In addition, Desjardins Group's internal and external operating environments are continuously assessed to monitor developments in best practices and trends, and detect emerging risks.



Risk identification

Desjardins Group is exposed to various risks in the normal course of business. Strict management of these risks is a priority for Desjardins Group, its purpose being to support its major orientations, particularly regarding its financial soundness as well as its sustained and profitable growth. Desjardins Group has a risk log that sets out the main categories and subcategories of risks which could affect it. The log is updated periodically and is used as a basis to make a quantitative and qualitative assessment of risk materiality, to determine Desjardins Group's risk profile and to implement appropriate strategies to mitigate risk.

In the normal course of business, Desjardins Group is exposed to the principal risks shown below, which are covered in specific subsections of this MD&A.

Credit	Market	Liquidity	Operational	Insurance	Strategic	Reputation	Environmental, social and governance	Regulatory

Risk measurement

Desjardins Group uses both quantitative and qualitative techniques to determine its risk exposure. It ensures that an appropriate selection of measurement tools and mitigation techniques are designed and maintained in order to support its business development.

Models, which are involved in various aspects of risk management, play a central role in assessing risk at Desjardins Group and support decision-making in many situations. They are applied to various aspects of risk management. Quantitative models are used for modelling credit risk measurement parameters. Other quantitative models are also used in market risk measurement, economic capital calculations, asset valuation, pricing, technological obsolescence and cybercrime. Risks are quantified based on both the current economic context as well as on hypothetical stress-testing situations, which are measured for specific risks on a Desjardins-wide integrated basis.

Desjardins-wide integrated stress testing

Desjardins-wide sensitivity tests and crisis scenarios are used as additional risk analysis tools to measure the potential impact of exceptional but plausible events on, in particular, profitability, liquidity and capital levels. Organization-wide crisis scenarios are developed based on the anticipated economic outlook under unfavourable conditions.

Desjardins-wide integrated stress testing is conducted annually. It begins with an analysis of multi-factor scenarios developed by the Desjardins Group's Economic Studies team. These scenarios consider the current economic conditions, the principal risk factors to which the organization is exposed and emerging risk factors. Several scenarios are developed, and those that will be quantified are selected by Desjardins Group's senior management. The main factors projected for each scenario include housing prices, stock indices, inflation, unemployment rate and several interest rate curves.

This integrated stress testing exercise is performed with the input from various business units and business segments. The measured impacts deal mainly with the credit portfolio of the Desjardins caisse network and the Federation, the two insurance groups, namely Desjardins Financial Security Life Insurance Company and Desjardins General Insurance Group Inc., as well as the Desjardins Group Pension Plan. As the exercise incorporates a cross-sector perspective of Desjardins Group's operations, it is an essential risk management tool to identify diversification sources and potential vulnerability areas.

The results of the exercise are presented to various internal committees consisting of Desjardins Group's Board members and senior management, i.e. the Asset/Liability Committee (ALCO), the Desjardins Group Finance and Risk Management Committee, the Desjardins Group Management Committee, the Risk Management Commission and the Federation's Board of Directors.

During Desjardins-wide stress testing in 2024, the scenarios developed separately considered the possibility a long period of economic weakness and a rebound in inflation and interest rates. A reverse stress testing scenario was also analyzed, representing a major financial crisis. The results obtained from the assessment of these scenarios show that Desjardins Group's current capitalization levels would be enough to withstand the economic deterioration considered and that its capital ratios would still exceed regulatory limits and its own risk appetite limits.

The exercise is tied in with Desjardins Group's integrated financial planning and is an essential component of the Internal Capital Adequacy Assessment Program (ICAAP). The results of the stress testing exercise are used as a complement to the results of the economic capital quantification in determining capitalization targets. They are also used in updating risk appetite indicators.

The scenarios quantified in the integrated stress testing exercise are part of a range of scenarios used by Desjardins Group to identify, assess and manage risks. They include the stress testing scenarios on which is based the living will exercise as well as the regulatory scenario developed using the assumptions prescribed by the AMF. This latter exercise is performed according to the frequency set by the AMF, generally every two years. The last regulatory scenario, *Global Stress Test* designed by the *Financial Stability Board*, was carried out in 2023.

Ad hoc scenarios can also be quickly quantified to respond to specific situations, and senior management's or regulatory authorities' requests.

Risk disclosure

A risk disclosure report is prepared quarterly and presented to the Desjardins Group Finance and Risk Management Committee, the Desjardins Group Management Committee, the Risk Management Commission and the Federation's Board of Directors. This strategic and forward-looking report provides relevant information on changes in the principal risks identified as well as on the capital position, particularly capital adequacy in relation to Desjardins Group's risk profile. These reports are regularly updated to include the latest risk management developments and provide a holistic view of the risks to which Desjardins Group is exposed.

Risk appetite

As a significant component of the Integrated Risk Management Framework, risk appetite makes it possible to determine the risk type and level that Desjardins is prepared to assume in pursuing its business and strategic objectives. Risk appetite forms an integral part of strategic planning, which makes it possible to guide risk-taking in order to ensure Desjardins Group's stability and sustainability in the case of unfavourable future events that could affect reputation, the volatility of profitability, capital adequacy or liquidities. As a result, risk appetite provides a basis for integrated risk management by promoting a better understanding of the effect of principal risks and emerging risk factors on Desjardins Group's results.

The risk appetite framework reflects Desjardins Group's risk-taking philosophy, mission and values and is based on the following:
- Ensuring Desjardins Group's sustainability by safeguarding against unfavourable events that may affect the volatility of profitability, capital adequacy or liquidity, while preserving its reputation and supporting its goal of being everyone's #1 choice.
- Conscientiously managing risks for Desjardins Group in accordance with the risk appetite framework, as well as for members and clients.
- Understanding the risks arising from Desjardins Group's operations and engaging in only new activities for which the risks are defined, assessed and understood.
- Ensuring Desjardins Group's financial sustainability by preserving a capitalization level that meets credit rating goals, limits financing costs and complies with regulatory requirements.
- Managing liquidities and refinancing activities in order to guard against liquidity risk.
- Thanks to adequate profitability in light of risk exposure, ensuring Desjardins Group's sustainability to be able to give back to members and communities and to meet its financial commitments.
- Managing Desjardins Group's exposure to interest rate risk arising from banking, insurance, pension plan and trading strategies to limit the impact of interest rate changes.
- Generating a return sufficient to support Desjardins Group's insurance and short-term trading contract obligations while remaining prudent in managing any associated risks.
- Managing exposure to insurance risk by pursuing the objective of diversifying Desjardins Group's risk profile when expected medium- or long-term profitability meets or exceeds the set targets for adjusted returns.
- Protecting Desjardins Group's reputation with its members, clients, communities, regulatory authorities and other stakeholders, while respecting its cooperative values.
- Asserting Desjardins Group's cooperative nature and always doing what's best for members and clients while contributing to community development.
- Acting as Desjardins Group's socio-economic leader in the development of a low greenhouse gas emission economy and supporting members, clients and other stakeholders in the transition.
- Ensuring credit risk and long-term returns remain suitable for Desjardins Group's members and clients to support them and communities throughout the relationship.
- Avoiding excessively large risk concentrations.
- Maintaining an effective control environment and promoting sound management of operational and regulatory risks including technological, information security and personal information protection risks.

The Board of Directors approves the Risk Appetite Framework and ensures that Desjardins Group's financial and strategic objectives are in line with its risk appetite. The Risk Appetite Framework is reviewed regularly and submitted to the Federation's Board of Directors for approval. The Risk Management Executive Division relays the main guidelines for risk appetite to the business segments and components, and supports them in implementing these concepts by ensuring consistency in all the indicators, their targets, their levels and their limits with the Desjardins Group Risk Appetite Framework.

The risk management function ensures that Desjardins Group's risk profile is in line with its risk appetite. Each quarter, it reports to senior management and the Board of Directors on the compliance with the risk appetite statements and indicators. In the event a threshold or limit for a risk appetite indicator is exceeded, the investigation into the situation and the corrective measures, as applicable, are brought to the attention of the appropriate bodies.

Integrated risk management approach

An integrated risk management approach is one of the cornerstones of Desjardins Group's Integrated Risk Management Framework. It represents all the practices and behaviours of individuals and groups within the organization that condition the collective ability to identify, understand and openly discuss risks and handle present and future risks. Stakeholders, including the Board of Directors, senior management and the Risk Management Executive Division, guide risk-taking behaviour to be in line with Desjardins Group's risk management frameworks. An integrated risk management approach promotes open and transparent communication between Desjardins Group's risk management function and its other support functions, business segments and components, while promoting an appropriate risk-return trade-off.

Ethical conduct and integrity are firmly entrenched in Desjardins Group's integrated risk management approach, which relies on the *Desjardins Code of Professional Conduct*. The code sets out the values, principles and rules that Desjardins Group has espoused in order to maintain a high level of integrity.

Other methods used to support the integrated risk management approach and to promote accountability for risk include:

- A holistic approach to integrated risk management throughout the organization, taking into account the interrelationships and interdependencies between the various risk areas.
- An integrated risk management approach rather than an approach that considers risks separately. Accordingly, all risks considered less significant but which could become material when combined are also considered.
- Risk management based on the significance of risks, i.e. the scope and frequency of the effects they are likely to have on the organization if they materialize.
- Standardized processes and reliable information systems that allow them to identify connections between risks and to obtain reports that contain relevant, clear and adapted information in a timely manner so that the Management Committee and the Board of Directors can monitor the achievement of Desjardins Group's strategic objectives.
- The dissemination of risk management frameworks such as strategies, policies and procedures to identify, assess, quantify, control, mitigate and appropriately monitor the significant risks to which Desjardins Group is exposed and identify events likely to affect it beyond the limits of its risk appetite.
- Determining and maintaining of its risk appetite, from which statements and indicators emerge clearly defining the risk tolerance thresholds and risk appetite limits for the most significant risks. It ensures that these benchmarks are integrated into its operations through frameworks resulting from the Risk Appetite Policy.
- A dynamic and evolving Integrated Risk Management Framework to adequately manage all of its risks based on its risk appetite. This framework is supported by a governance structure that clearly defines the roles and responsibilities of the various stakeholders involved in risk management.
- The organizing of risk management training and awareness sessions, bearing in mind the type of risk discussed and the role of the various parties involved.

Risk management and the Integrated Risk Management Framework are based on the following guidelines that provide in particular for:

- The accountability of Desjardins Group's business segments and other functions with regard to the risks inherent to their operations.
- The independence of the risk management function in relation to business segments.
- Implementation at every level of the organization in order to obtain a comprehensive vision of risk exposure.
- A procedure aimed at ensuring that risk matters are disclosed and flagged accurately and transparently to senior management in a timely manner.
- The existence and presence of a complete and rigorous process to determine the appropriate capital level based on the risks assumed.
- Consideration of risk management in the formulation of strategic plans and business strategies and in the resulting decisions.
- Thorough risk assessment prior to launching new products or initiating transactions with a strong financial impact.

Compensation in relation to risk management

Desjardins Group has established strict governance with regard to total compensation. The Board of Directors, supported by the Human Resource Commission, is responsible for the annual changes in the total compensation of all employees and managers. In this regard, it establishes an annual salary review, sets the objectives and measures the results of the general incentive plan. It has developed, through adding environmental, social and governance (ESG) criteria, including climate-related risks, an additional mechanism to factor in not only financial risks, but also extra-financial risks in determining the overall incentive plan for all hierarchical levels. It also establishes a framework for all individual incentive plans that apply to Desjardins Group's sales force and investment teams. Lastly, it ensures that all total compensation offered by Desjardins Group is based on risk management principles.

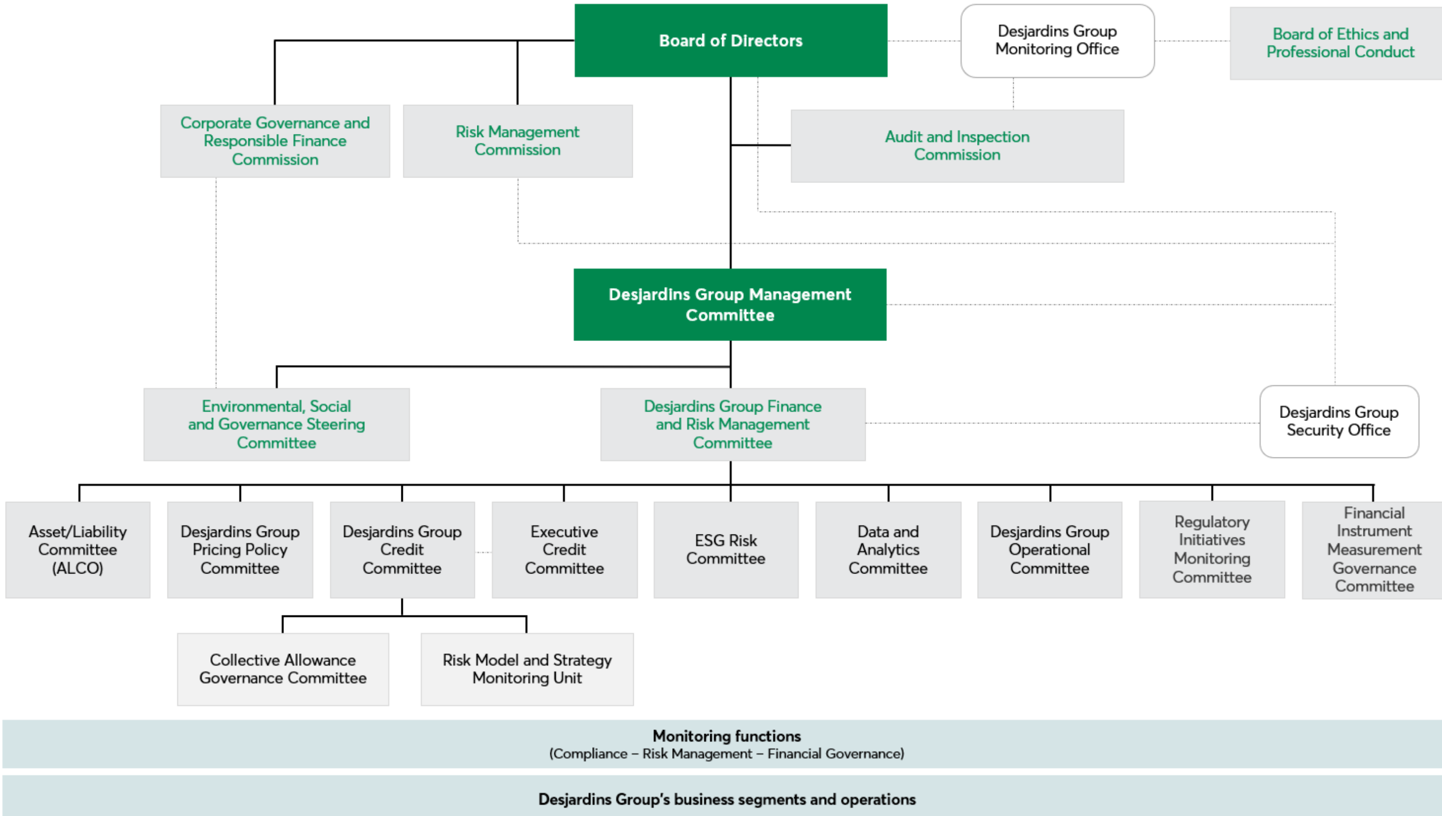
Acting as a subcommittee of the Board of Directors, the Human Resources Commission is responsible for making recommendations to the Board of Directors with respect to all aspects of total compensation for all Desjardins Group employees, managers and senior executives.

The annual incentive plan for senior executives, other than the President and Chief Executive Officer, which are consistent with the aim to promote sound risk management over a time horizon of more than one year, provide for the long-term deferral of a significant portion of members' annual bonus. The amounts thus deferred can vary annually depending on Desjardins Group's overall performance. This formula encourages key stakeholders to have a long-term vision of Desjardins Group's development, always in the best interests of members and clients, for whom the organization's sustainability is an important and reassuring factor.

The new long-term incentive plan that was introduced in 2024 for Desjardins Group Management Committee members, except for the President and Chief Executive Officer, ensures that it is well aligned with achieving Desjardins Group's development goals and development, without encouraging excessive risk-taking. The long-term scope of this plan allows for the creation of economic value and sustainable development for members and clients.

Risk management governance

The Integrated Risk Management Framework is based on a solid risk governance structure and reflects Desjardins Group's organizational structure as shown below.



The Federation's Board of Directors is responsible for guiding, planning, coordinating and monitoring all of Desjardins Group's operations, and in such capacity, it participates actively in overseeing the major risks to which Desjardins Group is exposed. It is in particular responsible for adopting the overall directions and strategies proposed by senior management as well as risk management policies aimed at ensuring sound and prudent management of operations.

The Board is supported in this regard by the Risk Management Commission, the Audit and Inspection Commission, the Board of Ethics and Professional Conduct and the Desjardins Group Management Committee. Further information about these bodies is found in the Corporate Governance section of the 2024 Desjardins Group Annual Report.

The Desjardins Group Management Committee makes recommendations to the Board of Directors concerning risk management guidelines and strategies and ensures that they are implemented effectively and efficiently. The Committee relies on the Desjardins Group Finance and Risk Management Committee and the Environmental, Social and Governance Steering Committee in performing its duties.

The Environmental, Social and Governance Steering Committee is responsible for reviewing environmental, social and governance position statements, assessing their inherent risks and ensuring that they are in line with Desjardins Group's strategic priorities. It reports to the Desjardins Group Management Committee and the Corporate Governance and Responsible Finance Commission.

The Desjardins Group Finance and Risk Management Committee is responsible for ensuring that the on- or off-balance sheet principal risks to which Desjardins Group is or will be exposed directly or through one or more of its subsidiaries, have been identified and measured, and for assessing the potential impact of identified risks on business strategies. This committee is supported by the Desjardins Group Credit Committee, the Data and Analytics Committee, the Desjardins Group Operational Risk Committee, the Executive Credit Committee, the Environmental, Social and Governance (ESG) Risk Committee, the Asset/Liability Committee (ALCO) and the Desjardins Group Pricing Policy Committee.

- The Executive Credit Committee recommends significant commitments requiring the approval of the Federation's Board of Directors and approves significant commitments up to the limits delegated by the Desjardins Group Finance and Risk Management Committee.
- The Desjardins Group Credit Committee approves large credit commitments, which are within its own delegated limits taking into account ESG analysis, and monitors activities related to assessing and quantifying credit risk. In its monitoring role, the committee is supported by the risk model and strategy monitoring unit and by the Collective Allowance Governance Committee.
- The Data and Analytics Committee monitors data quality and compliance with regulatory requirements related to data within the scope of Desjardins Group data governance.
- The Desjardins Group Operational Risk Committee has a cross-sector view and monitors the different categories of operational and regulatory risks to which Desjardins Group is exposed.
- The ESG Risk Committee has a cross-sector view and monitors the ESG factors to which Desjardins Group is exposed.
- The Asset/Liability Committee (ALCO) supports the Desjardins Group Finance and Risk Management Committee in providing interest rate and liquidity risk management oversight and monitoring.

- The Desjardins Group Pricing Policy Committee supports the Desjardins Group Finance and Risk Management Committee in ensuring compliance with the framework governing pricing and pricing consistency with Desjardins Group's strategic objectives and financial targets.
- The Regulatory Initiatives Monitoring Committee supports the Desjardins Group Finance and Risk Management Committee by monitoring significant regulatory initiatives and making recommendations as required. In addition, it monitors regulatory initiatives aimed at mitigating a significant regulatory risk for the organization and discusses any material element related to regulatory risk, including regulatory developments and trends observed in the industry.
- In December 2024, the Desjardins Group Finance and Risk Management Committee approved the creation of the Financial Instrument Measurement Governance Committee. The Committee, whose first meeting will be held during the first quarter of 2025, has the general role and responsibilities of supporting the Desjardins Group Finance and Risk Management Committee in reviewing and recommending complex or specific financial instrument measurement cases.

The Desjardins Security Office coordinates organizational initiatives and institutes cross-sector security strategies in order to continue to reinforce its practices aimed at protecting Desjardins members and clients, their assets and their personal information. It reports to the Desjardins Group Finance and Risk Management Committee, the Desjardins Group Management Committee, the Risk Management Commission and the Board of Directors.

Operations management approach based on the three lines of defence model

Desjardins Group has implemented a risk management structure consistent with the three lines of defence model on which the Desjardins Group's Integrated Risk Management Framework is based. This reliable control structure sets out a clear and orderly allocation of the roles and responsibilities of the various Desjardins Group risk management stakeholders. The roles and responsibilities relating to each line of defence are detailed in the following matrix:

	1 – PROVIDE OVERSIGHT	2 – OPERATIONALIZE (IDENTIFY, ASSESS AND MITIGATE)	3 – CONTROL AND MONITOR	4 – REPORT
First line of defence	▪ Is responsible for the performance of its activities ▪ Knows and adheres to established risk management frameworks, including the Risk Appetite Framework ▪ Completes required training and participates in awareness activities	▪ Manages its activities while adhering to the organization's risk appetite ▪ Identifies and assesses its operational risks, manages gaps between its processes, practices and controls, and escalates them as needed ▪ Develops, deploys and validates risk mitigation processes, controls and approaches to close gaps ▪ Coaches and trains employees on how to apply risk mitigation processes, controls and methods and makes them accountable ▪ Establishes practices to ensure compliance with frameworks is maintained over time	▪ Ensures that employees adopt and apply the processes and controls ▪ Measures and monitors the performance of the processes and controls deployed ▪ Adjusts processes and controls as required ▪ Demonstrates compliance with risk management frameworks on request ▪ Triggers the escalation process set out in the frameworks if one of the triggers is activated ▪ Participates in the drafting of action plans and their follow-up ▪ Performs required risk analyses	▪ Provides reporting on its operations and associated risks ▪ Produces and reports on its risk profile ▪ Transmits the information required for Desjardins Group analyses and reports on its operational risks to the second line of defence
Second line of defence	▪ Establishes risk management frameworks (including the Risk Appetite Framework) and ensures their application ▪ Establishes the expectations of the first line of defence, the escalation processes and the triggers for their activation ▪ Trains and raises awareness of the first line of defence in relation to organizational expectations, including the second line of defence frameworks ▪ Has the risk management frameworks approved by the appropriate organizational authority	▪ Advises and equips the first line of defence with respect to operationalizing the frameworks and implementing risk mitigation processes, controls and methods such that it fulfils its responsibilities ▪ Provides complementary expertise, a cross-functional vision, monitoring and constructive criticism regarding risk management ▪ Monitors emerging risks for Desjardins Group	▪ Conducts monitoring, including objective reviews, issues the resulting findings to stakeholders and monitors the implementation of action plans ▪ Performs monitoring and critical reviews, and tests the effectiveness of the controls deployed by the first line of defence ▪ Monitors for proper enforcement of risk management frameworks and escalation processes	▪ Monitors the risk levels of the processes and controls deployed ▪ Reports to the various stakeholders (senior management, authorities and regulators) as set out in the framework
Third line of defence	▪ Gives an independent and objective opinion on the effectiveness of governance, risk management and internal controls and issues findings and advice to improve effectiveness ▪ Provides objective assurance to the Management Committee and the Board regarding the overall effectiveness of governance, risk management and internal controls			

First line of defence

The first line of defence assumed by process owners provides products and services to members and clients. It identifies, assesses and manages the risks generated by its operations and ensures the effectiveness of the controls associated with the processes it owns. It is responsible for detecting risk exposures and application gaps, and for implementing risk mitigation measures in the event that the risk appetite is exceeded. It handles escalations where necessary and reporting in accordance with Desjardins Group's requirements in these areas.

Second line of defence

The second line of defence primarily consists of the Risk Management Executive Division, whose main purpose is to partner with the business segments and Desjardins as a whole in their development by identifying, measuring and managing risks. It is a supervisory function that is independent of the business sectors. It monitors emerging risks, sets out risk management frameworks and monitors compliance with and enforces application of the frameworks by Desjardins Group business segments and functions. More broadly, it carries out monitoring activities on risk activities, carrying out objective reviews and ensuring the design and effectiveness of existing controls. In these circumstances, it issues observations and monitors the resulting action plans. It handles escalations where necessary and reporting in accordance with Desjardins Group's requirements in these areas.

The Risk Management Executive Division also relies on work performed by the Desjardins Group Security Office and financial governance which, based on their separate mandates, help to regulate and manage certain issues inherent to Desjardins Group's operations.

Third line of defence

The third line of defence is the Desjardins Group Monitoring Office. It provides assurance, and independent and objective advice to the Management Committee and the Board of Directors regarding the overall effectiveness of governance, risk management and controls, as well as the extent to which they are aligned with Desjardins Group's operations.

In addition, it helps improve Desjardins Group's overall performance and maintain the confidence of its members, the public and regulatory bodies. The Desjardins Group Monitoring Office includes the internal audit services of Desjardins Group components.

4.2.2 Basel capital accord

Basel III is an international capital adequacy tool designed to align regulatory capital requirements more closely with risk exposure and to further the continuous development of the risk assessment capabilities of financial institutions.

The Basel III framework is essentially based on three pillars:
- the first pillar sets out the requirements for risk-weighted regulatory capital;
- the second pillar deals with the supervisory review process;
- the third pillar stipulates financial disclosure requirements.

Credit risk

- Desjardins uses the Internal Ratings-Based Approach for credit risk.
- This approach is used for retail loan portfolios – Personal and for most exposures in the asset classes consisting of sovereign borrowers, financial institutions, businesses and SMEs similar to other retail client exposures.
- The Standardized Approach is used to measure the credit risk of certain exposures related to components of lesser importance, as well as asset classes that are not significant in terms of amount and perceived risk profile.

Market risk

- On January 1, 2024, Desjardins Group adopted a revised standardized approach framework for the calculation of market risk RWA in accordance with the requirements of the updated *Capital Adequacy Guideline* in connection with the Basel III regulatory reforms. The internal models approach is no longer used.

Operational risk

- Desjardins Group uses the Standardized Approach to calculate operational risk.

These provisions are used to calculate Desjardins's capital ratios, among other things.

Desjardins Group has also set up an internal capital adequacy assessment program (ICAAP). This program is a sound management practice recognized in the industry and is the key element of the second pillar of the Basel Accord. It allows a financial institution to provide for an appropriate level of capital to cover all major risks to which it is exposed, and to implement capital management strategies that follow the changes in its risk profile.

This program is under the responsibility of the Risk Management Executive Division. Capital adequacy is assessed by verifying whether available capital is sufficient to cover the capital required. The units responsible oversee the overall adequacy of Desjardins Group's available capital based on both internal measures of economic capital and the regulatory capital requirements under the first pillar. The results of stress testing exercises are also considered in the capital adequacy assessment.

The internal measure of capital used by Desjardins Group is economic capital, namely the amount of capital that an institution must maintain, in addition to expected losses, to remain solvent over a certain horizon and at a high confidence level. For Desjardins Group, economic capital is assessed over a one-year horizon. A confidence level is selected to meet the objective of maintaining attractive credit ratings. In order to assess Desjardins Group's overall capital adequacy in relation to its risk profile, all significant risks identified through the risk logging process are assessed using internal methodologies to measure economic capital. It should be pointed out that each of the economic capital methodologies are validated independently to ensure that input and assumptions of modelling used allow the assessed risk to be measured appropriately.

In the course of its operations, Desjardins Group is exposed to various risks. The table below provides its risk profile by business segment. Economic capital is broken down to illustrate the relative size of the risks associated with the various business segments. The distribution of risk-weighted assets shows Desjardins Group's exposure to credit risk, market risk and operational risk for the purposes of regulatory capital measurement.

Table 26 – Economic capital and risk-weighted assets by business segment and by risk type
As at December 31, 2024
(in millions of dollars and as a percentage)

Desjardins Group

Economic capital	
Banking activities	
Credit risk	47.9%
Market risk	2.3
Operational risk	5.3
Other risks[1]	1.7
Total banking activities	57.2
Insurance activities	36.2
Risk related to goodwill and other intangible assets[2]	6.6

Risk-weighted assets	
Credit risk	$ 121,845
Market risk	4,901
Operational risk	22,875
RWA floor adjustment	—

	Personal and Business Services	Wealth Management and Life and Health Insurance	Property and Casualty Insurance	Other
Balance sheet[3]				
Assets	$ 356,416	$ 75,365	$ 13,803	$ 25,358
Economic capital				
Proportion of total for Desjardins Group	42.0%	15.4%	16.9%	25.7%
Banking activities				
Credit risk	71.1	2.8	—	35.4
Market risk	4.0	—	—	1.3
Operational risk	11.2	—	—	—
Other risks[4]	13.7	—	—	63.3
Total banking activities	100.0	2.8	—	100.0
Insurance activities[5]	—	97.2	100.0	—
Risk related to goodwill and other intangible assets[2]	—	—	—	—
Risk-weighted assets				
Credit risk	$ 98,974	$ 5,545	$ 4,345	$ 12,981
Market risk	4,077	113	—	711
Operational risk	18,617	442	—	3,816

Risk profile
Desjardins Group is exposed to credit risk, market risk, operational risk and other risks, including in particular liquidity risk, interest rate risk, strategic risk, reputation risk and insurance risk.

(1) Includes defined benefit plan risk, liquidity risk, interest rate risk, strategic risk, reputation risk and the diversification effect.
(2) The economic capital amount for the risk related to goodwill and other intangible assets is the carrying amount of these assets. This amount has not been broken down by business segment.
(3) The different adjustments required to prepare the Combined Financial Statements as well as intersegment balance eliminations are classified in the asset amount of the Other category.
(4) Includes liquidity risk, interest rate risk, strategic risk and reputation risk. The risk related to other credit assets and deferred tax assets, defined benefit plan risk and the diversification effect are not allocated to business segments.
(5) For insurance operations, economic capital is the total amount of economic capital calculated for life and health and P&C insurance activities. This economic capital covers all risks.

Again this year, numerous efforts were made throughout Desjardins Group to reinforce the implementation of sound risk management practices and to align regulatory capital requirements more closely with risk exposure. Desjardins Group is continuing to invest in improving its tools and systems and aligning them with sound practices in the industry for the principal types of risk. In recent years, the Bank for International Settlements has issued new requirements (Basel III) for the global regulation of capital standards. These rules, in effect since January 1, 2013, have increased not only capital requirements but also risk management requirements. In addition to the changes made to the level and definition of eligible capital and the measurement of risk-weighted assets, Basel III has, under the second pillar, introduced new liquidity requirements and raised expectations for a number of management practices. Disclosure standards, which fall under the third pillar, have also been enhanced. Desjardins Group will continue its development by integrating these new regulatory requirements into its Integrated Risk Management Framework.

Additional information about capital management is presented in Section 3.2, "Capital management."

4.2.3 Credit risk

Credit risk is the risk of losses resulting from a borrower's or counterparty's failure to honour its contractual obligations, whether or not such obligations appear on the Combined Balance Sheets.

Desjardins Group is exposed to credit risk first through its personal, business and government loans, which represented 61.5% of combined balance sheet assets as at December 31, 2024, compared to 62.9% at the end of 2023. It is also exposed through various other commitments, including letters of credit and transactions involving derivative financial instruments as well as securities transactions.

The macroeconomic environment remains uncertain, in particular with respect to the evolution of trade relations with the United States, interest rates and geopolitical tensions. Therefore, management has to continue making particularly complex judgments to estimate the allowance for credit losses in such a situation. Expert adjustments are applied in measuring the allowance for expected credit losses to take into account relevant risk factors related to the macroeconomic environment that are not reflected in the models.

The credit portfolio remains in good shape despite the economic uncertainty.

Credit risk management

Desjardins Group upholds its goal of effectively serving all its members and clients. To this end, it has developed robust distribution channels specialized by product and client. The units and components that make up these channels are considered centres of expertise and are accountable for their performance in their respective markets, including the management of credit risk. In this regard, they have latitude regarding the framework they use and the approval given and are also equipped with the corresponding management and monitoring tools and structures. To assist these units and components, Desjardins Group has set up centralized structures and procedures to ensure that its Integrated Risk Management Framework permits effective management that is also sound and prudent.

The Risk Management Executive Division has been structured so that it can effectively manage credit risk and provide credit approval, support, quantification and monitoring, and report on credit matters.

Framework

The Desjardins Group Credit Risk Management Framework consists of policies, standards and various other documents, which define the responsibilities and powers of the parties involved, the limits imposed by risk appetite, the rules governing the assignment and administration of files, and the disclosure rules for Desjardins Group's exposure to credit risks.

All these frameworks govern Desjardins's credit risk management and control activities.

Assessment of regulatory capital

Desjardins Group uses the Internal Ratings-Based (IRB) Approach to assess credit risk. However, some exposures are exempt from IRB Approach requirements because of units or components of lesser importance, and asset classes that are not significant in terms of amount and risk profile. In order to apply the IRB Approach, Desjardins Group had to make internal estimates to calculate the probability of default (PD), loss given default (LGD) and exposure at default (EAD).

The calculation of risk-weighted assets (RWA) is used to measure Desjardins Group's credit risk, market risk and operational risk.

PD is the likelihood of a borrower defaulting on its obligations within a one-year time horizon. Internal rating models, estimated using logistic regressions, produce risk levels monthly for retail personal and business clients as well as for some non-retail client portfolios. For retail clientele, behavioural scoring models are used, with predictive features related, in particular, to borrower and account-specific features such as account age, loan size and delinquency. These models allow proactive management of the portfolio credit risk. However, for regulatory purposes, the PD from rating models is:

- adjusted slightly upward (prudential margin) to compensate for the historical volatility of PD;
- calibrated by groups of products, for behavioural scoring models applicable to retail clientele, according to the following drivers: residential mortgages, loans and lines of credit, point-of-sale financing and credit cards.

LGD measures the size of the possible economic loss in the event of the borrower's default. It is expressed as a percentage of EAD. LGD estimates reflect average economic losses by collateral or guarantee type input into an internal history. Economic losses include direct and indirect management costs as well as any recoveries adjusted for the delay between the time of default and the time of the transaction. LGD is adjusted upward to take into account the possible effects of an economic slowdown.

EAD is an estimate of the amount outstanding for a given exposure at the time of default. For on-balance sheet exposures, EAD is equal to the balance at the time of observation. For off-balance sheet exposures, EAD includes an estimate of the additional drawdowns that may occur between the time of observation and the default. Estimates of such possible additional drawdowns reflect the internal history of the average drawdown on revolving credit products between the observation date and the time of default. Finally, as in the case of LGD, EAD of off-balance sheet exposures is adjusted upward to take into account the possible effects of an economic slowdown.

Differences between the parameters used for accounting and regulatory capital purposes

Loss allowances for expected credit losses for accounting purposes according to IFRS 9, "*Financial Instruments*," are based primarily on the parameters used to calculate regulatory capital under the Internal-Ratings Based Approach, namely PD, LGD and EAD. However, there are certain differences, and the main ones are presented in the table below:

	Regulatory capital	IFRS 9
PD	• Estimated using a long-term average for a full economic cycle. • Projected over the next 12 months. • Definition of default associated with an instrument for which payments have been past due for over 90 days, or certain other criteria.	• Estimated at a point in time for the next 12 months or for the lifetime of the instrument. • Based on past experience, current conditions and relevant forward-looking information. • Corresponds to the definition of default used for regulatory capital purposes.
LGD	• Based on losses that would be expected during an economic downturn. • Subject to certain regulatory floors. • Takes into account all direct and indirect recovery costs. • Discounted to account for the recovery period until default using the discount rate required for regulatory capital purposes.	• Based on past experience, current conditions and relevant forward-looking information. • Excessive conservatism and floors are excluded. • Takes into account only direct recovery costs. • Discounted to account for the recovery period until default using the initial effective interest rate.
EAD	• Equal to drawn amounts plus expected use of undrawn amounts before default.	• Equal to drawn amounts plus expected use of undrawn amounts before default and taking into account forward-looking expectations.
Discounting	• No discounting between the date of default and the reporting date.	• Discounting from the date of default to the reporting date using the initial effective interest rate.

More specifically, credit and counterparty risk exposure includes the following categories:
- Used exposure is the amount of funds invested or advanced to a member or client.
- Unused exposure is the unused amount of credit limits relating to loans or margins after credit conversion factors (CCF) have been applied.
- Repo-style transactions are contractual transactions between two parties, including a retrocession commitment at a pre-set price. Repo-style transactions include repurchase agreement transactions, reverse repurchase agreement transactions, and lending and borrowing of securities that are not outstanding with a central counterparty as well as these same transactions carried out with a non-qualifying central counterparty.
- Over-the-counter (OTC) derivative instruments refer to all OTC derivative financial instruments with different underlying instruments.
- Off-balance sheet exposures include guarantees, commitments, derivatives and other contractual agreements of which the total notional principal amount may not be recognized on the balance sheet.
- The net exposure is calculated after using credit risk mitigation (CRM) techniques, including collateral, guarantees and credit derivatives.

As at December 31, 2024, the EAD was $460.5 billion before using CRM techniques and $420.1 billion after using CRM techniques. The complete results of the credit risk assessment by type of exposure, asset class and the calculation methods of the Standardized Approach and the Basel III Internal Ratings-Based Approach as required by the AMF are found in Table 27, "Risk Exposure by Asset Class (Exposure at default [EAD])."

Desjardins Group uses the Internal Ratings-Based Approach on 84.8% of exposure at default. Consequently, 15.2% of exposure at default is, for now, assessed using the Standardized Approach. Desjardins Group periodically reviews portfolios subject to the Standardized Approach to determine whether the Advanced Internal Ratings-Based Approach should be applied.

Table 27 – Risk exposure by asset class (Exposure at default [EAD])[(1)]*
As at December 31

	2024							
(in millions of dollars and as a percentage)	Used exposure	Unused exposure	Repo-style transactions	OTC derivatives	Off-balance sheet exposure	Total	Net exposure[(2)]	EAD as a % of total
Standardized Approach								
Sovereign borrowers	$ 4,458	$ —	$ —	$ —	$ —	$ 4,458	$ 6,119	1.0%
Non-central government public sector entities	7,225	1,635	—	—	42	8,902	8,989	1.9
Financial institutions	1,751	53	—	28	21	1,853	2,520	0.4
Businesses	10,381	3,842	4,799	22	2,057	21,101	16,253	4.6
SMEs similar to other retail client exposures	224	89	—	—	7	320	304	0.1
Real estate	7,036	441	—	—	—	7,477	5,551	1.6
Revolving retail client exposures	1,064	431	—	—	—	1,495	1,495	0.3
Other retail client exposures (excluding SMEs)	442	557	—	—	5	1,004	877	0.2
Securitization	48	—	—	—	—	48	48	—
Equities	689	142	—	—	—	831	831	0.2
Trading portfolio	—	—	22,072	581	—	22,653	1,096	4.9
Subtotal – Standardized Approach	33,318	7,190	26,871	631	2,132	70,142	44,083	15.2
Internal Ratings-Based Approach								
Sovereign borrowers	39,513	1,434	5	—	76	41,028	99,911	8.9
Non-central government public sector entities	—	—	—	—	—	—	—	—
Financial institutions	4,372	1,212	65	5,315	147	11,111	11,075	2.4
Businesses	34,216	8,160	—	—	631	43,007	38,203	9.3
SMEs similar to other retail client exposures	7,524	4,028	—	1	89	11,642	10,294	2.5
Real estate	201,350	28,565	—	—	—	229,915	178,077	49.9
Revolving retail client exposures	7,181	8,055	—	—	—	15,236	15,236	3.3
Other retail client exposures (excluding SMEs)	14,992	8,084	—	—	6	23,082	21,714	5.2
Trading portfolio	—	—	14,279	1,084	—	15,363	1,462	3.3
Subtotal – Internal Ratings-Based Approach	309,148	59,538	14,349	6,400	949	390,384	375,972	84.8
Total	$ 342,466	$ 66,728	$ 41,220	$ 7,031	$ 3,081	$ 460,526	$ 420,055	100.0%

	2023							
(in millions of dollars and as a percentage)	Used exposure	Unused exposure	Repo-style transactions	OTC derivatives	Off-balance sheet exposure	Total	Net exposure[(2)]	EAD as a % of total
Standardized Approach								
Sovereign borrowers	$ 5,262	$ —	$ —	$ —	$ —	$ 5,262	$ 6,014	1.3%
Non-central government public sector entities	6,846	1,632	—	—	47	8,525	8,578	2.1
Financial institutions	2,190	69	46	6	23	2,334	2,809	0.6
Businesses	9,006	2,995	2,352	22	2,210	16,585	14,420	4.0
SMEs similar to other retail client exposures	167	78	—	—	7	252	238	0.1
Real estate	5,889	114	—	—	—	6,003	4,993	1.5
Revolving retail client exposures	75	16	—	—	—	91	91	—
Other retail client exposures (excluding SMEs)	1,232	760	—	—	6	1,998	1,836	0.5
Securitization	26	—	—	—	—	26	26	—
Equities	608	139	—	—	—	747	746	0.2
Trading portfolio	—	—	15,269	380	—	15,649	681	3.8
Subtotal – Standardized Approach	31,301	5,803	17,667	408	2,293	57,472	40,432	14.1
Internal Ratings-Based Approach								
Sovereign borrowers	34,628	1,166	—	—	75	35,869	83,581	8.7
Non-central government public sector entities	—	—	—	—	—	—	—	—
Financial institutions	4,955	1,085	783	4,716	133	11,672	10,964	2.8
Businesses	30,977	6,481	—	—	1,630	39,088	34,994	9.5
SMEs similar to other retail client exposures	7,161	3,722	—	2	119	11,004	9,635	2.7
Real estate	184,913	25,409	—	—	—	210,322	168,710	51.2
Revolving retail client exposures	7,225	8,101	—	—	—	15,326	15,326	3.7
Other retail client exposures (excluding SMEs)	14,659	8,125	—	—	5	22,789	21,856	5.6
Trading portfolio	—	—	5,944	932	—	6,876	1,076	1.7
Subtotal – Internal Ratings-Based Approach	284,518	54,089	6,727	5,650	1,962	352,946	346,142	85.9
Total	$ 315,819	$ 59,892	$ 24,394	$ 6,058	$ 4,255	$ 410,418	$ 386,574	100.0%

(1) The definition of exposure classes related to regulatory capital requirements differs from the accounting classification.
(2) After using credit risk mitigation (CRM) techniques, including collateral, guarantees and credit derivatives.

The following table presents exposure at default for businesses, sovereign borrowers and financial institutions. The sectors are determined according to the North American Industry Classification System.

Table 28 – Exposure at default – Businesses, sovereign borrowers and financial institutions by industry*
As at December 31

	2024						
(in millions of dollars)	Used exposure	Unused exposure	Repo-style transactions	OTC derivatives	Off-balance sheet exposure	Total	Net exposure(1)
Agriculture	$ 10,402	$ 573	$ —	$ —	$ 18	$ 10,993	$ 12,336
Mining	427	342	—	—	26	795	797
Oil and gas	229	433	—	—	17	679	679
Utilities	2,994	1,419	—	—	135	4,548	4,549
Construction	4,133	1,267	—	—	206	5,606	5,745
Manufacturing	4,615	1,464	—	—	132	6,211	6,317
Wholesale trade	2,139	460	—	—	70	2,669	2,706
Retail trade	3,287	1,012	—	—	16	4,315	4,360
Transportation	1,511	418	—	—	61	1,990	2,003
Information industry	391	705	—	—	2	1,098	1,116
Finance and insurance	12,060	2,564	1,494	5,365	979	22,462	21,084
Real estate	5,017	1,386	—	—	70	6,473	27,728
Professional services	1,466	494	—	—	225	2,185	2,030
Management of companies	1,321	284	—	—	31	1,636	1,641
Administrative services	783	152	—	—	24	959	972
Education	144	52	—	—	2	198	201
Health care	750	126	—	—	3	879	2,508
Arts and entertainment	233	61	—	—	1	295	316
Accommodation	524	48	—	—	2	574	623
Other services	1,042	145	—	—	6	1,193	1,214
Public agencies	39,750	1,138	5	—	124	41,017	71,897
Other businesses	1,473	158	3,370	—	782	5,783	3,259
Total	**$ 94,691**	**$ 14,701**	**$ 4,869**	**$ 5,365**	**$ 2,932**	**$ 122,558**	**$ 174,081**

	2023						
(in millions of dollars)	Used exposure	Unused exposure	Repo-style transactions	OTC derivatives	Off-balance sheet exposure	Total	Net exposure(1)
Agriculture	$ 9,497	$ 509	$ —	$ —	$ 44	$ 10,050	$ 11,378
Mining(2)	747	124	—	—	17	888	892
Oil and gas(2)	376	432	—	—	106	914	913
Utilities	2,021	1,088	—	—	210	3,319	3,318
Construction	3,176	1,127	—	—	302	4,605	4,654
Manufacturing	4,180	1,228	—	—	314	5,722	5,835
Wholesale trade	1,972	475	—	—	135	2,582	2,618
Retail trade	3,852	731	—	—	29	4,612	4,669
Transportation	1,162	432	—	1	75	1,670	1,686
Information industry	433	292	—	—	440	1,165	1,177
Finance and insurance	11,220	1,960	2,066	4,743	1,115	21,104	19,342
Real estate	4,638	1,162	—	—	106	5,906	18,641
Professional services	1,211	327	—	—	212	1,750	1,664
Management of companies	1,010	195	—	—	41	1,246	1,226
Administrative services	609	166	—	—	33	808	817
Education	143	25	—	—	2	170	174
Health care	601	120	—	—	18	739	2,148
Arts and entertainment	264	64	—	—	2	330	352
Accommodation	385	30	—	—	8	423	516
Other services	789	126	—	—	15	930	968
Public agencies	37,001	908	—	—	91	38,000	66,326
Other businesses	1,731	275	1,115	—	756	3,877	3,468
Total	$ 87,018	$ 11,796	$ 3,181	$ 4,744	$ 4,071	$ 110,810	$ 152,782

(1) After using credit risk mitigation (CRM) techniques, including collateral, guarantees and credit derivatives.
(2) Data have been restated to conform with the current year's presentation.

Credit granting

The Risk Management Executive Division assigns approval limits to the various units and components, including the caisse network. The units and components are primarily responsible for approving the files originating from them. However, the Risk Management Executive Division approves any commitments exceeding the approval limits assigned to them. Its approval responsibilities and the depth of the analyses required depend on product features as well as the complexity and extent of transaction risk.

The Risk Management Executive Division also sets commitment limits, namely the maximum commitment that can be granted to a borrower and the related entities. Risk-sharing arrangements can also be made with other financial institutions through banking syndicates.

Retail loans

Retail loan portfolios consist of residential mortgages, personal loans and lines of credit, point-of-sale financing and credit card loans. The Internal Ratings-Based Approach for credit risk is currently used for most of these portfolios.

In general, credit decisions are based on risk ratings generated using predictive credit scoring models. Credit adjudication and portfolio management methodologies are designed to ensure consistent granting of credit and early identification of problem loans. Desjardins Group's automated risk rating system measures the creditworthiness of each member and client on a monthly basis. This process ensures the quick, valid identification and management of problem loans.

The table below presents PD tranches in relation to risk levels.

Table 29 – Probabilities of default of retail clients by risk level*

Risk levels	PD tranches
Excellent	**0.00% to 0.14%**
Very low	**0.15% to 0.49%**
Low	**0.50% to 2.49%**
Moderate	**2.50% to 9.99%**
High	**10.00% to 99.99%**
Default	**100.00%**

Monitoring performance of credit risk assessment models using the Internal Ratings-Based Approach

For portfolios assessed using the Internal Ratings-Based Approach, the Risk Management Executive Division is responsible for the design, development and performance monitoring of models, in accordance with various guidelines on the subject.

Credit risk assessment models are developed and tested by specialized teams supported by the business units and related credit risk management units concerned by the model.

The performance of credit risk parameters is analyzed on an ongoing basis through back testing. This testing is performed on out-of-time and out-of-sample inputs and aims to assess parameter robustness and adequacy. Where a statistically significant overage is observed, prudential upward adjustments are made to reflect an unexpected trend in a segment in particular. These adjustments, allowing a more adequate risk assessment related to the transactions and borrowers, are validated and approved by the units responsible.

More specifically for PD, such back testing takes the form of various statistical tests to assess the following criteria:
- the model's discriminating power;
- the calibration of the model;
- the stability of model results.

Independent validations are also performed on credit risk assessment models. The most critical aspects to be validated are factors allowing appropriate risk classification by level, the adequate quantification of exposures and the use of assessment techniques taking external factors into consideration, such as economic conditions and the credit situation and, lastly, alignment with internal policies and regulatory provisions.

The model approval procedure and reporting are regulated by different bodies depending on the type and size of the approval in question. As a result, new models and significant changes to existing models are approved by the next higher committee than the one that is informed of the annual model performance monitoring results and authorizes any resulting recommendations.

Loans to businesses, sovereign borrowers and financial institutions

These loans include retail loans, loans to sovereign borrowers and public administrations, loans to the housing sector and loans to other businesses.

PD tranches are updated annually and adjusted as necessary to appropriately reflect Desjardins Group's risk ratings.

The following table presents the internal rating scale, as well as, in general, a correspondence with ratings of external agencies.

Table 30 – Probabilities of default of businesses, financial institutions and sovereign borrowers by risk level*

	Business		Financial institutions		Sovereign borrowers			
Risk level	**Desjardins ratings**	**PD tranches**	**Desjardins ratings**	**PD tranches**	**Desjardins ratings**	**PD tranches**	**S&P ratings**	**Moody's ratings**
Acceptable risk								
Investment grade	[1 – 4]	**0.00% to 0.49%**	[1 – 5.5]	**0.00% to 0.51%**	[1 – 5.5]	**0.00% to 0.53%**	AAA – BBB-	Aaa – Baa3
Other than investment grade	[4.5 – 7]	**0.50% to 6.18%**	[6 – 8]	**0.52% to 3.71%**	[6 – 8]	**0.54% to 5.11%**	BB+ – B-	Ba1 – B3
Under watch	[7.5 – 9]	**6.19% to 99.99%**	[9 – 9.5]	**3.72% to 99.99%**	[9 – 9.75]	**5.12% to 99.99%**	CCC+ – CC	Caa1 – Ca
Default	10	**100.00%**	10	**100.00%**	10	**100.00%**	D	C

Retail clients, small residential rental properties and small commercial rental properties

Credit scoring systems based on proven statistics are used to assess the risk of credit activities involving these client bases.

These systems were designed using the behavioural history of borrowers with a profile or characteristics similar to those of the applicant in order to estimate the transaction risk.

Such systems are used for initial approval as well as for the monthly reassessment of borrowers' risk levels. Ongoing updates allow for proactive management of the credit risk of portfolios.

The performance of these systems is periodically analyzed, and adjustments are made regularly to measure transaction and borrower risk as adequately as possible. The units responsible for developing scoring systems and the underlying models ensure that adequate controls are set up to monitor their stability and performance.

Other segments

The granting of credit is based on the detailed analysis of a file. Each borrower's financial, market and management characteristics are analyzed using a credit risk assessment model designed from internal and external historical data, taking into account the size of the business, the special characteristics of the main industry in which the borrower operates, and the performance of comparable businesses.

In order to determine the model to be used, a segment is assigned to each borrower based on the borrower's main industry and some other features. A quantitative analysis based on financial data is supplemented by an assessment of qualitative factors by the person in charge of the file. Once this analysis is finished, each borrower is assigned a credit risk rating representing the borrower's risk level.

The use of scoring results has been expanded to other risk management and governance activities such as establishing analysis requirements and the required decision-making level, determining the different types of follow-up activities, as well as assessing and disclosing portfolio risk quality.

Credit risk mitigation

When a loan is granted to a member or client, Desjardins Group may obtain collateral to mitigate the borrower's credit risk. Such collateral is normally in the form of assets such as capital assets, receivables, inventory, equipment, securities (government securities, equities, etc.) or liquidity.

For some loans, programs offered by various organizations, in particular Canada Mortgage and Housing Corporation (CMHC) and *La Financière agricole du Québec*, are used in addition to customary collateral. As at December 31, 2024, guaranteed or insured loans represented 20.4% of Desjardins Group's total gross loans, compared to 20.1% at the end of 2023. As a result of these additional measures, the residual credit risk is minimal for loans with such collateral. In order for enhanced credit offered by a guarantor to be considered a credit risk mitigation technique, the guarantor must meet certain specific criteria to allow this.

Frameworks adapted to each type of collateral contain the requirements for appraising collateral, its legal validity and follow-up. The type of collateral as well as the value of the assets encumbered by such collateral are established on the basis of a credit risk assessment of the transaction and the borrower, depending in particular on the borrower's PD. Such an assessment is required whenever any new loan is granted in accordance with Desjardins Group's frameworks. When an outside professional, such as a chartered appraiser or an environmental assessment firm, is required to determine the value of the collateral, the selection of the professional and the mandate must comply with the necessary requirements in the frameworks. Considering that the collateral is used to recover all or part of the unpaid balance of a loan in the event of the borrower's default to make payment, the quality, the legal validity and the ease with which the collateral can be realized are determining factors in obtaining a loan.

In order to ensure that the value of the collateral remains adequate, it must be periodically updated. The frequency of reappraisals depends in particular on the risk level, the type of collateral or certain triggering events such as a deterioration in the borrower's financial position or the sale of an asset held as collateral. The decision-making level is responsible for approving the updated value of the collateral, if applicable.

During the year ended December 31, 2024, no significant changes were made to the credit risk mitigation policies and no significant changes occurred in the quality of assets held as collateral.

Loan debt relief

In managing loan portfolios, Desjardins Group may, for economic or legal reasons, change the original terms and conditions of a loan granted to a borrower experiencing financial difficulty and therefore prevented from discharging his obligations. Such changes may include an interest rate adjustment, the deferral or extension of principal and interest payments, or the waiver of a tranche of the principal or interest.

Loans receiving relief amounted to $1,878 million as at December 31, 2024, compared to $1,819 million at the end of 2023. Of these loans, $216 million was classified as gross impaired loans as at December 31, 2024, compared to $168 million as at December 31, 2023.

File monitoring and management of higher risk files

Credit practices govern the monitoring of loans. Files are reassessed on a regular basis. Requirements regarding review frequency and depth increase with a higher PD or the size of potential losses on receivables. The officer in charge of the file monitors high risk loans using various intervention methods. A positioning, which must be authorized by the appropriate decision-making level, is required to be performed for files with irregularities or increased risk as well as for files in default.

The unit in charge of the financing is primarily responsible for monitoring files and for managing higher risks. However, certain tasks or files may be outsourced to the Federation's intervention units specializing in turnarounds or recovery. Supervision reports produced and submitted periodically to the appropriate bodies make it possible to monitor the position of high-risk borrowers as well as changes in the corrective measures put in place. In addition, a report accounting for credit activities, covering changes in credit quality and financial issues, is submitted quarterly to the management of the component concerned.

Default situations

Identification of default

In accordance with the AMF's *Capital Adequacy Guideline*, the following two criteria are used to identify a default situation:
- Quantitative criterion: A borrower's payments are past due by more than 90 days.
- Qualitative criterion: Desjardins Group believes that a borrower is unlikely to repay his debt in full unless the appropriate action is taken, such as realization on collateral or a guarantee, where it exists.

These criteria are applicable to all clients.

Impact of default

The impact of a default consists of associating the identified default on exposure with all the same borrower's commitments as well as with other entities in its borrower group. Such impacts vary according to the type of client base.

For individuals, barring exceptions, Desjardins Group does not pass on the default.

For retail businesses, small residential rental properties and small commercial rental properties, the default is passed on only to the borrower's exposures to commitments with the same entity within the scope of Desjardins Group. For the application of this criterion, the caisse network is considered one and the same entity.

For non-retail businesses, public administrations, financial institutions and sovereign borrowers, the default is entirely passed on through all the borrower's commitments in the scope of Desjardins Group. The default may also be passed on to other entities forming part of its borrower group according to a case-by-case analysis.

Removing default

When default is recognized in terms of the quantitative criterion, it may be removed immediately for clients that are retail businesses, small residential rental properties, small commercial rental properties and individuals, subject to certain conditions stipulated in the credit risk guidelines. If not, it is generally removed within a minimum of 3 to 6 months if certain conditions set out in the credit risk guidelines are met.

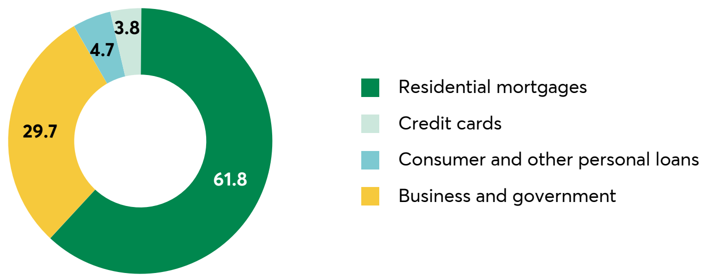
Monitoring of portfolio and reporting

The Risk Management Executive Division oversees the management of all risks to which the organization is exposed, including credit risks. The operating methods require ongoing monitoring of the credit risks to which Desjardins Group is exposed, as well as periodic reporting on portfolio quality to the appropriate bodies.

Breakdown and quality of loan portfolio

The following chart presents the distribution of loans by borrower category. Over half of the portfolio consists of residential mortgages, for which, statistically, the loss rate is lower.

Breakdown of loans
As at December 31, 2024
(as a percentage)



Loans by borrower category and by industry are presented in the table below. As at December 31, 2024, the main sectors of the business loan portfolio were real estate, agriculture and construction. They accounted for 51.5% of the business loan portfolio, which amounted to $82.9 billion. The main industries were the same as at December 31, 2023.

Table 31 – Loans by borrower category and by industry
As at December 31

	2024		2023	
(in millions of dollars)	**Gross loans**	**Gross credit-impaired loans**	Gross loans	Gross credit-impaired loans
Residential mortgages	**$ 179,920**	**$ 454**	$ 165,858	$ 375
Consumer, credit card and other personal loans	**24,683**	**249**	24,239	224
Public agencies[1]	**3,391**	**—**	3,388	—
Business				
Agriculture	**12,871**	**385**	11,991	352
Mining[2]	**591**	**47**	807	1
Oil and gas[2]	**146**	**—**	285	—
Utilities	**3,105**	**3**	2,090	—
Construction	**9,711**	**204**	8,062	182
Manufacturing	**6,452**	**297**	5,883	231
Wholesale trade	**2,919**	**115**	2,712	75
Retail trade	**5,506**	**87**	5,933	96
Transportation	**2,034**	**18**	1,620	14
Information industry	**515**	**21**	550	17
Finance and insurance	**2,306**	**1**	2,105	—
Real estate	**20,161**	**211**	17,474	164
Professional services	**2,298**	**23**	1,934	10
Management of companies	**1,756**	**32**	1,389	10
Administrative services	**432**	**8**	373	6
Education	**275**	**7**	265	4
Health care	**5,060**	**108**	4,411	145
Arts and entertainment	**813**	**22**	769	11
Accommodation	**2,251**	**53**	2,073	39
Other services	**1,848**	**11**	1,588	8
Other businesses	**1,873**	**—**	1,316	—
Total business loans	**$ 82,923**	**$ 1,653**	$ 73,630	$ 1,365
Total loans	**$ 290,917**	**$ 2,356**	$ 267,115	$ 1,964

(1) Including loans to governments.
(2) Data of 2023 have been restated to conform with the current year's presentation.

Loans by geographic distribution are presented in the following table. Desjardins Group's operations are highly concentrated in Québec. Therefore, as at December 31, 2024, the loans granted by Desjardins to members and clients in Québec accounted for 88.3% of the total loan portfolio, compared to 88.8% as at December 31, 2023.

Table 32 – Loans by geographic distribution
As at December 31

(in millions of dollars)	2024 Gross loans	2024 Gross credit-impaired loans	2023 Gross loans	2023 Gross credit-impaired loans
Canada				
Québec	**$ 256,972**	**$ 1,997**	$ 237,072	$ 1,710
Other Canadian provinces	**33,485**	**359**	29,718	254
Total – Canada	**$ 290,457**	**$ 2,356**	$ 266,790	$ 1,964
Other countries	**460**	**—**	325	—
Total	**$ 290,917**	**$ 2,356**	$ 267,115	$ 1,964

The following table presents the aging of gross loans that are past due but not credit-impaired.

Table 33 – Gross loans past due but not credit-impaired(1)
As at December 31

(in millions of dollars)	2024 31 to 90 days	2024 91 days or more	2024 Total	2023 31 to 90 days	2023 91 days or more	2023 Total
Residential mortgages	**$ 165**	**$ 113**	**$ 278**	$ 245	$ 95	$ 340
Consumer, credit card and other personal loans	**195**	**36**	**231**	196	38	234
Business and government	**84**	**110**	**194**	41	128	169
	$ 444	**$ 259**	**$ 703**	$ 482	$ 261	$ 743

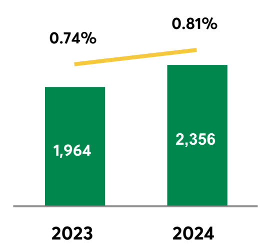
(1) Loans less than 31 days past due are not presented because, in general, they are not an indication that a borrower will not meet payment obligations.

As at December 31, 2024, according to Note 7, "Loans and allowance for credit losses," to the Combined Financial Statements, the allowance for expected credit losses on loans stood at $1,320 million and the allowance for expected credit losses on off-balance sheet items was $100 million, for a total of $1,420 million, up $147 million compared to December 31, 2023.

This change reflects a migration in credit quality and changes in the unfavourable economic outlook for business loan portfolios. In the credit card portfolios, the favourable impact of updating forward-looking information was partially offset by the unfavourable impact of methodological changes. For more information on the methodology and assumptions used to estimate the loss allowance for expected credit losses, refer to Note 2, "Accounting policies," and Note 7, "Loans and allowance for credit losses," to the Combined Financial Statements.

Gross credit-impaired loans outstanding are the loans included in Stage 3 of the impairment model. The ratio of gross credit-impaired loans, as a percentage of the total gross loans and acceptances portfolio, was 0.81% as at December 31, 2024, compared to 0.74% as at December 31, 2023. The allowance for credit losses on credit-impaired loans totalled $615 million as at December 31, 2024, for a provisioning rate on credit-impaired loans of 26.1%.

Gross credit-impaired loans and gross credit-impaired loan ratios
(in millions of dollars and as a percentage)



The following tables present the gross credit-impaired loans by Desjardins Group borrower category and the change in the gross credit-impaired loan balance.

Table 34 – Gross credit-impaired loans by borrower category
As at December 31

(in millions of dollars and as a percentage)	2024 Gross carrying amount: Gross loans and acceptances	2024 Gross carrying amount: Gross credit-impaired loans(1)		2024 Allowance for credit losses on credit-impaired loans	2024 Net credit-impaired loans	2023 Gross credit-impaired loans	2023 Net credit-impaired loans
Residential mortgages	**$ 179,920**	**$ 454**	**0.25%**	**$ 30**	**$ 424**	$ 375	$ 351
Consumer, credit and other personal loans	**24,683**	**249**	**1.01**	**165**	**84**	224	84
Business and government	**86,314**	**1,653**	**1.92**	**420**	**1,233**	1,365	1,034
Total	**$ 290,917**	**$ 2,356**	**0.81%**	**$ 615**	**$ 1,741**	$ 1,964	$ 1,469

(1) For more information on the gross credit-impaired loans/gross loans and acceptances ratio, which is a supplemental financial measure, see the Glossary on pages 106 to 113.

Table 35 – Change in gross credit-impaired loans
For the years ended December 31

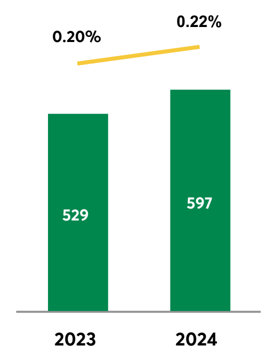
(in millions of dollars)	2024	2023
Gross credit-impaired loans at beginning of year	**$ 1,964**	$ 1,191
Gross loans that became credit-impaired during the year	**3,535**	3,396
Loans returned to unimpaired status	**(2,691)**	(2,282)
Write-offs and recoveries	**(452)**	(336)
Other changes	**—**	(5)
Gross credit-impaired loans at end of year	**$ 2,356**	$ 1,964

Desjardins Group's provision for credit losses totalled $597 million for 2024, compared to $529 million in 2023. The 2024 provision reflects a migration of credit quality as well as the impact of unfavourable changes in the economic outlook on the business loan portfolios. In the credit card portfolios, the favourable impact of updated forward-looking information was partly offset by the unfavourable effect of changes made to methodology. The provision for 2024 also reflects higher net write-offs, which are gradually returning to pre-pandemic levels.

The credit loss provisioning rate was 0.22% at the end of fiscal 2024, compared to 0.20% recorded as at December 31, 2023.

Additional information about the credit risk related to the recognition and measurement of the allowance for credit losses is presented in Note 2, "Accounting policies," and Note 7, "Loans and allowance for credit losses," to the Combined Financial Statements.

Provision for credit losses and credit loss provisioning rate
(in millions of dollars and as a percentage)



The following tables are presented to meet the disclosure requirements of the *Residential Hypothecary Lending Guideline* issued by the AMF. They present the residential mortgage portfolio of the caisse network in Québec and Caisse Desjardins Ontario Credit Union Inc. by product type and geographic area, as well as the corresponding loan-to-value ratios.

Table 36 – Residential mortgage portfolio[1]
Caisse network in Québec and Caisse Desjardins Ontario Credit Union Inc.[2]
As at December 31

2024								
(in millions of dollars and as a percentage)	Guaranteed or insured loans[3]		Uninsured loans[4]		Home equity lines of credit[5]		Total	
Québec	**$ 30,514**	**97.7%**	**$ 96,125**	**95.2%**	**$ 6,109**	**95.1%**	**$ 132,748**	**95.8%**
Ontario	**696**	**2.2**	**4,874**	**4.8**	**318**	**4.9**	**5,888**	**4.2**
Other[6]	**19**	**0.1**	**48**	**—**	**—**	**—**	**67**	**—**
All geographic areas	**$ 31,229**	**100.0%**	**$ 101,047**	**100.0%**	**$ 6,427**	**100.0%**	**$ 138,703**	**100.0%**

2023								
(in millions of dollars and as a percentage)	Guaranteed or insured loans[3]		Uninsured loans[4]		Home equity lines of credit[5]		Total	
Québec	$ 28,778	97.8%	$ 91,395	95.1%	$ 5,691	94.9%	$ 125,864	95.7%
Ontario	610	2.1	4,673	4.9	309	5.1	5,592	4.3
Other[6]	19	0.1	40	—	—	—	59	—
All geographic areas	$ 29,407	100.0%	$ 96,108	100.0%	$ 6,000	100.0%	$ 131,515	100.0%

(1) Represents all loans secured by a property with up to four units. Residential mortgages on properties with up to four units held outside of the caisse network in Québec and Caisse Desjardins Ontario Credit Union Inc. totalled $235 million as at December 31, 2024 and $216 million as at December 31, 2023.
(2) Caisse Desjardins Ontario Credit Union Inc. is not legally subject to the AMF rules but is instead subject to the Financial Services Regulatory Authority of Ontario (FSRA) rules.
(3) Term mortgages and the amortized portion of home equity lines of credit for which Desjardins Group has a full or partial guarantee or insurance from a mortgage insurer (public or private) or a government.
(4) Conventional term mortgages including the conventional amortized portion of home equity lines of credit and amortized consumer loans secured by a property with up to four units.
(5) Unamortized portion of home equity lines of credit and consumer lines of credit secured by a property with up to four units.
(6) Represents the geographic areas of Canada other than Québec and Ontario.

Table 37 – Average loan-to-value (LTV) ratio for uninsured residential mortgages granted during the year
Caisse network in Québec and Caisse Desjardins Ontario Credit Union Inc.[(1)]
For the years ended December 31

(average loan to value ratio, by geographic area)	2024 Uninsured loans[(2)]	2024 Home equity lines of credit and related loans[(3)]	2024 Total uninsured	2023 Uninsured loans[(2)]	2023 Home equity lines of credit and related loans[(3)]	2023 Total uninsured
Québec	**63.5%**	**62.8%**	**63.0%**	62.1%	64.3%	63.8%
Ontario	**64.5**	**62.1**	**63.2**	61.8	62.0	61.9
Other[(4)]	**60.6**	**75.1**	**69.0**	74.0	69.0	70.8
All geographic areas	**63.6%**	**62.8%**	**63.1%**	62.1%	64.2%	63.7%

(1) Caisse Desjardins Ontario Credit Union Inc. is not legally subject to the AMF rules but rather to the FSRA rules.
(2) Conventional term mortgages and amortized consumer loans secured by a property with up to four units.
(3) Home equity lines of credit including related amortized loans and consumer lines of credit secured by a property with up to four units.
(4) Represents the geographic areas of Canada other than Québec and Ontario.

The following table presents Desjardins Group's residential mortgage portfolio by remaining amortization period.

Table 38 – Remaining amortization period for residential mortgages[(1)(2)]
Caisse network in Québec and Caisse Desjardins Ontario Credit Union Inc.[(3)]
As at December 31

(in millions of dollars in gross loans and as a percentage of the total by remaining amortization category)	Total amortized loans 2024		2023	
0 to 10 years	**$ 9,390**	**7.1%**	$ 9,100	7.3%
10 to 20 years	**43,556**	**32.9**	41,132	32.8
20 to 25 years	**68,338**	**51.7**	63,076	50.2
25 to 30 years	**7,150**	**5.4**	5,785	4.6
30 to 35 years	**170**	**0.1**	172	0.1
35 years or more[(4)]	**3,672**	**2.8**	6,250	5.0
All amortization periods	**$ 132,276**	**100.0%**	$ 125,515	100.0%

(1) The caisse network's variable-rate mortgages represented 23.2% as at December 31, 2024 (24.1% as at December 31, 2023).
(2) In accordance with Desjardins Group's internal practices, the remaining amortization period for residential mortgages is limited to 30 years. However, exceeding this 30-year maximum amortization is permitted in certain exceptional situations.
(3) Caisse Desjardins Ontario Credit Union Inc. is not legally subject to the AMF rules but rather to the FSRA rules.
(4) Negative amortization loans are included in the over 35 years category, which reflects the impact of interest rate hikes on the variable-rate mortgage portfolio.

International exposures

As at December 31, 2024, Desjardins Group credit risk exposures outside of Canada and the U.S. represented 1.2% of the total exposures.

Counterparty and issuer risk

Counterparty and issuer risk is a credit risk relative to different types of securities, derivative financial instrument and securities lending transactions.

Desjardins Group is exposed to counterparty and issuer risk due matching transactions of its traditional banking activities, its trading activities and the investment portfolios of its insurance companies. According to its classification, each counterparty or issuer is assigned a risk rating based on internal models or the ratings issued by rating agencies (DBRS, Fitch, Moody's and Standard & Poor's) recognized by the AMF and the OSFI. The Risk Management Executive Division establishes an exposure limit for a counterparty or issuer after measuring its risk rating. Desjardins Group's exposure limits are established on the basis of its risk appetite framework and its Tier 1A capital. These amounts are then allocated to various components based on their needs. Limits may also apply to certain financial instruments, if considered relevant.

A large proportion of Desjardins Group's risk exposure is to the different levels of government in Canada, Québec public and parapublic entities and major Canadian banks. For most of these counterparties and issuers, the credit rating is A- or higher. Apart from its U.S. sovereign debt holdings and its commitments to major international banks, Desjardins Group's exposure to foreign entities is low.

In its derivative financial instrument and securities lending transactions, which include repurchase agreements, reverse repurchase agreements and securities borrowing and lending, Desjardins Group is exposed to counterparty credit risk.

Desjardins Group uses derivative financial instruments primarily for asset and liability management purposes. Derivative financial instruments are contracts whose value is based on an underlying asset, such as interest rates, exchange rates or financial indices. The vast majority of Desjardins Group's derivative financial instruments are traded over the counter with a counterparty and include, in particular, forward exchange contracts, currency swaps, interest rate swaps, credit default swaps, total return swaps, forward rate agreements, and currency, interest rate and stock index options. Other instruments are exchange-traded contracts, consisting mainly of futures and swaps traded through a clearing house. They are standard contracts executed on established stock exchanges or well-capitalized clearing houses for which the counterparty risk is very low.

The credit risk associated with derivative financial instruments traded over the counter refers to the risk that a counterparty will fail to honour its contractual obligations toward Desjardins Group at a time when the fair value of the instrument is positive for Desjardins. This risk normally represents a small fraction of the notional amount. It is quantified using two measurements, namely replacement cost and the credit risk equivalent. Replacement cost refers to the current replacement cost of all contracts with a positive fair value. Credit risk equivalent is equal to the sum of this replacement cost and the potential credit exposure. In addition, Desjardins Group applies a credit valuation adjustment (CVA) when pricing derivative financial instruments to take into account the risk that a counterparty will fail to honour its contractual obligations. This adjustment takes into account observable credit spreads in the market, future exposures estimated from advanced quantitative models that include the effects of master netting agreements, collateral and guarantees swapped. A dedicated Desjardins Group team measures the CVA and develops strategies for hedging associated risks. A committee aims to oversee CVA risks, particularly the market risk limits of the derivative financial instruments portfolio as well as hedging strategies (the optimization of collateral and guarantees and the targeted use of derivatives). An ongoing monitoring process ensures hedging effectiveness is regularly measured, strategies are adjusted, and models and processes are periodically reviewed to adapt to market developments. Desjardins Group limits counterparty risk exposure by entering into master agreements called International Swaps and Derivatives Association (ISDA) agreements, which define the terms and conditions for the transactions. These agreements provide for netting to determine the net exposure in the event of default. In addition, a Credit Support Annex can be added to the master agreement in order to request the counterparties to pay or secure the current market value of the positions when such value exceeds a certain threshold. The value of these different measures and the impact of the master netting agreements is presented in Note 20, "Derivative financial instruments and hedging activities," to the Combined Financial Statements.

Desjardins Group also limits its risk by doing business with counterparties that have a high credit rating. Note 20, "Derivative financial instruments and hedging activities," to the Combined Financial Statements presents derivative financial instruments by credit risk rating and type of counterparty. Based on replacement cost, this note indicates that substantially all of Desjardins Group's counterparties have credit ratings ranging from AAA to A-.

Securities lending transactions are governed by standard industry agreements. To mitigate its credit risk exposure, Desjardins Group also requires a percentage of collateralization (a pledge) on these transactions. Furthermore, some of these transactions are settled through a clearing house.

Desjardins Group accepts from its counterparties only financial collateral that complies with the eligibility criteria set out in its policies. These criteria allow for the timely realization of collateral, if necessary, in the event of default. The types of collateral received and pledged by Desjardins Group are mainly cash and government securities.

Additional information about credit risk is presented in Note 5, "Offsetting financial assets and liabilities," Note 20, "Derivative financial instruments and hedging activities," and Note 28, "Commitments, guarantees and contingent liabilities," to the Combined Financial Statements.

4.2.4 Market risk

Market risk refers to the risk of loss arising from changes in the fair value of financial instruments as a result of fluctuations in the parameters affecting this value, in particular, interest rates, exchange rates, credit spreads, equity prices and their volatility.

Desjardins Group is exposed to market risk through its trading activities, which result primarily from short-term transactions conducted with the intention of profiting from current price movements or to provide arbitrage revenue. Desjardins Group is also exposed to market risk through its non-trading activities, which group together mainly asset/liability management transactions in the course of its traditional banking activities as well as investment portfolios related to its insurance operations. Desjardins Group and its components have adopted policies that set out the principles, limits and procedures to use in managing market risk.

Governance

Desjardins Group's components are primarily structured into different legal entities to deliver products and services that can be distributed to Desjardins Group members and clients. These legal entities manage financial instruments exposed to market risk and are subject to different regulatory environments in the banking, securities brokerage, wealth management, life and health insurance and property and casualty insurance industries. The board of directors of these entities delegate to various committees the responsibility of setting up systems and procedures to establish measures adapted to their operations and regulatory environments. These measures, together with the appropriate follow-up procedures, are added to their respective policies and guidelines. The function of the Risk Management Executive Division is to monitor these measures and ensure compliance with the said policies. The main measures used and their follow-up processes are described in the following pages.

Desjardins Group also has frameworks and processes including guidelines for allocating transactions in trading or banking portfolios. Accordingly, controls exist to ensure that the classification is appropriate and in accordance with the regulations in effect.

Link between market risk and the Combined Balance Sheets

The following table presents the link between the main Combined Balance Sheet data and the positions included in its trading activities and non-trading activities. The principal market risks associated with non-trading activities are also indicated in the table.

Table 39 – Link between market risk and the Combined Balance Sheets
As at December 31, 2024

(in millions of dollars)	Combined Balance Sheets	Exposed to market risk – Trading activities[1][2]	Exposed to market risk – Non-trading activities[3]	Not exposed to market risk	Principal risks associated with non-trading activities
Assets					
Cash and deposits with financial institutions	$ 5,977	$ —	$ 5,977	$ —	Interest rate
Securities					
Securities at fair value through profit or loss	41,961	13,210	28,751	—	Interest rate
Securities at fair value through other comprehensive income	57,302	—	57,302	—	Interest rate, FX, price
Securities at amortized cost	45	—	45	—	Interest rate
Securities borrowed or purchased under reverse repurchase agreements	23,666	20,159	3,507	—	Interest rate
Loans, net of allowance for credit losses	289,597	—	289,597	—	Interest rate
Segregated fund net assets	28,959	—	28,959	—	Interest rate, price
Derivative financial instruments	7,579	983	6,596	—	Interest rate, FX, price
Other assets	15,856	—	—	15,856	
Total assets	$ 470,942	$ 34,352	$ 420,734	$ 15,856	
Liabilities and equity					
Deposits	$ 300,946	$ —	$ 300,946	$ —	Interest rate
Insurance contract liabilities	34,538	—	34,538	—	Interest rate
Commitments related to securities sold short	13,249	12,589	660	—	Interest rate
Commitments related to securities lent or sold under repurchase agreements	20,633	20,459	174	—	Interest rate
Derivative financial instruments	6,112	685	5,427	—	Interest rate, FX, price
Segregated fund net liabilities – Investment contracts	25,329	—	25,329	—	Interest rate, price
Other liabilities	27,483	—	713	26,770	Interest rate
Subordinated notes	3,962	—	3,962	—	Interest rate
Equity	38,690	—	—	38,690	
Total liabilities and equity	$ 470,942	$ 33,733	$ 371,749	$ 65,460	

See next page for footnotes.

Table 39 – Link between market risk and the Combined Balance Sheets (continued)
As at December 31, 2023

(in millions of dollars)	Combined Balance Sheets	Exposed to market risk: Trading activities[(1)(2)]	Exposed to market risk: Non-trading activities[(3)]	Not exposed to market risk	Principal risks associated with non-trading activities
Assets					
Cash and deposits with financial institutions	$ 8,987	$ —	$ 8,987	$ —	Interest rate
Securities					
Securities at fair value through profit or loss	36,627	11,945	24,682	—	Interest rate
Securities at fair value through other comprehensive income	51,692	—	51,692	—	Interest rate, FX, price
Securities at amortized cost	46	—	46	—	Interest rate
Securities borrowed or purchased under reverse repurchase agreements	13,678	11,277	2,401	—	Interest rate
Loans, net of allowance for credit losses	265,935	—	265,935	—	Interest rate
Segregated fund net assets	24,754	—	24,754	—	Interest rate, price
Derivative financial instruments	5,861	726	5,135	—	Interest rate, FX, price
Other assets	15,360	—	—	15,360	
Total assets	$ 422,940	$ 23,948	$ 383,632	$ 15,360	
Liabilities and equity					
Deposits	$ 279,329	$ —	$ 279,329	$ —	Interest rate
Insurance contract liabilities	32,961	—	32,961	—	Interest rate
Commitments related to securities sold short	11,686	11,361	325	—	Interest rate
Commitments related to securities lent or sold under repurchase agreements	12,032	10,726	1,306	—	Interest rate
Derivative financial instruments	6,626	971	5,655	—	Interest rate, FX, price
Segregated fund net liabilities – Investment contracts	21,233	—	21,233	—	Interest rate, price
Other liabilities	21,729	—	867	20,862	Interest rate
Subordinated notes	2,954	—	2,954	—	Interest rate
Equity	34,390	—	—	34,390	
Total liabilities and equity	$ 422,940	$ 23,058	$ 344,630	$ 55,252	

(1) Trading activity positions for which the risk measure is VaR.
(2) The amounts presented under trading activities take intra-group eliminations into account.
(3) Positions mainly related to non-trading banking activities and insurance activities.

Management of market risk related to trading activities - Value at risk

The market risk of trading portfolios is managed on a daily basis under specific frameworks, which specify the risk factors to be measured and the limit for each of these factors as well as the total. Tolerance limits are also provided for various stress tests. Compliance with these limits is monitored daily, and a market risk dashboard is produced on a daily basis and sent to senior management. Any limit that is exceeded is immediately analyzed and appropriate action is taken.

The main tool used to measure this risk is "Value at Risk" (VaR). VaR is an estimate of the potential loss over a certain time interval at a given confidence level. A Monte Carlo VaR is calculated daily on the trading portfolios, using a 99% confidence level and a holding horizon of one day. It is therefore reasonable to expect a loss exceeding the VaR figure once every 100 days. The calculation of VaR is based on historical data for a one-year interval.

The aggregate VaR for Desjardins Group's trading activities by risk category are presented in the table below. Equity price risk, foreign exchange risk and interest rate risk are the three market risk categories to which Desjardins Group is exposed. These risk factors are taken into account in measuring the market risk of the trading portfolio. They are reflected in the VaR table presented below. The definition of a trading portfolio meets the various criteria defined in the *Capital Adequacy Guideline* issued by the AMF.

Table 40 – Market risk measures for the trading portfolio*

(in millions of dollars)	As at December 31, 2024	For the year ended December 31, 2024			As at December 31, 2023	For the year ended December 31, 2023		
		Average	High	Low		Average	High	Low
Equities	**$ 0.3**	**$ 0.3**	**$ 0.4**	**$ 0.1**	$ 0.2	$ 0.4	$ 2.1	$ 0.2
Foreign exchange	**0.4**	**0.6**	**2.4**	**0.1**	0.7	0.5	2.1	0.10
Interest rate	**4.0**	**4.8**	**7.9**	**2.5**	3.2	5.0	8.2	2.8
Diversification effect(1)(2)	**(0.6)**	**(0.9)**	**N/A(3)**	**N/A(3)**	(0.9)	(0.9)	N/A(3)	N/A(3)
Aggregate VaR	**$ 4.1**	**$ 4.8**	**$ 7.8**	**$ 2.5**	$ 3.2	$ 5.0	$ 8.9	$ 2.7

(1) Refers to the risk reduction related to diversification, namely the difference between the sum of the VaR of the various market risks and the aggregate VaR.
(2) The diversification effect has been recalculated for the year ended December 31, 2023.
(3) The highs and lows of the various market risk categories can relate to different dates. It is not relevant to calculate a diversification effect.

The average of the trading portfolio's aggregate VaR was $4.8 million for 2024, relatively stable compared to 2023.

Aggregate VaR is an appropriate measure for a trading portfolio but must be interpreted by taking into account certain limits, in particular the following ones:
- This measure does not allow future losses to be predicted if the actual market fluctuations differ markedly from those used to do the calculations.
- This measure is used to determine the potential losses for a one-day holding period, not the losses on positions that cannot be liquidated or hedged during this one-day period.
- This measure does not provide information on potential losses beyond the selected confidence level of 99%.

Given these limits, the process of monitoring trading activities using VaR is supplemented by stress testing and by establishing limits in this regard.

Back testing

Back testing, which is a comparison of the VaR with the hypothetical and actual profits and losses (P&L) on portfolios, is performed daily to ensure the quality and accuracy of the VaR model.

Stress-testing

Certain events that are considered highly unlikely and that could have a significant impact on trading portfolios may occur from time to time. These events are at the tail-end of the distribution and are the result of extreme situations. Use of a stress-testing program is required to assess the impact of these potential situations.

The stress-testing program used for trading portfolios includes historical, hypothetical and sensitivity scenarios based, for instance, on events such as the COVID-19 pandemic of 2020 or the 2008 financial crisis. Using such stress testing, changes can be monitored in the fair value of positions held depending on various scenarios. Most stress-testing is predictive. For a given stress test, shocks are applied to certain risk factors (such as interest rates, exchange rates or commodities) and the effects of these shocks are passed on to all the risk factors, taking historical correlations into account. The running of each stress test is considered to be independent of the others. In addition, certain stress testing is subject to limit tracking. Stress-testing results are analyzed and reported daily using a dashboard, together with VaR calculations, in order to detect vulnerability to such events. The stress-testing program is reviewed periodically to ensure that it is kept current.

Structural interest rate risk management

Desjardins Group is exposed to structural interest rate risk, which represents the potential impact of interest rate fluctuations on net interest income and the economic value of equity. This risk is the main component of market risk for Desjardins Group's traditional banking activities other than trading, such as accepting deposits and granting loans, as well as for its securities portfolios used for long-term investment purposes and as liquidity reserves.

Interest rate sensitivity is based on the earlier of the repricing or the maturity date of the assets, liabilities and derivative financial instruments used to manage structural interest rate risk. The situation presented reflects the position only on the date indicated and can change significantly in subsequent years depending on the preferences of Desjardins Group members and clients, and the application of policies on structural interest rate risk management.

Some Combined Balance Sheet items are considered non-interest-rate-sensitive instruments, including investments in equities, non-performing loans, non-interest-bearing deposits, non-maturity deposits with an interest rate not referenced to a specific rate (such as the prime rate), and equity. As dictated in its policies, Desjardins Group's management practices are based on prudent assumptions with respect to the maturity profile used in its models to determine the interest rate sensitivity of such instruments.

In addition to the total sensitivity gap, the main structural interest rate risk factors are:
- The trend in interest rate level and volatility.
- The changes in the shape of the interest rate curve.
- Member and client behaviour in their choice of products.
- The financial intermediation margin.
- The optionality of the various financial products offered.

In order to mitigate risk factors, sound and prudent management is applied to optimize net interest income while reducing the negative incidence of interest rate movements. The established policies describe the principles, limits and procedures that apply to structural interest rate risk management. Simulations are used to measure the effect of different variables on changes in net interest income and the economic value of equity. These policies specify the structural interest rate risk factors, the risk measures selected, the risk tolerance levels and the management limits as well as the procedures in the event that limits are exceeded. Structural interest rate risk is assessed at the required frequency according to portfolio volatility (daily, monthly or quarterly).

The assumptions used in the simulations are based on an analysis of historical data and on the effects of various interest rate environments on changes in such data. These assumptions concern changes in the structure of assets and liabilities, including modelling for non-maturity deposits, in member and client behaviour, and in pricing. Desjardins Group's Asset/Liability Committee (ALCO) is responsible for analyzing and approving the global matching strategy on a monthly basis while respecting the parameters defined in structural interest rate risk management policies.

The table below presents the potential impact before income taxes, with regard to structural interest rate risk management associated with banking activities, of a sudden and sustained 100-basis-point increase and decrease in interest rates on net interest income and the economic value of equity for Desjardins Group, assuming the balance sheet is stable and management takes no measures to mitigate risk.

Table 41 – Interest rate sensitivity (before income taxes)[(1)]*
As at December 31

	2024		2023	
(in millions of dollars)	**Net interest income[(2)]**	**Economic value of equity[(3)(4)]**	Net interest income[(2)]	Economic value of equity[(3)(4)]
Impact of a 100-basis-point increase in interest rates	**$ 54**	**$ (1,213)**	$ 73	$ (930)
Impact of a 100-basis-point decrease in interest rates	**(20)**	**1,104**	(77)	862

(1) Interest rate sensitivity related to insurance activities is not reflected in the amounts above. For information on interest rate sensitivity related to insurance activities, refer to Note 16, "Insurance and reinsurance contracts," to the Combined Financial Statements.
(2) Represents the interest rate sensitivity of net interest income for the next 12 months.
(3) Represents the sensitivity of the present value of assets, liabilities and off-balance sheet instruments.
(4) The sensitivity of the economic value of equity was revised in line with the update of the AMF's *Interest Rate Risk Management Guideline*. The revised measure no longer includes an equity maturity assumption. The data as at December 31, 2023 have been restated for comparison purposes.

Foreign exchange risk management

Foreign exchange risk corresponds to the potential loss arising from a change in exchange rates.

Desjardins Group and its components are exposed to foreign exchange risk, particularly with respect to the U.S. dollar and the euro, as a result of their intermediation activities with members and clients, and their financing and investment activities. Desjardins Group frameworks set foreign exchange risk exposure limits, which are monitored by the Risk Management Executive Division and by the insurance components for their respective operations. To ensure that this risk is properly controlled, Desjardins Group and its components also use, among other things, derivative financial instruments such as forward exchange contracts and currency swaps. Desjardins Group's residual exposure to this risk is low because it reduces its foreign exchange risk by using derivative financial instruments.

Price risk management

In its non-trading activities, Desjardins Group is exposed to price risk, related mainly to components that operate in insurance and their investment portfolios. *Price risk is the risk of potential loss resulting from a change in the fair value of assets, such as shares, commodities or real estate properties, but not resulting from a change in interest rates or foreign exchange rates, or in the credit quality of a counterparty.*

Management of price risk related to real estate activities

The insurance components may be exposed to changes in the real estate market through the properties they own, whose fair value may fluctuate. They manage this risk using policies that set out diversification limits such as geographic limits and limits for real estate property categories. Annually, each real estate investment is subject to an independent professional appraisal to determine its fair value in accordance with the standards prescribed by regulatory authorities.

Management of price risk related to stock markets

The insurance components may also be exposed to price risk related to stock markets, particularly through the equity securities and derivative financial instruments they hold as well as the minimum guarantees provided under segregated fund contracts, whose value is affected by market fluctuations. They manage this risk using the different limits set in policies and a hedging program to mitigate the effect of market volatility. For additional information, see Note 16, "Insurance and reinsurance contracts," to the Combined Financial Statements.

4.2.5 Liquidity risk

Liquidity risk refers to Desjardins Group's capacity to raise the necessary funds (by increasing liabilities or converting assets) to meet a financial obligation, whether or not it appears on the Combined Balance Sheets.

Desjardins Group manages liquidity risk in order to ensure that it has timely and cost-effective access to the funds needed to meet its financial obligations as they become due, in both routine and crisis situations. Managing this risk involves maintaining a sufficient level of liquid securities, ensuring stable and diversified sources of funding, monitoring indicators and having a contingency plan in the event of a liquidity crisis.

Liquidity risk management is a key component of the overall risk management strategy. Desjardins Group has established policies describing the principles, limits, risk appetite thresholds as well as the procedures that apply to liquidity risk management. These policies are reviewed on a regular basis to ensure that they are appropriate for the operating environment and prevailing market conditions. They are also updated to reflect regulatory requirements and sound liquidity risk management practices. Given that the insurance companies are subject to specific regulatory requirements, they manage their liquidity risks based on their own needs while following Desjardins Group guidelines. The securities held by these components are not taken into account in the valuation of Desjardins Group's liquidity reserves.

Desjardins Group's Treasury ensures stable and diversified sources of institutional funding by type, source and maturity. It uses a wide range of financial products and borrowing programs on various markets for its funding needs. Through these operations, the funding needs of Desjardins Group components can be satisfied under conditions comparable to those offered on financial markets.

Furthermore, Desjardins Group issues covered bonds and securitizes loans insured by Canada Mortgage and Housing Corporation (CMHC) in the course of its day-to-day operations. Desjardins Group is also eligible for the Bank of Canada's various intervention programs and loan facilities for Emergency Lending Assistance advances.

The implementation of Basel III strengthens international minimum liquidity requirements through the application of a liquidity coverage ratio (LCR), a net stable funding ratio (NSFR) and the use of Net Cumulative Cash Flow (NCCF). Under its liquidity risk management policy, Desjardins Group already produces these ratios, and reports them on a regular basis to the AMF.

Liquidity risk measurement and monitoring

Desjardins Group determines its liquidity needs by reviewing its current operations and evaluating its future forecasts for balance sheet growth and institutional funding conditions. Various analyses are used to determine the actual liquidity levels of assets and the stability of liabilities based on observed behaviours or contractual maturities. Maintaining liquidity reserves of high-quality assets is required to offset potential cash outflows following a disruption in financial markets, or events that would restrict its access to funding or result in a serious run on deposits.

The minimum liquid asset levels to be maintained by Desjardins Group are specifically prescribed by policies. Daily management of these securities and the reserve level to be maintained is centralized at Desjardins Group Treasury and is subject to monitoring by the Risk Management function under the supervision of the Desjardins Group Finance and Risk Management Committee. Securities eligible for liquidity reserves must meet high security and negotiability criteria and provide assurance of their adequacy in the event of a severe liquidity crisis. The securities held are largely Canadian government securities.

In addition to complying with regulatory ratios, a Desjardins-wide stress testing program has been set up. This program incorporates the concepts put forward by the Basel Committee on Banking Supervision (BCBS) in *Basel III: International Framework for Liquidity Risk Measurement, Standards and Monitoring*. The scenarios make it possible to:
- measure the magnitude of potential cash outflows in a crisis situation;
- implement liquidity ratios and levels to be maintained across Desjardins Group;
- assess the potential marginal cost of such events, depending on the type, severity and level of the crisis.

Liquidity risk indicators

The purpose of monitoring liquidity indicators daily is to quickly identify a lack of liquidity, whether potential or real, within Desjardins Group and on financial markets. Warning levels subject to an escalation process are established for each of these indicators. If one or more indicators trigger a warning level, the relevant senior executives are alerted, depending on the nature of the incident. The senior executives would act as plan owners should the contingency plan be put into action.

This plan lists the sources of liquidity available in exceptional situations. In addition, it lays down the decision-making and information process. The aim of the plan is to allow quick and effective intervention in order to minimize disruptions caused by sudden changes in member and client behaviour and potential disruptions in capital markets or economic conditions. Furthermore, in the event of a crisis extensive enough to question Desjardins Group's creditworthiness, a living will has been prepared to enable those responsible to draw on a broader range of liquidity sources to deal with the situation.

Liquid assets

The following tables present a summary of Desjardins Group's liquid assets, which do not include assets held by the insurance subsidiaries because those assets are committed to covering insurance liabilities and not the liquidity needs of Desjardins Group's other components. Liquid assets constitute Desjardins Group's primary liquidity reserve for all its operations. Encumbered liquid assets mainly include liquid assets that are pledged as collateral or cannot be used due to regulatory, legal, operational or other restrictions.

Table 42 – Liquid assets[(1)]
As at December 31, 2024

(in millions of dollars)	Liquid assets held by Desjardins Group	Securities held as collateral – Securities financing and derivative trading	Total liquid assets	Encumbered liquid assets	Unencumbered liquid assets
Cash and deposits with financial institutions	**$ 4,996**	**$ —**	**$ 4,996**	**$ 469**	**$ 4,527**
Securities					
Issued or guaranteed by Canada, provinces and municipal corporations in Canada, school or public corporations in Canada, and foreign public administrations	**56,336**	**24,296**	**80,632**	**32,487**	**48,145**
Other securities in Canada	**6,034**	**1,468**	**7,502**	**2,024**	**5,478**
Issued or guaranteed by foreign issuers	**321**	**7**	**328**	**9**	**319**
Loans					
Insured residential mortgage-backed securities	**17,334**	**—**	**17,334**	**1,691**	**15,643**
Total	**$ 85,021**	**$ 25,771**	**$ 110,792**	**$ 36,680**	**$ 74,112**

As at December 31, 2023

(in millions of dollars)	Liquid assets held by Desjardins Group	Securities held as collateral – Securities financing and derivative trading	Total liquid assets	Encumbered liquid assets	Unencumbered liquid assets
Cash and deposits with financial institutions	$ 6,285	$ —	$ 6,285	$ 458	$ 5,827
Securities					
Issued or guaranteed by Canada, provinces and municipal corporations in Canada, school or public corporations in Canada, and foreign public administrations	50,143	14,216	64,359	22,883	41,476
Other securities in Canada	5,748	790	6,538	1,106	5,432
Issued or guaranteed by foreign issuers	233	1	234	1	233
Loans					
Insured residential mortgage-backed securities	13,022	—	13,022	2,221	10,801
Total	$ 75,431	$ 15,007	$ 90,438	$ 26,669	$ 63,769

(1) Excluding assets held by insurance subsidiaries.

Table 43 – Unencumbered liquid assets by entity[(1)]
As at December 31

(in millions of dollars)	**2024**	2023
Federation	**$ 49,022**	$ 35,264
Caisse network	**22,303**	24,739
Other entities	**2,787**	3,766
Total	**$ 74,112**	$ 63,769

(1) Excluding assets held by insurance subsidiaries. Substantially all unencumbered liquid assets presented in this table are issued in Canadian dollars.

Encumbered assets

In the course of its day-to-day operations, Desjardins Group pledges securities, loans and other assets as collateral, mainly with regard to financing operations, participation in clearing and payments systems and operations related to insurance contract liabilities.

The following table presents, for all assets on the Combined Balance Sheets and securities held as collateral, those that are encumbered as well as those that may be pledged as collateral as part of funding or other transactions.

Table 44 – Encumbered assets
As at December 31, 2024

				Breakdown of total assets			
				Encumbered assets		Unencumbered assets	
(in millions of dollars)	Combined Balance Sheet assets	Securities held as collateral	Total assets	Pledged as collateral	Other[1]	Available as collateral	Other[2]
Cash and deposits with financial institutions	$ 5,977	$ —	$ 5,977	$ 189	$ 469	$ 4,338	$ 981
Securities	99,308	30,024	129,332	41,438	314	50,964	36,616
Securities borrowed or purchased under reverse repurchase agreements	23,666	—	23,666	—	—	—	23,666
Loans, net of allowance for credit losses	289,597	—	289,597	39,159	—	70,727	179,711
Segregated fund net assets	28,959	—	28,959	—	—	—	28,959
Other assets	23,435	—	23,435	—	—	—	23,435
Total	$ 470,942	$ 30,024	$ 500,966	$ 80,786	$ 783	$ 126,029	$ 293,368

As at December 31, 2023

				Breakdown of total assets			
				Encumbered assets		Unencumbered assets	
(in millions of dollars)	Combined Balance Sheet assets	Securities held as collateral	Total assets	Pledged as collateral	Other[1]	Available as collateral	Other[2]
Cash and deposits with financial institutions	$ 8,987	$ —	$ 8,987	$ 186	$ 458	$ 5,641	$ 2,702
Securities	88,365	23,176	111,541	33,188	850	45,262	32,241
Securities borrowed or purchased under reverse repurchase agreements	13,678	—	13,678	—	—	—	13,678
Loans, net of allowance for credit losses	265,935	—	265,935	30,697	—	66,639	168,599
Segregated fund net assets	24,754	—	24,754	—	—	—	24,754
Other assets	21,221	—	21,221	—	—	—	21,221
Total	$ 422,940	$ 23,176	$ 446,116	$ 64,071	$ 1,308	$ 117,542	$ 263,195

(1) Assets that cannot be used for legal or other reasons.
(2) "Other" unencumbered assets include those of the insurance companies as well as other assets that in management's opinion would not be immediately available for collateral or funding purposes in their current form. Some of these other assets could eventually be assigned to the central bank as collateral.

Liquidity coverage ratio

The liquidity coverage ratio (LCR) was developed by the BCBS to promote the short-term resilience of the liquidity risk profile of financial institutions, and incorporated into the *Liquidity Adequacy Guideline* issued by the AMF. The LCR is the ratio of a stock of unencumbered high-quality liquid assets (HQLA) to net cash outflows over the next 30 days in the event of an acute liquidity stress scenario.

Under the AMF's *Liquidity Adequacy Guideline*, HQLA qualifying for the purpose of calculating the LCR consist of assets that can be converted quickly into cash at little or no loss of value on financial markets. For Desjardins Group, such high-quality liquid assets are comprised primarily of cash and highly rated securities issued or guaranteed by various levels of government. This guideline also prescribes weightings for cash inflows and outflows.

The AMF stipulates that this ratio is not to be less than the minimum requirements of 100% in the absence of stressed conditions. This ratio is proactively managed by Desjardins Group's Treasury, and an appropriate level of high-quality liquid assets is maintained for adequate coverage of the theoretical cash outflows associated with the standardized crisis scenario within the Basel III framework. Desjardins Group's main sources of theoretical cash outflows are a potential serious run on member and client deposits and a sudden drying-up of the short-term institutional funding sources used on a day-to-day basis by Desjardins Group.

The table below presents quantitative information regarding the LCR, based on the template recommended in the AMF's *Liquidity Adequacy Guideline* for disclosure requirements.

Table 45 – Liquidity coverage ratio[(1)]

	For the quarter ended December 31, 2024		For the quarter ended September 30, 2024
(in millions of dollars and as a percentage)	Total non-weighted value[(2)] (average[(3)])	Total weighted value[(4)] (average[(3)])	Total weighted value[(4)] (average[(3)])
High-quality liquid assets			
Total high-quality liquid assets	**N/A**	**$ 58,052**	$ 57,802
Cash outflows			
Retail deposits and small business deposits, including:	**$ 100,781**	**7,870**	7,699
Stable deposits	**49,258**	**1,478**	1,462
Less stable deposits	**51,523**	**6,392**	6,237
Unsecured wholesale funding, including:	**43,249**	**19,999**	20,805
Operational deposits (all counterparties) and deposits in cooperative bank networks	**15,990**	**3,869**	3,999
Non-operational deposits (all counterparties)	**18,648**	**7,519**	7,394
Unsecured debt	**8,611**	**8,611**	9,412
Secured wholesale funding	**N/A**	**182**	211
Additional requirements, including:	**28,545**	**5,142**	4,707
Outflows related to exposures on derivatives and other collateral required	**1,280**	**1,275**	1,285
Outflows related to funding loss on debt products	**526**	**526**	129
Credit and liquidity facilities	**26,739**	**3,341**	3,293
Other contractual funding liabilities	**3,075**	**1,602**	1,239
Other contingent funding liabilities	**94,826**	**2,670**	2,661
Total cash outflows	**N/A**	**$ 37,465**	$ 37,322
Cash inflows			
Secured loans (e.g. reverse repurchase agreements)	**$ 17,542**	**$ 810**	$ 777
Inflows related to completely effective exposures	**2,946**	**1,473**	1,769
Other cash inflows	**20**	**20**	16
Total cash inflows	**$ 20,508**	**$ 2,303**	$ 2,562
		Total adjusted value[(5)]	Total adjusted value[(5)]
Total high-quality liquid assets		**$ 58,052**	$ 57,802
Total net cash outflows		**35,162**	34,760
Liquidity coverage ratio		**165%**	166%

(1) Excluding the insurance subsidiaries.
(2) The non-weighted values of cash inflows and outflows represent unpaid balances either maturing or falling due and payable within 30 days.
(3) The ratio is presented based on the average daily data for the quarter.
(4) Weighted values are calculated after the "haircuts" prescribed for high quality liquid assets and the rates prescribed for cash inflows and outflows have been applied.
(5) The total adjusted value takes into account, if applicable, the caps prescribed by the AMF for high-quality liquid assets and cash inflows.

Desjardins Group disclosed an average LCR of 165% for the quarter ended December 31, 2024, down slightly from the previous quarter. The LCR remained substantially above regulatory requirements. For the quarter ended December 31, 2024, high-quality liquid assets averaged approximately $58.1 billion ($57.8 billion as at September 30, 2024) of which 95% (95% as at September 30, 2024) was composed of Level 1 assets under Basel III criteria. These include, in particular, coins and banknotes, deposits with central banks, and securities issued or secured by sovereign issuers.

Net stable funding ratio

The net stable funding ratio (NSFR) was developed by the BCBS to promote the medium- and long-term resilience of the liquidity risk profile of financial institutions, and was incorporated into the AMF's *Liquidity Adequacy Guideline*. The NSFR requires financial institutions to maintain a stable funding and capitalization profile in relation to the composition of their assets and off-balance sheet activities. The NSFR limits overreliance on short-term wholesale funding, encourages better assessment of funding risk for all on- and off-balance sheet items, and promotes funding stability.

This ratio presents the amount of available stable funding (ASF) relative to the amount of required stable funding (RSF). The amount of ASF designates the portion of capital and liabilities considered stable over a one-year horizon. Liabilities with the longest contractual maturities are the most significant contributors to the increase in the ratio. The ASF is composed mainly of capital, retail and business deposits, as well as wholesale funding liabilities. The amount of RSF is measured based on the broad characteristics of the liquidity risk profile of assets and off-balance sheet exposures. The RSF is composed mainly of mortgages, other institutional loans and, to a lesser extent, other assets and off-balance-sheet items. The amounts of ASF and RSF are weighted to reflect the degree of stability of liabilities and the liquidity of assets. According to the AMF's *Liquidity Adequacy Guideline*, this ratio should be equal to at least 100% on an on-going basis.

The table below presents quantitative information regarding the NSFR, based on the template recommended in the AMF's *Liquidity Adequacy Guideline* for disclosure requirements.

Table 46 – Net Stable Funding Ratio[1]

	As at December 31, 2024					As at September 30, 2024
	Unweighted value by residual maturity					
(in millions of dollars and as a percentage)	No maturity	< 6 months	6 months to < 1 year	≥ 1 year	Weighted value	Weighted value
Available Stable Funding (ASF) item						
Capital	$ 37,589	$ —	$ —	$ 3,000	$ 40,589	$ 40,426
Regulatory capital	37,589	—	—	3,000	40,589	40,426
Other capital instruments	—	—	—	—	—	—
Retail deposits and deposits from small business customers	81,764	46,547	28,054	37,337	179,815	176,045
Stable deposits	46,586	7,390	6,145	11,353	68,469	66,833
Less stable deposits	35,178	39,157	21,909	25,984	111,346	109,212
Wholesale funding	26,605	51,060	5,262	26,187	46,078	46,614
Operational deposits	13,841	—	—	—	6,920	7,566
Other wholesale funding	12,764	51,060	5,262	26,187	39,158	39,048
Liabilities with matching interdependent assets	—	896	859	15,070	—	—
Other liabilities[2]	29,748			18,251	—	—
NSFR derivative liabilities[2]	N/A			4,395	N/A	N/A
All other liabilities and equity not included in the above categories	29,748	13,856	—	—	—	—
Total ASF	N/A	N/A	N/A	N/A	$ 266,482	$ 263,085
Required Stable Funding (RSF) item						
Total NSFR high-quality liquid assets (HQLA)	N/A	N/A	N/A	N/A	$ 709	$ 612
Deposits held by other financial institutions for operational purposes	$ —	$ —	$ —	$ —	—	—
Performing loans and securities	20,701	68,645	30,977	179,599	187,584	184,566
Performing loans to financial institutions secured by Level 1 HQLA	—	23,459	—	—	1,173	1,263
Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	—	2,819	—	1,120	1,402	1,424
Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and public sector entities (PSEs), of which:	14,353	29,567	11,570	75,393	94,242	91,672
Loans with a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk	—	8,306	6,762	13,058	8,488	8,426
Performing residential mortgages, of which:	6,340	12,011	17,834	100,708	87,558	86,727
Loans with a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk	6,340	12,011	17,834	100,708	87,558	86,727
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	8	789	1,573	2,378	3,209	3,480
Assets with matching interdependent liabilities	—	896	859	15,070	—	—
Other assets[2]	—			28,030	14,899	16,772
Physical traded commodities, including gold	—	N/A	N/A	N/A	—	—
Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties[2]	N/A			455	387	344
NSFR derivative assets[2]	N/A			7,509	292	293
NSFR derivative liabilities before deduction of variation margin posted[2]	N/A			5,846	—	—
All other assets not included in the above categories	—	—	—	14,220	14,220	16,135
Off-balance sheet items[2]	N/A			122,028	3,277	3,173
Total RSF	N/A	N/A	N/A	N/A	$ 206,469	$ 205,123
Net Stable Funding Ratio	N/A	N/A	N/A	N/A	129%	128%

(1) Excluding the insurance subsidiaries.

(2) The amounts in these lines include the categories of residual maturities of less than 6 months, 6 months to less than 1 year and 1 year or more.

For the quarter ended December 31, 2024, the NSFR was 129%, compared to 128% as at September 30, 2024. This increase resulted from a more favourable quarterly change in ratio for deposits than for loans.

Sources of funding

Core funding, which includes capital, long-term liabilities and a diversified deposit portfolio, is the foundation upon which Desjardins Group's liquidity position depends. The solid base of deposits from individuals combined with wholesale funding, diversified in terms of both the programs used as well as the staggering of contractual maturities, allows Desjardins Group to maintain high regulatory liquidity ratios while ensuring their stability. For more information on contractual maturities, see the table "Contractual maturities of on-balance sheet items and off-balance sheet commitments" in Note 29, "Financial instrument risk management," to the Combined Financial Statements. Total deposits, including wholesale funding, presented on the Combined Balance Sheets amounted to $300.9 billion as at December 31, 2024, up $21.6 billion since December 31, 2023. Additional information on deposits is presented in Section 3.1, "Balance sheet management," of this MD&A.

Funding programs and strategies

As Desjardins Group's treasurer, the Federation meets the needs of the organization's members and clients. Its first priority is to implement appropriate strategies to identify, measure and manage risks, and these strategies are regulated by policies. In 2024, the Federation maintained a liquidity level sufficient to meet Desjardins Group's needs through its strict treasury policy, solid institutional funding and sustained growth in member and client savings during the year. Short-term wholesale funding is used to finance very liquid assets while long-term wholesale funding is mainly used to finance less liquid assets and to support reserves of liquid assets.

In order to secure long-term funding at the lowest cost on the market, the Federation maintains an active presence in the federally-guaranteed mortgage loan securitization market under the *National Housing Act* (NHA) Mortgage-Backed Securities Program. In addition, to ensure stable funding, it diversifies its sources from institutional markets. It therefore resorts to the capital markets when conditions are favourable, and makes public and private issues of term notes on Canadian, U.S. and international markets, as required.

The main programs currently used by the Federation are as follows:

Table 47 – Main funding programs
As at December 31, 2024

	Maximum authorized amount
Medium-term notes (Canadian)(1)	**$13 billion**
Covered bonds (multi-currency)(1)(2)	**$26 billion**
Short-term notes (multi-currency)	**€5 billion**
Short-term notes (U.S.)	**US$20 billion**
Medium-term and subordinated notes (multi-currency)(1)	**€13 billion**
NVCC subordinated notes (Canadian)(1)	**$7 billion**
Medium-term notes (Australian)(1)	**A$3 billion**

(1) Sustainable bonds may be issued under these funding programs in compliance with the Desjardins Sustainable Bond Framework.
(2) The maximum authorized amount remains subject to the prudential limit set by the AMF.

The following table presents the remaining terms to maturity of wholesale funding.

Table 48 – Remaining contractual term to maturity of wholesale funding
As at December 31

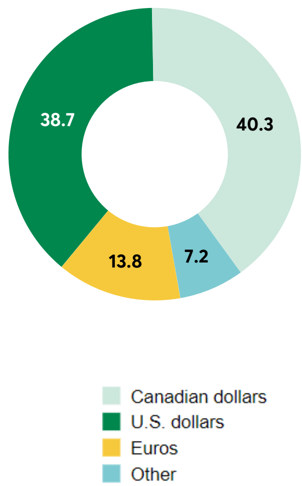
	2024								2023(1)
(in millions of dollars)	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Total – Less than 1 year	1 to 2 years	Over 2 years	Total	Total
Bearer discount notes	**$ 1,945**	**$ 731**	**$ 1**	**$ 1**	**$ 2,678**	**$ —**	**$ —**	**$ 2,678**	$ 2,994
Commercial paper	**11,705**	**2,585**	**1,512**	**140**	**15,942**	**—**	**—**	**15,942**	17,038
Medium-term notes	**863**	**1,438**	**—**	**2,062**	**4,363**	**2,974**	**8,633**	**15,970**	13,662
Mortgage loan securitization	**—**	**452**	**443**	**859**	**1,754**	**1,527**	**13,441**	**16,722**	13,872
Covered bonds	**—**	**—**	**—**	**2,183**	**2,183**	**3,838**	**9,409**	**15,430**	12,922
Subordinated notes	**—**	**—**	**—**	**—**	**—**	**—**	**3,962**	**3,962**	2,954
Total	**$ 14,513**	**$ 5,206**	**$ 1,956**	**$ 5,245**	**$ 26,920**	**$ 8,339**	**$ 35,445**	**$ 70,704**	$ 63,442
Including:									
Secured	**$ —**	**$ 452**	**$ 443**	**$ 3,042**	**$ 3,937**	**$ 5,365**	**$ 22,850**	**$ 32,152**	$ 26,794
Unsecured	**14,513**	**4,754**	**1,513**	**2,203**	**22,983**	**2,974**	**12,595**	**38,552**	36,648

(1) Data have been restated to conform with the current year's presentation.

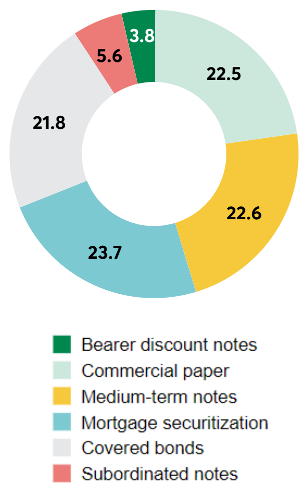
Desjardins Group's total wholesale funding presented in the table above was carried out by the Federation. Total wholesale funding rose by $7.3 billion compared to December 31, 2023, resulting primarily from increases in mortgage loan securitization and the issuance of covered bonds and medium-term notes. Desjardins Group does not foresee any event, commitment or requirement that could have a major impact on its ability to raise funds through wholesale funding or its members' deposits.

In addition, Desjardins Group diversifies its funding sources in order to limit its reliance on a single currency. The "Wholesale funding by currency" table presents a breakdown of borrowings on markets and subordinated notes by currency. These funds are obtained primarily through short- and medium-term notes, mortgage loan securitization, covered bonds and subordinated notes.

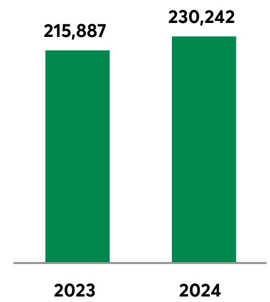
Wholesale funding by currency
As at December 31, 2024
(as a percentage)



Wholesale funding by category
As at December 31, 2024
(as a percentage)



Member deposits
As at December 31, 2024
(in millions of dollars)



Moreover, the Federation participated in new issues under the NHA Mortgage-Backed Securities Program for a total amount of $4.9 billion in 2024. During the same period and at the beginning of 2025, the Federation also made the following issues:

- On January 17, 2024, an issue totalling €1.0 billion, subject to the bail-in regime, under its multi-currency medium-term note program.
- On January 26, 2024, an issue totalling US$1.0 billion, subject to the bail-in regime, under its multi-currency medium-term note program.
- On April 12, 2024, an issue totalling £750 million under its legislative covered bond program.
- On April 18, 2024, an issue totalling 440 million Swiss francs under its legislative covered bond program.
- On May 15, 2024, an issue totalling C$1.0 billion in notes eligible as Non-Viability Contingent Capital under its Canadian NVCC subordinated notes program.
- On May 30, 2024, an issue totalling €1.0 billion under its legislative covered bond program.
- On September 5, 2024, an issue totalling €500 million, subject to the bail-in regime, under its multi-currency medium-term note program and in compliance with the Desjardins Sustainable Bond Framework.
- On September 11, 2024, an issue totalling 230 million Swiss francs, subject to the bail-in regime, under its multi-currency medium-term note program.
- On September 24, 2024, an issue totalling C$1,250 million, subject to the bail-in regime, under its Canadian medium-term note program.
- On December 2, 2024, an issue totalling 800 million Australian dollars under its legislative covered bond program.
- On January 14, 2025, an issue totalling €750 million, subject to the bail-in regime, under its multi-currency medium-term note program.
- On January 15, 2025, an issue totalling £600 million under its legislative covered bond program.
- On January 24, 2025, an issue totalling C$1,250 million in notes eligible as NVCC under its Canadian NVCC subordinated notes program.
- On January 27, 2025, an issue totalling US$600 million subject to the bail-in regime, under its multi-currency medium-term note program.
- On January 29, 2025, an issue totalling 175 million Swiss francs under its legislative covered bond program.

Outstanding notes issued under the Federation's medium-term funding programs amounted to $48.1 billion as at December 31, 2024, compared to $40.5 billion as at December 31, 2023. The outstanding notes for these issues are presented under "Deposits – Business and government" on the Combined Balance Sheets.

Overall, these transactions made it possible to adequately meet the liquidity needs of Desjardins Group, to better diversify its sources of funding and to further extend the average term.

Credit ratings of securities issued and outstanding

Desjardins Group's credit ratings affect its ability to access sources of funding on capital markets, as well as the conditions of such funding. They are also a factor considered in certain Desjardins Group transactions involving counterparties.

Rating agencies assign credit ratings and related ratings outlooks based on their own proprietary methodology, which includes a number of analytical criteria, including factors that are not under Desjardins Group's control. The rating agencies evaluate Desjardins Group on a combined basis and recognize its capitalization, its consistent financial performance, its significant market shares in Québec and the quality of its assets. Consequently, the credit ratings of the Federation, a reporting issuer, are backed by Desjardins Group's financial strength.

The Federation has first-class credit ratings that are among the best of the major Canadian and international banking institutions.

Highlighted decisions by rating agencies concerning Desjardins Group's instruments:
- On March 28, 2024, Moody's maintained the ratings of the instruments issued by the Federation and their outlook as "stable."
- On June 14, 2024, Fitch maintained the ratings of the instruments issued by the Federation and their outlook as "stable."
- On July 12, 2024, DBRS maintained the ratings of the instruments issued by the Federation and their outlook as "stable."
- On November 28, 2024, Standard & Poor's maintained the ratings of the instruments issued by the Federation and their outlook as "stable."

These rating decisions reflect Desjardins Group's strength in Québec, where it has leading market shares in multiple industries.

The following table shows the different credit ratings assigned to the Federation's financial instruments.

Table 49 – Credit ratings of securities issued and outstanding

	DBRS	FITCH	MOODY'S	STANDARD & POOR'S
Fédération des caisses Desjardins du Québec				
Counterparty/Deposits[(1)]	**AA**	**AA**	**Aa1**	**A+**
Short-term debt	**R-1 (high)**	**F1+**	**P-1**	**A-1**
Medium- and long-term debt, senior excluded from bail-in regime[(2)]	**AA**	**AA**	**Aa2**	**A+**
Medium- and long-term debt, senior[(3)]	**AA (low)**	**AA-**	**A1**	**A-**
NVCC subordinated notes	**A (low)**	**A**	**A2**	**BBB+**
Covered bonds	**—**	**AAA**	**Aaa**	**—**
Outlook	**Stable**	**Stable**	**Stable**	**Stable**

(1) Represents Moody's long-term deposit rating and counterparty risk rating, S&P's issuer credit rating, DBRS's long-term deposit rating, and Fitch's long-term issuer default rating, long-term deposit rating and derivative counterparty rating.
(2) Includes issuable senior medium- and long-term debt that would be excluded from the bail-in regime applicable to Desjardins Group.
(3) Includes issued senior medium- and long-term debt that qualifies for the bail-in regime applicable to Desjardins Group.

Desjardins Group regularly monitors the additional level of obligations that its counterparties would require in the event of a credit rating downgrade for the Federation. This monitoring enables Desjardins Group to assess the impact of such a downgrade on its funding capabilities and its ability to perform transactions in the normal course of its operations as well as ensure that it has the additional liquid assets and collateral to meet its obligations. Currently, Desjardins Group is not obliged to provide additional collateral in the event of its credit rating being lowered three notches by one or more credit rating agencies.

4.2.6 Operational risk

Operational risk is the risk of inadequacy or failure attributable to processes, people, internal systems or external events and resulting in losses or failure to achieve objectives, and takes into consideration the impact of failures to achieve the strategic objectives of the component concerned or Desjardins Group, if applicable.

Operational risk is inherent to all of Desjardins Group's activities, including management and control practices in other risk areas (credit, market, liquidity, etc.) as well as activities carried out by a third party. This risk may, in particular, lead to losses or the non-achievement of objectives, mainly resulting from theft, fraud, damage to tangible assets, non-compliance with legislation or regulations, systems failures, unauthorized access to computer systems, cyber threats, or problems or errors in process management. To maintain this risk at an acceptable level, an operational risk management framework has been developed and deployed throughout the organization. The framework includes the usual practices for sound management of operations and is based on the three lines of defence model, clearly defining the roles and responsibilities in risk and operations management.

On May 1, 2024, the revised Guideline B-10, *Third-Party Risk Management*, became effective. This prudential guideline applies to federally regulated financial institutions governed by OSFI, including certain Desjardins Group entities. This guideline implements mechanisms to effectively manage the risks associated with any agreement with a third party throughout the business relationship life cycle. The Desjardins Group third-party risk management frameworks meet the principles and expectations reflected in the new version of the guideline.

On August 22, 2024, OSFI issued the final version of Guideline E-21, *Operational Risk Management and Resilience*, which describes OSFI's expectations regarding the effective governance of operational risk and resilience management. The Guideline applies to federally-regulated financial institutions as well as to certain Desjardins Group entities. The Guideline's expectations will be gradually phased in at Desjardins Group, which should result in full adherence by September 1, 2026, the deadline by which OSFI expects entities to be fully compliant.

Operational Risk Management Framework

The purpose of the Operational Risk Management Framework is to identify, measure, mitigate and monitor operational risk as well as make interventions and disclosures for operational risk in accordance with operational risk appetite and the frameworks adopted by the Board of Directors. It is supported by guidelines setting out operational risk management foundations. At the same time, the Operational Risk Management Framework connects with the other areas of risk.

The Framework is constantly reviewed to ensure its adequacy and relevance based on development in industry practices or new regulations.

Governance

Operational risk management governance emphasizes accountability and effective risk oversight. Operational risk is governed by frameworks, which are reviewed periodically to ensure consistency with the Integrated Risk Management Framework approved by the Board of Directors.

Reporting is done on a regular basis to the committees that provide risk management oversight so that their members can assess Desjardins Group's operational risk exposure.

In addition, the primary mandate of the Desjardins Group Operational Risk Committee is to monitor the various categories of operational and regulatory risks to which Desjardins Group is exposed. It is composed of the owners of the operational and regulatory risk categories. Its governance is described in the Risk Management Governance Framework, addressed in Section 4.2.1, "Integrated Risk Management Framework," of this report.

Information technology and security risk

An information technology (IT) risk refers to the risk related to the inability to maintain in a management/perform or to modernize infrastructure, applications or technology data bases. A security risk is the risk of theft, loss, leak or disclosure of confidential information/data, such as loss of confidentiality, through an intentional or unintentional act, such as an insider threat, error, negligence or omission, including cyber-attacks.

Technology is a crucial element in the development, maintenance and resilience of Desjardins Group's operations. A failure or disruption of IT systems may have a serious impact on its members and clients, as well as on its operations. These two risks are at the very core of risk management activities. Modernization programs to ensure that disruptions to its critical assets and environments are prevented or contained and that preventive and reactive security controls are added to address internal and external threats make up our core and ongoing activities. In order to effectively monitor these risks, scenario analysis, analysis of major changes and monitoring of operational events are examples of activities allowing the identification of these risks and their management within the organization. Governance that follows industry sound practices is implemented to monitor and contain these risks at set acceptable tolerance levels. The Desjardins Group Security Office protects members and clients, their assets and their personal information.

Third party risk

A third party risk refers to the risk of loss and/or incidents as a result of the business relationship with a third party, the terms of governance and monitoring of the business relationship, as well as the performance of the service entrusted to an (external or internal) third party. A third party is an entity with which one or more Desjardins Group entities collaborate in the performance of a duty, activity or process. This includes suppliers of goods and services of all kinds and their subcontractors, business and strategic partners, and internal (intra-group) service providers.

Through its operational risk management program, Desjardins Group monitors its third parties with proactive mechanisms to ensure efficient management of third party risks and to comply with changing regulatory requirements. In addition, each major acquisition is subject to enhanced governance to continuously ensure that its performance is aligned with the needs of the organization.

Business continuity risk

Business continuity risk refers to the risk of business disruption caused by the unavailability of operational resources and means including information and communication systems and technologies, buildings, human resources and suppliers.

Business impact assessments can identify the organization's priority activities, based on an assessment of interruption events, considering operational, reputation, regulatory and financial aspects. Owing to the changing nature of any organization and the implied impact on its level of preparation, updates are required annually, or whenever there is a significant change, by adding change management and continuous improvement principles. The business continuity approach ensures that continuity solutions are identified, implemented and approved by business sector vice-presidents to maintain acceptable service levels for members and clients. Exercises are planned at regular intervals to check, on the one hand, the appropriateness and performance of the identified solutions, on the other hand, that optimal personnel are prepared.

Model risk

Model risk is a potential negative consequence of making a business decision based on the outputs of a poorly designed, used or managed model. This risk may arise, among others, from incorrect assumptions or inappropriate methodological choices, improper data, inappropriate deployment, incorrect use or insufficient maintenance.

A model is a method used to produce, based on assumptions and using inputs, a forecast, a classification or a proxy for unavailable information with an inherent uncertainty.

In order to ensure sound model risk management, Desjardins Group has a model risk management framework that covers all the models used in its operations. This framework includes model risk management practices required to meet the requirements of *Guideline E-23, Enterprise-Wide Model Risk Management for Deposit-Taking Institutions*. This framework also sets out the roles and responsibilities of model life cycle activity stakeholders such as design, performance monitoring and validation.

The validation group, which is independent from the units responsible for developing models and the units that use them, is in charge of carrying out validation work. This work consists of a series of points to be validated for evaluating the model on design methodology, including assumptions, reliability and data quality. This work also includes reviewing model implementation as well as assessing compliance with applicable regulatory requirements.

Data risk

Data risk is related to the quality and knowledge of the data used at Desjardins Group that affects strategic and business decision-making, the data life cycle and compliance with regulatory requirements.

As part of its program to improve operational control, Desjardins Group has adopted a data governance structure, supported by frameworks to ensure proper management and supervision. It is gradually integrating the necessary data risk management tools into the structure in both current processes and new activities. A monitoring framework is also being deployed as a second line of defence to objectively review front-line data risk assessments. The organization's growing data risk management maturity is accompanied by implementing controls to help strengthen data risk mitigation.

Approaches to identifying, measuring and monitoring operational risk

With respect to the operational risk management framework, the following table illustrates the tools and methods used to identify, measure and monitor operational risk.

	Description
Risk and control identification and measurement	A standard inventory of operational risks to which Desjardins Group is exposed has been prepared and is used as the basis for determining the most significant operational risks and evaluating the effectiveness of the mitigation measures in place to reduce them. The risk and control assessments, carried out on a periodic basis, can be related to projects, products, systems, processes and activities, as well as to strategic initiatives and important new products. Consideration of various internal and external factors (losses, audit findings, etc.) is an integral part of these assessments. When the results indicate operational risk exposures that exceed the established appetite level, action plans are prepared to reduce exposure to the risk appetite limit.
Collection and analysis of internal events	Operational risk event data and loss data is collected to list and quantify events in accordance with predetermined thresholds. Operational risk events are indexed in a database. Through analysis, causes are better understood, trends are determined, and corrective measures are taken when necessary. Contingent liabilities, including the impact of litigation, are presented in Note 28, "Commitments, guarantees and contingent liabilities," to the Combined Financial Statements.
Risk indicators	To monitor their risk profile and track developments in it, business sectors monitor the risk indicators in the risk appetite framework allowing them to act proactively to changes in exposure levels to the most significant risks.
Risk disclosure	The nature and levels of operational risk are frequently disclosed to senior management as well as the various committees overseeing risk management. This promotes an effective management of operational risk that enables taking action quickly when required and establish the various priorities based on the significance of the risks involved.
Mitigation measures	Desjardins Group has a structure to ensure sound management of operational risks by overseeing the design and applying robust controls that contribute to risk mitigation. Once risks have been identified and assessed, Desjardins Group ensures they are maintained at an acceptable level, based on risk appetite, to promote achieving its goals and must continuously ensure the effectiveness of the various existing internal control mechanisms. Accordingly, in the event that established tolerance thresholds are exceeded, action plans are put in place to ensure that risk-taking is always consistent with Desjardins Group's risk appetite framework and goals.
Scenario analysis	Scenario analysis consists of assessing events that could lead to a major operational risk, but have little likelihood of occurring, such as an earthquake. The analysis makes it possible to identify vulnerabilities to such risks within the organization in order to apply the required mitigation measures.
Risk-sharing and insurance programs	Desjardins Group has developed insurance programs to give itself additional protection against material operational losses. These programs offer protection based on the business segment's needs, the institution's risk tolerance, as well as emerging risks on the market.
Calculation of capital exposed to operational risk	Since April 1, 2023, regulatory capital has been calculated under the new simplified Standardized Approach. In response to these changes, capital requirement calculations have been updated in accordance with the AMF's *Capital Adequacy Guideline*. The new approach involves an adjusted gross income component, derived from Desjardins Group's financial statements. Lastly, this component is combined with a multiplier to obtain capital requirements for operational risk purposes.

4.2.7 Insurance risk

Desjardins Group is exposed to insurance risk in the course of its life and health and property and casualty insurance operations.

Life and health insurance risk refers to the risk that the amount and timing of benefits and expenses payable on life insurance, health insurance or annuity contract products differ from those expected.

Life and health insurance risk is composed of the following elements:
- Mortality risk: Financial consequence resulting from amounts payable on life insurance products that differ from the projections, due to mortality.
- Longevity risk: Financial consequence resulting from amounts payable on annuity contracts that differ from the projections, due to the survival of annuitants.
- Morbidity/disability risk: Financial consequence resulting from amounts payable on health insurance products that differ from the projections, due to the state of health of insureds.
- Policyholder behaviour risk: Financial consequence resulting from life or health policyholder or annuitant behaviour in keeping a policy or contract in force or exercising any clauses specified in policies or contracts.
- Expense risk: Financial consequence resulting from the administrative expenses incurred to service life or health insurance products or annuity contracts that differ from the projections.

Property and casualty insurance risk is the risk that benefits and related expenses will differ from the amounts estimated when designing, pricing or measuring actuarial reserves of property and casualty insurance products for individuals and businesses.

Property and casualty insurance risk is composed of the following elements:
- Underwriting risk: Potential loss resulting from frequency, severity or related expenses (excluding catastrophes) greater than estimated during the design and pricing of insurance policies as well as the mismatch between the underwriting, contractual conditions and designed pricing. For example: fire, theft, water damage, vandalism, covered by the insurance products offered, excluding catastrophes, which mainly cover physical damage to property, bodily injury as well as liability of insureds, such as civil and legal liability, etc.
- Catastrophe risk: Potential loss resulting from the frequency or severity of catastrophes and related expenses being higher than estimated during the design and pricing of insurance policies.
- Reserve risk: Potential loss resulting from inadequate insurance claim provisions and in the estimation of the actuarial reserves of property and casualty insurance products.
- Reinsurance risk: Potential loss resulting from reinsurance undercoverage resulting in an unexpected increase in claims payable by the company.

Identifying, assessing and mitigating the risks associated with new insurance products and changes made to existing ones are part of a thorough product approval process. All risks at the insurance subsidiaries, including insurance risk, are managed in accordance with their Integrated Risk Management Policy, in line with Desjardins Group's Integrated Risk Management Framework. The process of logging risks under this policy makes it possible to identify all risks likely to affect the subsidiary concerned that should be the subject of governance and a framework, as well as to maintain a register of all such risks and assess them using the appropriate method.

The subsidiaries are responsible for the risk they generate, including insurance risk. Each one has its own specific governance structure. Insurance risk is governed by several policies that clearly set out the roles and responsibilities of the different parties concerned so that they can comply with the various regulatory guidelines. The subsidiaries also have a robust infrastructure that includes the appropriate tools for ensuring the availability, integrity, completeness and aggregation of all the data necessary for sound insurance risk management.

Insurance risk arises from potential errors in projections concerning the many factors used to set premiums, including future returns on investments, underwriting experience in terms of loss experience, mortality and morbidity, and administrative expenses. These projections are essentially based on actuarial assumptions that must be consistent with the standards of practice in effect in Canada. The insurance subsidiaries also adopt strict pricing standards and policies and perform spot checks to compare their projections with actual results. Insurance product design and pricing are reviewed on a regular basis. Some product pricing may be adjusted depending on the accuracy of projections.

In addition, the subsidiaries limit their losses through reinsurance treaties that vary based on the nature of the operations. The property and casualty insurance subsidiaries also have additional protection with respect to large-scale catastrophic events.

To reduce reinsurance risk, the insurance subsidiaries do business with many reinsurers that meet financial strength criteria, most of which are governed by the same regulatory authorities as the subsidiaries. Such reinsurance treaties do not release the subsidiaries from their obligations toward their policyholders but do mitigate the risks to which they are exposed.

The subsidiaries comply with the standards for sound management practices established by the regulatory bodies that govern them and test their financial soundness using unfavourable scenarios and measure the effect of such scenarios on their capitalization ratio. These tests include stress testing, including the standardized acute stress scenarios required from time to time by regulators, as well as an examination of financial soundness. Test results showed that capital was adequate in each case.

Each insurance sector subsidiary provides independent reports and assessments of its exposure to different risks to its Board of Directors as well as to the appropriate levels at Desjardins Group. They report in particular on changes in material risks and the effectiveness of the procedures in place to mitigate them, the results of risk analyses, and the main assumptions and findings from the stress testing.

The activities specific to the insurance subsidiaries expose them, in addition to insurance risk, to other types of risk, notably the risks identified in Note 16, "Insurance and reinsurance contracts," to the Combined Financial Statements, as well as other risk factors identified in Section 4.1, "Risk factors that could impact future results."

4.2.8 Strategic risk

Strategic risk refers to the risk of loss attributable to the occurrence of external and internal events or the implementation of inappropriate strategies or actions that may prevent Desjardins Group from achieving its strategic priorities including the interests of its members and clients.

This risk forms an integral part of Desjardins Group's Integrated Risk Management Framework and is the subject of the Strategic Risk Management Policy. It is first up to senior management and the Board of Directors to address, define and monitor developments in the strategic policy directions of Desjardins Group according to its risk appetite and the consultation processes specific to Desjardins. Events that could compromise the achievement of Desjardins Group's strategic objectives are systematically and periodically monitored. To this end, Desjardins Group has implemented a rigorous process to update its strategic plan each year to factor in market developments, in particular major industry trends, as well as the geopolitical landscape.

Business segments and support functions identify and periodically assess events and risks that could prevent the achievement of strategic objectives, and report thereon to the appropriate bodies. In addition, strategic positions, business acquisitions, new products and services, projects financed by the investment plan, major initiatives and transactions are subject to a risk analysis, including an objective review by the second lines of defence, before being implemented.

4.2.9 Reputation risk

Reputation risk refers to the risk that a negative perception by the stakeholders, whether or not justified, of Desjardins Group's practices, actions or lack of action could have a material unfavourable impact on revenues and equity or may significantly affect the confidence of its members and clients or, more broadly, public opinion.

A reputation is of critical importance, and reputation risk cannot be managed separately from other risks. Therefore, managing reputation risk in all its business segments is a constant concern for Desjardins Group. In this regard, Desjardins Group seeks to ensure that all employees are constantly aware of the potential repercussions of their actions on Desjardins's reputation and image. Desjardins Group considers it essential to foster a proactive approach to risk management in which integrity and ethical conduct are fundamental values.

Desjardins Group has defined a management framework, and roles and responsibilities with regard to reputation risk. This framework is in addition to various processes already in place to identify, measure and govern this risk, such as the previously mentioned operational risk management initiatives, the regulatory compliance program, ethical requirements, and reputation risk assessment as part of new initiatives and the introduction of new products. All these aspects aim to promote sound reputation risk management. In addition, the President and Chief Executive Officer of Desjardins Group is the main person responsible for the culture change process. The aim of this process is to effect a profound change in behaviour in order to always work in the best interests of members and clients. This process also helps manage reputation risks.

4.2.10 Environmental, social and governance (ESG) risk

ESG risks are linked to an environmental, social or governance event or issue, which materializes as part of Desjardins Group's operations, financing, investing, insurance activities, or its commitments, the consequences of which could generate financial losses or reputational harm.

Environmental risk includes, in particular, climate change risks and biodiversity loss risk, in addition to greenwashing aspects. These risks include:
- The adverse impacts that climate change and biodiversity loss can have on the organization through the vulnerabilities of Desjardins Group and its members and clients.
- The adverse impact of misrepresentations on the trust and ability to make informed decisions of members, clients and investors.

Social risk, on the other hand, takes into account how Desjardins Group and the companies that it finances and invests in, work and act with employees, members, clients, partners, suppliers and communities. The International Financial Reporting Standards (IFRS) Foundation, through the International Sustainability Standards Board (ISSB), defines two main social dimensions, with business issues, which can also be social risks:
- Social Capital includes human rights and community relations, privacy of client information, data security and consumer welfare.
- Human Capital includes employment, recruiting, and employee diversity and inclusion practices.

Governance risk includes Desjardins Group's internal governance risk covering the Federation, subsidiaries, caisses with regard to management and the various decision-making and democratic bodies, as well as external governance, in connection with the practices of the organizations with which Desjardins Group has relationships.

ESG risk governance

ESG risks are overseen by the Board of Directors, assisted by the Desjardins Group Management Committee (DGMC) and the Risk Management Commission (RMC), which present recommendations regarding ESG risk management strategies and frameworks. In addition, the Audit and Inspection Commission oversees internal processes and controls relating to climate disclosure.

In fulfilling its responsibilities, the Desjardins Group Management Committee relies on the Desjardins Group Finance and Risk Management Committee (DGFRMC) and the Environmental, Social and Governance Steering Committee (ESGSC). The latter recommends ESG policy directions, including climate change, and monitors them. It is also responsible for ensuring that the organization is cohesive and that ESG risks are better taken into account in business decision-making processes.

The ESG Risk Committee (ESGRC) is a subcommittee of the Desjardins Group Finance and Risk Management Committee (DGFRMC) charged with:
- Gradually integrating ESG risk into cross-sector risk management practices and compliance with regulatory and disclosure expectations.
- Maintaining a harmonized approach throughout the various Desjardins Group components and legal entities, in particular by implementing policies and guidelines, clarifying the principles on which climate change risk management is based throughout the organization as well as the roles and responsibilities.
- Implementing the proposed initiatives and reporting all situations that may jeopardize meeting the related objectives.

Desjardins Group continues to implement its ESG risk policy directions. It also works to build a better understanding of these cross-sector risks within its various bodies and the organization while monitoring the best practices regarding these topics.

Strategy ESG

Sustainable development is a priority for Desjardins Group. It has developed a sustainable development policy for all its operations, incorporating orientations for the development of a sustainable and responsible economy as part of its risk appetite framework. It is also a signatory to several international United Nations frameworks for integrating ESG criteria into its business model, particularly the Principles for Responsible Insurance (2019) and the Responsible Banking Principles (2019).

In 2021, Desjardins Group stated its net zero 2040 ambition for its extended operations and its financing and investment activities in three key sectors: energy, transportation and real estate. This ambition was formalized when Desjardins joined *Business Ambition for 1.5°C*, a global coalition organized by the *Science-Based Targets initiative* (SBTi). Desjardins Global Asset Management has made a commitment to the *Net Zero Asset Managers Initiative*.

In line with its ambitions, Desjardins Group was the first North American financial institution to join the Powering Past Coal Alliance to exit the thermal coal industry. In 2024, in line with the *Climate Risk Management Guideline*, Desjardins continued to work to meet its climate commitments, particularly regarding carbon neutrality. The climate scenario development work underway will allow us to better quantify the climate change impacts of the Desjardins Group's business operations. This quantification will be accompanied by action plans to bolster the resilience of Desjardins Group.

ESG risk management

Desjardins understands the importance of appropriately managing its risks and gauging their current and future impact. The growing expectations regarding Desjardins Group's social impact management, the acceleration of environmental degradation (including climate change and biodiversity loss) and the increasingly visible impacts associated with it are prompting Desjardins to continue to improve its risk management practices, particularly by continuously integrating these risks into its business model, adhering to the three lines of defence model and raising employee awareness of ESG risks.

As a result, ESG risks now form an integral part of Desjardins Group's Integrated Risk Management Framework and are the subject of the Desjardins Group Policy on Environmental, Social and Governance Risk Management. The Policy is accompanied by a statement of appetite, and Desjardins Group's Environmental Risk Management Directive and Social Risk Management Directive, all aligned with Desjardins Group's risk register. These governance documents, which constitute the organization's ESG risk management framework, help business segments and support functions integrate ESG risks into their business operations and periodically identify the main risks affecting them and their impacts, together with Risk Management, and Sustainable Development Office professionals.

The operationalization of these frameworks continued in 2024. Accordingly, a climate risk appetite indicator is disclosed semi-annually, and work has focused on quantifying risks, particularly climate scenario analyses including the Standardized Climate Scenario Exercise (SCSE). ESG risk monitoring, formalized through the Climate Risk Monitoring Program, has been enhanced by implementing and operationalizing a monitoring plan. Reporting to the various bodies and governance have been improved in order to align with best practices. The ESG risk awareness campaign underway will continue in 2025. Furthermore, Desjardins Group, in addition to the Social and Cooperative Responsibility Report prepared in accordance with Global Reporting Initiative (GRI) standards, continues to integrate the requirements of IFRS S1 and S2 of the International Sustainability Standards Board (ISSB), OSFI's Guideline B-15, *Climate Risk Management*, and the AMF's *Climate Risk Management Guideline*. Desjardins Group also responds to the Climate Change Questionnaire provided by the Carbon Disclosure Project (CDP) and produces a report entitled, "Climate Action at Desjardins." These two public disclosures address the risks and opportunities associated with climate change and are aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Metrics and targets

Desjardins Group maintains its leadership in sustainable development through varied initiatives that are integrated into its Strategic Plan and performance management. In particular, this is achieved by monitoring the carbon footprint of its operational and financial activities, as well as the exposures of its financings and investments in carbon-intensive sectors, namely energy, transportation and real estate, and its business volume in renewable energies, as well as by implementing targets related to reductions in its greenhouse gas emissions. When considered relevant, these indicators and targets are gradually integrated into performance objectives.

To achieve its net zero 2040 goal, Desjardins has set intermediate and sector science-based targets, which it has approved by the Science-Based Targets initiative (SBTi). Work is in progress to specify the transition plans for our key carbon-intensive sectors and operationalize the methodologies used to monitor our exposures. In connection with Desjardins Group's statement of appetite for climate change risks, an appetite indicator is used to assess the achievement of our strategies. Others risk metrics are currently being developed.

We issued the fourth public disclosure of our financed emissions, including investing and lending, as per the methodology of the *Partnership for Carbon Accounting Financials* (PCAF).

4.2.11 Regulatory risks

The financial services industry is one of the most strictly regulated and monitored sectors. For several years, the regulations governing the industry have been expanding significantly, notably in terms of the extent and the complexity of applicable regulations. The pressure exerted by regulatory authorities is mounting and their oversight powers are increasing, and this exposes Desjardins Group to monetary sanctions and greater reputation risk.

Regulatory authorities and bodies

This evolution is in response to numerous socio-economic phenomena such as the development of new, increasingly complex financial products, the continuing volatility in the securities industry, increasingly complex financial fraud, the fight against money laundering and terrorist financing, and the fight against tax evasion, to mention but a few. In addition to federal (Canada and the U.S.) and provincial government requirements, due consideration must be given to the requirements of the *Autorité des marchés financiers* (AMF), the Canadian Securities Administrators (CSA), the Office of the Superintendent of Financial Institutions (OSFI), the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC), and the Canadian Investment Regulatory Organization (CIRO). Complying with important legislative and regulatory provisions, such as those on the protection of personal information, laws and regulations governing insurance, the *Foreign Account Tax Compliance Act*, the Standard for Automatic Exchange of Financial Account Information in Tax Matters, the *Dodd-Frank Wall Street Reform and Consumer Protection Act* and the Basel accords, requires considerable technical, human and financial resources and also affects the way Desjardins Group manages its current operations and implements its business strategies.

Compliance management framework

Fulfilling an independent supervisory function, the Vice-President and Chief Compliance and Privacy Officer of Desjardins Group fosters a proactive approach to compliance by fully integrating compliance into the organization's current operations.

The management framework applies to legal and regulatory risks, including the fight against financial crimes and corruption as well as fraud and privacy risks. It is based on identifying and monitoring of regulatory obligations and overseeing the functional units subject to them. The compliance management framework provides for the following:
- developing frameworks and documentation to comply with the regulatory requirements in effect;
- implementing training programs and coaching initiatives (advisory role);
- deploying operations oversight and inspection programs;
- reporting on the compliance status to the Company's Board of Directors and senior management.

To maintain its reputation for integrity as well as the confidence of its members and clients, the market and the general public, Desjardins Group has also adopted a code of professional conduct applicable to the officers and employees of all its components.

This compliance management framework provides reasonable assurance that Desjardins Group's operations are carried out in compliance with applicable regulations. Despite all these efforts, Desjardins Group may not be able to predict the exact impact of regulatory developments and appropriately implement strategies to respond. It could then sustain an adverse impact on its financial performance, its operations and its reputation. For further information, refer to the "Regulatory environment" section of this MD&A.

Compliance organizational structure

The Vice-President and Chief Compliance and Privacy Officer of Desjardins Group reports to the Executive Vice-President, Risk Management of Desjardins Group. The Chief Compliance Officers of the components report to the Vice-President and Chief Compliance and Privacy Officer, Desjardins Group.

Legal and regulatory

Legal and regulatory risk is the risk associated with the non-compliance by Desjardins Group with obligations arising from the anticipation, interpretation or application of a legislative or regulatory provision or a contractual commitment, which could have an impact on the conduct of its operations, its reputation, its strategies and its financial objectives.

Legal and regulatory risk entails, inter alia, effectively preventing and handling possible disputes and claims that may lead in particular to judgments or decisions by a court of law or regulatory body that could result in orders to pay damages, financial penalties or sanctions. Moreover, the legal and regulatory environment is evolving quickly and could increase Desjardins Group's exposure to new types of litigation. In addition, some lawsuits against Desjardins Group may be very complex and be based on legal theories that are new or have never been verified. The outcome of such lawsuits may be difficult to predict or estimate until the proceedings have reached an advanced stage, which may take several years. Class action lawsuits or multi-party litigation may feature an additional risk of judgments with substantial monetary, non-monetary or punitive damages. Plaintiffs who bring a class action or other lawsuit sometimes claim very large amounts, and it is impossible to determine Desjardins Group's liability, if any, for some time. Legal liability or an important regulatory measure could have an adverse effect on the current activities of Desjardins Group, its results of operations and its financial position, in addition to damaging its reputation. Even if Desjardins Group won its court case or was no longer the subject of measures imposed by regulatory bodies, these situations could harm its reputation and have an adverse impact on its financial position, due in particular to the costs associated with such proceedings, and its brand image.

Protection of personal information

Privacy risk is the risk associated with inadequate handling of personal information (theft or breach, loss, collection, consent management, use, disclosure, retention, destruction or infringement of the rights of individuals related to their personal information), through intentional or unintentional actions (internal threat, error, negligence or omission). The key consequences of privacy risk deal with Desjardins Group's reputation, compliance and potential financial losses.

An *Act to modernize legislative provisions as regards the protection of personal information* came into force gradually as of September 2022 and provides for increased powers for the Commission on Access to Information (CAI) and the use of more significant sanctions against businesses since September 2023. September 22, 2024 marked the last date the new provisions of the Act came into effect. Desjardins Group has completed the work associated with these new requirements, including obligations related to privacy impact assessments, consent, the confidentiality policy, automated decisions, rights of individuals and managing third parties and portability.

On February 12, 2024, the AMF released its *Issues and Discussion Paper – Best practices for the responsible use of AI in the financial sector*. This paper presents the AMF's reflections on what it considers to be the best practices to be adopted. Desjardins Group is taking part in the discussions and submitted its comments regarding this paper on June 14, 2024. The AMF is also developing its guideline on the use of AI in the financial sector. The draft guideline will be issued at the beginning of 2025, after which organizations will be invited to submit their comments, with a view to official adoption.

On May 15, 2024, the Québec government passed the *Regulation respecting the anonymization of personal information*, which governs the anonymization process in Québec. The new requirements confirm the criteria to be met by organizations when anonymizing personal information. These criteria will be met by Desjardins in the event that the use of anonymized data is required.

Federal Bill C-27, an *Act to enact the* Consumer Privacy Protection Act*, the* Personal Information and Data Protection Tribunal Act *and the* Artificial Intelligence and Data Act *and to make consequential and related amendments to other Acts,* tabled in June 2022, died on the order paper upon prorogation of the parliamentary session pronounced on January 6, 2025. Desjardins Group will closely monitor the federal government's intentions regarding privacy legislation reform when Parliament resumes.

Fraud and financial crimes

Fraud and financial crime risk is the risk associated with acts conducted illegally by internal or external parties with the intent to cause harm, benefit from them or misappropriate assets belonging to Desjardins Group, members or clients, or the risk associated with non-compliance by Desjardins Group with obligations arising from the anticipation, interpretation or application of a legislative or regulatory provision regarding financial crimes.

To protect members and clients as well as the organization, Desjardins Group continually improves its processes and solutions to adequately prevent, detect and deal with fraud. To do so, fraud risks are identified on an ongoing basis and effective and robust mitigation measures are constantly evolving. With respect to the fight against money laundering and terrorist activities financing, the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) imposing monetary sanctions to three Canadian financial institutions confirms that this regulator is willing to impose more severe sanctions for non-compliance with the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*.

Desjardins Group also has a Financial Crime Governance Framework, which it is continuously improving. In the second quarter of 2024, the federal Department of Finance adopted regulatory changes to expand the obligations of reporting entities, including Desjardins Group, and require them to file Suspicious Transaction Reports where there are reasonable grounds to suspect that there has been an actual or attempted economic sanctions evasion. Desjardins Group has carried out the necessary work to meet is compliance obligations.

5.0 Additional information

5.1 Controls and procedures

DISCLOSURE CONTROLS AND PROCEDURES

In accordance with the CSA guidance in National Instrument 52-109, the President and CEO as well as the Executive Vice-President Finance and Chief Financial Officer (CFO) caused to be designed disclosure controls and procedures (DCPs). These controls and procedures are designed to provide reasonable assurance that the information presented in annual, interim or other reports filed or transmitted under securities legislation is recorded, processed, summarized and reported within the time periods prescribed by such legislation. These controls and procedures are also designed to warrant that such information is assembled and disclosed to the management of Desjardins Group, including its signing officers, in accordance with what is appropriate to make timely decisions regarding disclosure.

As at December 31, 2024, Desjardins Group management, in collaboration with the President and CEO, and the CFO, assessed the design and effectiveness of its DCPs. Based on the results of this assessment, the President and CEO, and the CFO concluded that the DCPs were adequately designed and effective.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Desjardins Group management caused an adequate internal control over financial reporting process to be designed and has maintained it. This process is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Combined Financial Statements for external purposes in accordance with IFRS issued by the IASB. Internal control over financial reporting (ICFR) includes, in particular, those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets;
- are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of the Combined Financial Statements in accordance with IFRS, and that cash receipts and payments are being made only in accordance with authorizations of management and directors;
- are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the assets that could have a significant impact on the Annual Combined Financial Statements or Interim Financial Reports.

Because of its inherent limitations, ICFR may not prevent or detect all misstatements on a timely basis. Management's assessment of the controls provides only reasonable, not absolute, assurance that all the problems related to control which could give rise to material misstatements have been detected.

Desjardins Group management, in collaboration with the President and CEO, and the CFO, have assessed the design and effectiveness of ICFR. This assessment was performed in accordance with the 2013 Internal *Control – Integrated Framework* published by the *Committee of Sponsoring Organizations of the Treadway Commission* (COSO) for financial controls and in accordance with the *Control Objectives for Information and Related Technologies* (COBIT) framework for IT general controls.

Based on the results of the assessment, the President and CEO, and the CFO, concluded that as at December 31, 2024, ICFR was adequately designed and effective.

The DCPs and ICFR set forth in Regulation 52-109 are applied in the Federation's Annual Information Form prepared in accordance with Regulation 51-102, and for the purposes of certifying Desjardins Group under Regulation 52-109, the Federation's information form is considered to be Desjardins Group's Annual Information Form.

CHANGE IN INTERNAL CONTROL OVER FINANCIAL REPORTING

During the year ended December 31, 2024, Desjardins Group did not make any significant changes to processes that materially affected, or may materially affect, its internal control over financial reporting.

Various other aspects of corporate governance are examined in more detail in the "Corporate governance" section of the 2024 Desjardins Group Annual Report.

5.2 Related party disclosures

In the normal course of operations, Desjardins Group offers financial services to related parties, including its associates, joint ventures and other related companies, and enters into agreements for operating services with them. It also pays its key management personnel compensation under normal market conditions, on terms similar to those offered to unrelated parties.

Furthermore, Desjardins Group provides its financial products and services, under normal market conditions, to its directors, its key management personnel and the persons related to them on terms similar to those offered to unrelated parties.

Desjardins Group's key management personnel are the members of its Board of Directors and its Management Committee. They are responsible for the planning, management and control of Desjardins Group's operations, and have the authority to perform their duties.

Desjardins Group has set up a process to obtain assurance that all transactions with its officers and the persons related to them have been carried out on terms similar to those offered to unrelated parties and in compliance with the legislative framework for its various components.

Additional information about related party transactions is presented in Note 31, "Related party disclosures," to the Combined Financial Statements.

5.3 Critical accounting policies and estimates

A description of the accounting policies used by Desjardins Group is essential to understanding the Combined Financial Statements as at December 31, 2024. The accounting policies are described in Note 2, "Accounting policies," to the Combined Financial Statements. Some of these policies are of particular importance in presenting Desjardins Group's financial position and operating results because they require management to make judgments as well as estimates and assumptions that may affect the reported amounts of some assets, liabilities, income and expenses, as well as related information. The accounting policies that required management to make difficult, subjective or complex judgments, often involving uncertainties, are discussed below.

The economic conditions, strongly affected by the uncertainty surrounding the evolution of trade relations with the United States, continue to have a significant impact on the judgments, estimates and assumptions made by management in preparing the Combined Financial Statements for the year ended December 31, 2024. The judgments, estimates and assumptions that will be made for future periods will be reassessed in light of the development of these highly uncertain conditions and could therefore differ from those made in preparing the Combined Financial Statements for the year ended December 31, 2024. Desjardins Group is closely monitoring developments and their impact on its surplus earnings and financial position.

STRUCTURED ENTITIES

A structured entity is consolidated when it is controlled by a Desjardins Group entity. Management must make significant judgments when it assesses the various elements and all related facts and circumstances as a whole to determine whether control exists, especially in the case of structured entities.

Additional information about structured entities is presented in Note 13, "Interests in other entities," to the Combined Financial Statements.

DETERMINATION OF THE FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement of financial instruments is determined using a three-level hierarchy, reflecting the importance of the inputs used for the measurements. Level 1 denotes measurement based on quoted prices (unadjusted) in active markets for identical assets or liabilities, while level 2 designates valuation techniques based primarily on observable market data. Level 3 concerns valuation techniques are not based primarily on observable market data.

There is little subjectivity in the determination of the fair value of financial instruments, especially securities and commitments related to securities sold short, obtained from quoted prices on active markets. This fair value is based on the quoted price within the bid-ask spread that is most representative of fair value in the circumstances.

If there are no quoted prices on active markets, fair value is determined using models that maximize the use of observable inputs and minimize the use of unobservable inputs. In such cases, fair value estimates are established using valuation techniques such as cash flow discounting, comparisons with similar financial instruments, option pricing models and other valuation techniques commonly used by market participants, if these techniques have been demonstrated to provide reliable estimates. Valuation techniques rely on assumptions concerning the amount and timing of estimated future cash flows and discount rates that are mainly based on observable data, such as interest rate yield curves, exchange rates, credit curves and volatility factors. When one or several material inputs are not observable on the market, fair value is determined mainly based on internal inputs and estimates that take into account the characteristics specific to the financial instrument and any factor relevant to the measurement. For complex financial instruments, significant judgment is made in determining the valuation technique to be used and in selecting inputs and adjustments associated with this technique. Due to the need to use estimates and make judgments when applying many valuation techniques, fair value estimates for identical or similar assets may differ between entities. Fair value reflects market conditions on a given date and may not be representative of future fair values. It should not be considered as being realizable in the event of immediate settlement of these instruments.

Loans

The fair value of non-credit impaired loans classified as at "Amortized cost" and loans classified as "At fair value through profit or loss" is determined by discounting expected contractual cash flows using market interest rates charged for similar new loans at the reporting date and reflects estimated prepayments, adjusted to take into account credit losses on the loan portfolio. Changes in interest rates and in the creditworthiness of borrowers are the main causes of changes in the fair value of loans held by Desjardins Group.

Deposits

The fair value of fixed-rate deposits is determined by discounting expected cash flows using market interest rates currently being offered for deposits with substantially the same term and reflects estimated prepayments. The fair value of deposits with floating-rate features or with no stated maturity is assumed to be equal to their carrying amount. The fair value of certain liabilities presented under "Deposits – Business and government" is based on the market price for similar instruments or on expected cash flow discounting. For financial liabilities designated as at fair value through profit or loss, the fair value takes option pricing models into account, and the valuation techniques are similar to those used for derivative financial instruments.

Subordinated notes

The fair value of subordinated notes is based on market prices.

Derivative financial instruments

The fair value of derivative financial instruments is determined using pricing models that incorporate the current market prices and the contractual prices of the underlying instruments, the time value of money, interest rate yield curves, credit curves and volatility factors. This fair value is presented without taking into account the impact of legally enforceable master netting agreements. However, Desjardins Group adjusts the measurement of these instruments based on credit risk, and such adjustments reflect the financial ability of the counterparties to the contracts and the creditworthiness of Desjardins Group, as well as credit risk mitigation measures such as legally enforceable master netting agreements. Note 20, "Derivative financial instruments and hedging activities," to the Combined Financial Statements specifies the nature of derivative financial instruments held by Desjardins Group.

Financial instruments whose fair value equals their carrying amount

The carrying amount of certain financial instruments is a reasonable approximation of their fair value given their short-term maturity or their features. These financial instruments include the following items: "Cash and deposits with financial institutions;" "Securities borrowed or purchased under reverse repurchase agreements;" "Amounts receivable from clients, brokers and financial institutions;" some items included in "Other assets – Other;" "Commitments related to securities lent or sold under repurchase agreements;" "Amounts payable to clients, brokers and financial institutions;" and some items included in "Other liabilities – Other."

Additional information on the fair value of financial instruments is presented in Note 4, "Fair value of financial instruments," to the Combined Financial Statements. Note 2, "Accounting policies," to the Combined Financial Statements provides information on the classification and measurement of financial assets and financial liabilities.

DERECOGNITION OF FINANCIAL ASSETS

A financial asset is derecognized from the Combined Balance Sheets when the contractual rights to the cash flows from the asset expire, when the contractual rights to receive these cash flows are retained but Desjardins Group has the obligation to pay them to a third party under certain conditions, or when Desjardins Group transfers the contractual rights to receive the cash flows and substantially all the risks and rewards of ownership of the asset have been transferred.

When substantially all the risks and rewards of ownership of the transferred financial asset are retained by Desjardins Group, such asset is not derecognized from the Combined Balance Sheets and a financial liability is recognized, when appropriate.

When a financial asset is derecognized in its entirety, a gain or a loss is recognized in the Combined Statements of Income for an amount equal to the difference between the carrying amount of the asset and the value of the consideration received.

Management must use its judgment to determine whether the contractual rights to the cash flows have expired, have been transferred or have been retained with an obligation to pay them to a third party. With respect to the transfer of substantially all the risks and rewards of ownership of the assets, management evaluates Desjardins Group's exposure before and after the transfer as well as the changes in the amount and timing of the net cash flows of the transferred asset.

Additional information about the derecognition of financial assets is presented in Note 8, "Derecognition of financial assets," to the Combined Financial Statements.

IMPAIRMENT OF FINANCIAL INSTRUMENTS

At each reporting date, Desjardins Group recognizes an allowance for expected credit losses for debt instruments classified as at "Amortized cost" or as "At fair value through other comprehensive income," as well as certain off-balance sheet items, namely loan commitments and financial guarantees, which are not measured at fair value through profit or loss. This allowance is estimated based on an impairment model that comprises three stages:
- Stage 1: For financial instruments that have not had a significant increase in credit risk since initial recognition and are not considered as credit-impaired financial assets, an allowance for credit losses amounting to 12-month expected credit losses is recognized.
- Stage 2: For financial instruments that have had a significant increase in credit risk since initial recognition but are not considered as credit-impaired financial assets, an allowance for credit losses amounting to the lifetime expected credit losses is recognized.
- Stage 3: For financial instruments considered as credit impaired, an allowance for credit losses amounting to the lifetime expected credit losses continues to be recognized.

Financial instruments may, over their life, move from one impairment model stage to another based on the improvement or deterioration in their credit risk and the level of expected credit losses. Instruments are always classified in the various stages of the impairment model based on the change in credit risk between the reporting date and the initial recognition date of the financial instrument and an analysis of evidence of impairment.

Determination of significant increases in credit risk

To determine whether, at the reporting date, credit risk has significantly increased since initial recognition, Desjardins Group bases its assessment on the change in default risk over the expected life of the financial instrument, which requires significant judgment.

To this end, Desjardins Group compares the PD of the financial instrument at the reporting date with its PD at the date of initial recognition. In addition, it considers reasonable and supportable information indicating a significant increase in credit risk since initial recognition, including qualitative information and information about future economic conditions to the extent that it affects the assessment of the instrument's PD. The criteria used to determine a significant increase in credit risk vary depending on the groups of financial instruments with shared credit risk characteristics and are mainly based on a relative change combined with an absolute change in the PD. They also include absolute risk thresholds and certain other criteria. All instruments that are more than 30 days past due are transferred to Stage 2 of the impairment model.

Definition of default and credit-impaired financial asset

The definition of default used in the impairment model corresponds to the definition used for internal credit risk management purposes and for regulatory purposes. It considers relevant quantitative and qualitative factors. In particular, a loan is in default when contractual payments are over 90 days past due. A financial asset is considered credit-impaired when it is in default, unless the detrimental impact on the estimated future cash flows is considered insignificant.

Measurement of the allowance for expected credit losses

The allowance for expected credit losses reflects an unbiased amount, based on a probability-weighted present value of cash flow shortfalls, and takes into account reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. Generally, the allowance for expected credit losses represents the present value of the difference between cash flows that are due, or the amount of the commitment that may be used under the terms and conditions of the contract, and total cash flows that Desjardins Group expects to receive. For credit-impaired financial assets, expected credit losses are calculated based on the difference between the gross carrying amount of the asset and estimated cash flows.

The measurement of the allowance for expected credit losses is estimated for each exposure at the reporting date and is based on the result of multiplying the three credit risk parameters, namely PD, LGD and EAD. The result of this multiplication is then discounted using the effective interest rate. The parameters are estimated using an appropriate segmentation that considers common credit risk characteristics. For financial instruments in Stage 1 of the impairment model, credit risk parameters are projected over a maximum horizon of 12 months, while for those in Stage 2 or Stage 3, they are projected over the remaining life of the instrument.

To determine the credit risk parameters, financial instruments are aggregated based on their common credit risk characteristics.

The allowance for expected credit losses also considers information about future economic conditions. To incorporate forward-looking information relevant to the determination of significant increases in credit risk and the measurement of the allowance for expected credit losses, Desjardins Group uses the econometric models for credit risk projection. These models estimate the impact of macroeconomic variables on the various credit risk parameters. Desjardins Group uses three scenarios to determine the allowance for expected credit losses and assigns to each scenario a probability of occurrence. Desjardins Group may also make adjustments to take into account the relevant information that affects the measurement of the allowance for credit losses and that has not been incorporated into the credit risk parameters.

For credit-impaired financial assets that are individually material, measuring the allowance for expected credit losses is based on an extensive review of the borrower's situation and the realization of collateral held. The measurement represents a probability-weighted present value, calculated using the effective interest rate, of cash flow shortfalls that takes into consideration the impact of various scenarios that may materialize and information about future economic conditions.

Key data and assumptions

Estimating the allowance for expected credit losses is based on a set of assumptions and methodologies specific to credit risk and changes in economic conditions and therefore requires significant judgment to be exercised. The main items requiring significant judgment that affected its measurement are the following:
- Changes in the borrowers' credit risk rating (or PD);
- Determination of significant increases in credit risk;
- Incorporation of forward-looking information.

The macroeconomic environment remains uncertain, in particular with respect to the evolution of trade relations with the United States, interest rates and geopolitical tensions. Therefore, management has to continue making particularly complex judgments to estimate the allowance for credit losses in such a situation. Expert adjustments are applied in measuring the allowance for expected credit losses to take into account relevant risk factors related to the macroeconomic environment that are not reflected in the models.

Changes in the borrowers' credit risk rating or probability of default

The borrowers' credit risk rating is the foundation of the credit risk assessment model. The rating of a borrower is directly related to its estimated PD. Many variables are taken into consideration in credit risk assessment models. Changes in the borrowers' credit risk rating have an impact on determining significant increases in credit risk, as this is mainly based on the change in the borrower's PD, and measuring the allowance for expected credit losses.

Changes in the borrowers' credit risk rating may increase or decrease the allowance for expected credit losses. Generally, a deterioration in a borrower's credit risk rating gives rise to an increase in the allowance, while an improvement results in a decrease in the allowance.

Determination of significant increases in credit risk

To determine whether, at the reporting date, credit risk has significantly increased since initial recognition, Desjardins Group bases its assessment on the change in default risk over the expected life of the financial instrument. As this assessment takes into account forward-looking information at time of granting and at the reporting date, a significant increase in credit risk may be caused by a deterioration in economic forecasts integrated into the prospective evaluation, a deterioration in the borrower's situation or a combination of both of these factors.

The determination of significant increases in credit risk since initial recognition may have a significant upward or downward impact on the allowance for expected credit losses as the amount of the allowance for expected credit losses for loans in Stage 1 is equal to 12-month expected credit losses, while the amount of the allowance for expected credit losses for loans in Stage 2 is equal to the lifetime expected credit losses.

Incorporation of forward-looking information

Desjardins Group uses three different scenarios to determine the allowance for expected credit losses, namely a base scenario, an upside scenario and a downside scenario. Projections for each scenario are provided for a four-year horizon. The macroeconomic variables projected under each scenario and the related probability of occurrence have a significant impact on determining significant increases in credit risk and measuring the allowance for credit losses for expected credit losses. The models vary depending on the portfolios and include one or several of the main variables: gross domestic product, unemployment rate, the Consumer Price Index, housing prices, the corporate credit spread and the S&P/TSX index. The macroeconomic variable projection and the determination of the probabilities of occurrence are reviewed quarterly.

The incorporation of forward-looking information may increase or decrease the allowance for expected credit losses. Generally, an improvement in the outlook will give rise to a decrease in the allowance, while a deterioration will result in an increase in the allowance.

Additional information about loans and the allowance for credit losses, in particular a sensitivity analysis of the allowance for credit losses, is presented in Note 7, "Loans and allowance for credit losses" to the Combined Financial Statements.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Desjardins Group assesses at the reporting date whether there is evidence that an asset may be impaired. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

Estimating the recoverable amount of a non-financial asset to determine whether it is impaired requires management to make estimates and assumptions. The main estimates and assumptions used in calculating the recoverable amount are future cash flows estimated based on internal financial forecasts, expected future earnings, the growth rate and the discount rate.

INSURANCE CONTRACT LIABILITIES

Insurance contract liabilities are measured mainly using two approaches, namely the general model and the premium allocation approach.

Note 16, "Insurance and reinsurance contracts," to the Combined Financial Statements provides information about accounting for the various life and health and property and casualty insurance contract liabilities, the main assumptions used and the impact on profit or loss of changes to assumptions.

Contracts to which the general measurement model is applied

On initial recognition, the liability for a group of insurance contracts corresponds to the liability for remaining coverage, which is the total of the fulfilment cash flows, namely the estimate of the future cash flows, the adjustment for the time value of money and the risk adjustment for non-financial risk, as well as the contractual service margin (CSM) which represents unearned profit. At each reporting date, the carrying amount of a group of insurance contracts corresponds to the sum of the liability for remaining coverage, comprising the fulfilment cash flows related to services to be provided in future periods, and the CSM, and the liability for incurred claims, comprising the fulfilment cash flows related to past service, such as incurred claims and other incurred insurance service expenses.

Contracts to which the premium allocation approach is applied

On initial recognition, the carrying amount of the liability for remaining coverage of a group of insurance contracts is equal to the premiums received, minus the insurance acquisition cash flows allocated to that group on such date and adjusted, as the case may be, by the amount arising from the derecognition of an asset for insurance acquisition cash flows and any other asset or liability previously recognized and related to this group. At each reporting date, the liability for remaining coverage of a group on insurance contracts is equal to its carrying amount at the beginning of the year, plus the premiums received and amounts relating to the amortization of insurance acquisition cash flows, less the amount of insurance acquisition cash flows allocated and the amount recognized as revenue.

Key estimates and assumptions

The measurement of insurance contract liabilities is based on estimates and assumptions. The main assumptions used are described in the following paragraphs.

Estimates of future cash flows – Life and health insurance activities

The assumptions used to determine the estimates of future cash flows are those that are the most likely in management's judgment. The model used considers that best estimate future cash flows give the same result as the probability-weighted mean of the full range of possible outcomes. Assumptions are determined from the perspective of the life and health insurance subsidiary based on situations existing at the reporting date. The risks associated with the accuracy of the assumptions used to determine the estimates of future cash flows arise from the non-materialization of expected assumptions. The appointed actuary periodically carries out studies on the underwriting experience related to each assumption and modifies it, if appropriate, to take into account the current and future expected situation. Assumptions relating to mortality and longevity, morbidity, contract termination rate, expenses, taxes and policyholder dividends are prepared. In addition, the facts and circumstances indicating that a group of insurance contracts is or is becoming onerous are determined using judgment and data analysis.

Estimates of future cash flows – Property and casualty insurance activities

Facts and circumstances indicating a group is onerous

For each portfolio and each geographic area, the facts and circumstances indicating that a group of insurance contracts is or becomes onerous are determined quantitatively and qualitatively. The quantitative analysis is based on estimated combined ratios, which represent the sum of the loss ratio and the other insurance service expense ratio. When these ratios exceed a predetermined threshold, this signals that there are facts and circumstances indicating that a group of insurance contracts might be onerous. Loss experience monitoring reports are also used to identify facts and circumstances when there are significant variances from budget. The qualitative analysis is based on the judgments made by the members of a committee coming from various sectors (pricing, actuarial services, finances) who meet quarterly to discuss observed trends.

Liability for remaining coverage

Expected claims are based on historical ratios by portfolio and geographic area, adjusted to reflect expected future conditions. Selecting adjustment factors for historical ratios is based on the items mentioned in the "Liability for incurred claims" below as well as other items also requiring judgment, such as considering catastrophes and seasonality. Some insurance service expenses that the property and casualty insurance subsidiaries will have to incur to settle claims are not included in expected claims. These costs are allocated between groups of insurance contracts based on the efforts required to settle claims. Future premium receipts and expected other insurance service expenses, including insurance acquisition cash flows, if any, are also calculated by group of insurance contracts.

Liability for incurred claims

The liability for incurred claims includes the individual estimates of loss for each reported claim as well as a provision for claims incurred but not reported by the insured persons, for other insurance service expenses that will have to be incurred to settle those claims and for shortfalls in the estimates of losses for claims reported. The liability for incurred claims is estimated using appropriate actuarial techniques for loss prospective valuation in accordance with the Canadian Institute of Actuaries standards. The main assumption underlying these methods is that past claims development can be used to project future claims development. An additional qualitative judgment is made to assess the extent by which past trends may not apply in the future and make the necessary adjustments or changes to adequately determine the liability for incurred claims that represents the probability-weighted mean of the possible outcomes for future claim payments. The assumptions used to develop this estimate are selected by risk category and geographic area. In addition, the estimates take into consideration various quantitative and qualitative factors, including the average settlement cost per claim, the average number of claims and claims severity and frequency trends, and other factors like inflation and changes in market factors, such as public behaviour towards claims and economic conditions, as well as internal factors, such as the composition of the portfolio of insurance contracts, the terms of those contracts and the claim handling procedures. A degree of judgment is also involved in assessing the extent to which external factors, such as court decisions and government legislation, can influence this estimate.

Other estimates and assumptions

Adjustments to reflect the time value of money

The estimates of future cash flows have to be adjusted to reflect the time value of money and financial risks. Judgment is required in determining the yield curves to be used, as a result of the determination of the assets held in the reference portfolios, the risk-free rates, the adjustments for credit risk and the adjustments for liquidity.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk represents the compensation that the insurance subsidiaries require for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risks when they fulfill insurance contracts. The risks to which the risk adjustment for non-financial risk relate are insurance risk and other non-financial risks, such as lapse risk and expenditure risk, which is the risk of an unexpected increase in administration expenses related to managing the contract. This adjustment also reflects the degree of risk aversion of the insurance subsidiaries and a benefit to reflect the degree of diversification the insurance subsidiaries consider when determining this compensation. The risk adjustment for non-financial risk is determined at the consolidated level for each insurance subsidiary, net of reinsurance, and then allocated to each group of insurance contracts and each group of reinsurance contracts held based of their risk profile.

Contractual service margin (CSM)

At the end of each period, the life and health insurance subsidiary recognizes in the Combined Statements of Income an amount of the CSM based on coverage units allocated to services provided. To determine this amount, the CSM at the reporting date is allocated equally to each remaining coverage unit. Management has to make judgments to determine the appropriate coverage units that adequately reflect the quantity of insurance contract services provided over the insurance contract coverage period. The quantity of insurance contract services should consider the services arising from the insurance coverage as well as any investment-return services for insurance contracts without direct participation features and any investment-related services for insurance contracts with direct participation features. To determine the quantity of insurance contract services for the insurance coverage, the life and health insurance subsidiary uses the amount it expects the contract holder could claim if an insured event occurs.

PROVISIONS AND CONTINGENT LIABILITIES

Provisions are liabilities of uncertain timing or amount. A provision is recognized when Desjardins Group has an obligation (legal or constructive) as a result of a past event, the settlement of which should result in an outflow of resources embodying economic benefits, and when a reliable estimate can be made of the amount of the obligation. The amount of the obligation is discounted where the effect of the time value of money is material.

Provisions are based on management's best estimate of the amounts required to settle the obligations on the reporting date, taking into account the relevant uncertainties and risks. Management must make significant judgments in determining whether a present obligation exists and in estimating the probability, timing and amount of any outflow of resources. Desjardins Group regularly examines the measurement of provisions and makes, on a quarterly basis, the adjustments required based on new available information. Actual results may differ materially from these forecasts.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Desjardins Group or an obligation that arises from a past event and for which an outflow of resources embodying economic benefits is not probable or cannot be estimated reliably. In the normal course of its business, Desjardins Group is involved in various litigation and legal proceedings.

Additional information is presented in Note 28, "Commitments, guarantees and contingent liabilities," to the Combined Financial Statements.

INCOME TAXES ON SURPLUS EARNINGS

The income tax expense on surplus earnings recognized in the Combined Statements of Income comprises the current and deferred tax expense on operating surplus earnings as well as the income tax consequences of remuneration on capital stock and dividends when certain conditions are met. The total income tax expense includes the income tax expense on surplus earnings recognized in the Combined Statements of Income as well as current and deferred taxes on items recognized outside profit or loss directly in the Combined Statements of Comprehensive Income or the Combined Statements of Changes in Equity.

The total income tax expense is based on the expected tax treatment of the transactions. To determine the current and deferred portions of income taxes on surplus earnings, management must make judgments to establish the assumptions concerning the dates on which deferred income tax assets and liabilities will be reversed. Significant judgment must be used to interpret the relevant tax legislation in order to determine the income tax expense. If Desjardins Group's interpretation differs from that of taxation authorities or if the reversal dates do not correspond with the forecasted dates, the provision for income taxes on surplus earnings may increase or decrease in subsequent years.

Note 27, "Income taxes on surplus earnings," to the Combined Financial Statements provides additional information on income taxes on surplus earnings.

EMPLOYEE BENEFITS

Desjardins Group offers to a majority of its employees a defined benefit pension plan and a defined benefit supplemental pension plan. For employees meeting certain criteria based on age and the number of years of participation in the plan, it also offers a post-retirement benefit plan that provides medical, dental and life insurance to retiring employees and their dependents.

Group pension plans are plans whose risks are shared by entities under common control. The main group pension plan offered, the Desjardins Group Pension Plan (DGPP), is a funded defined benefit group plan. Participants and employers share the risks and costs related to the DGPP, including any deficit, on a prorata basis of 35% and 65%, respectively.

For the DGPP, benefits are determined on the basis of the number of years of membership and take into consideration the average salary of the employee's five most highly paid years, for years of service accumulated before 2013, and the eight most highly paid years, for years of service accumulated subsequently. Benefits are indexed annually using the consumer price index, up to a maximum of 3% for years of service accumulated before 2013 and 1% for a period of 10 years starting at age 65 for years of service accumulated subsequently.

Defined benefit pension plans are plans for which Desjardins Group has formally committed to a level of benefits and therefore assumes actuarial and, when the plans are funded, investment risks. Since the terms of the pension plans are such that changes in salary levels will have an impact on the amount of future benefits, the cost of the benefits and the value of the defined benefit plan obligation are generally actuarially determined using various assumptions. Although management believes that the assumptions used in the actuarial valuation process are reasonable, there remains a degree of risk and uncertainty that may cause future actual results to materially differ from these assumptions, which could give rise to actuarial gains or losses.

Actuarial calculations are made based on management's best estimate assumptions primarily concerning the plan obligation discount rate, and also, but to a lesser extent, salary increases, the retirement age of employees, the mortality rate, the rate of increase in pension benefits and the members' future contributions that will be used to make up the deficit. The participants' estimated discounted contributions required to make up the deficit decrease the defined benefit plan obligation. A complete actuarial valuation is performed each year by a qualified actuary. The discount rates used have been determined by reference to the rates of high quality corporate bonds whose terms are consistent with those of the plans' cash flows.

The terms of the post-retirement benefit plans are such that changes in salary levels or healthcare costs will have an impact on the amount of future benefits. The cost of these benefits is accrued over a portion of the service lives of employees using accounting policies comparable to those used for defined benefit pension plans.

Note 17, "Employee benefits – Pension and post-retirement benefit plans," to the Combined Financial Statements provides further information on accounting for defined benefit plans and on the sensitivity of the key assumptions.

5.4 Future accounting changes

Accounting standards and amendments issued by the IASB, but not effective as at December 31, 2024, are presented below. Regulatory authorities have stated that early adoption of these standards and amendments will not be permitted, unless they indicate otherwise.

IFRS 7, *"Financial Instruments: Disclosures,"* and IFRS 9, *"Financial Instruments"*

In May 2024, the IASB issued amendments to IFRS 7, "*Financial Instruments: Disclosures*," and IFRS 9, "*Financial Instruments*," following the post-implementation review of the requirements in IFRS 9 and the related requirements in IFRS 7.

The IASB has amended IFRS 9 to clarify the recognition and derecognition date for certain financial assets and liabilities, with a new exception for certain financial liabilities settled in cash through an electronic payment system, as well as to clarify and include additional guidance for assessing whether the cash flows of a financial asset are solely payments of principal and interest on the principal amount outstanding.

The IASB has amended IFRS 7 to add new disclosures for certain instruments whose contractual terms could change cash flows as well as to improve the disclosures about equity instruments designated as at fair value through other comprehensive income.

Desjardins Group is currently assessing the impact of adopting the amendments to IFRS 7 and IFRS 9, which will be effective for years beginning on or after January 1, 2026.

IFRS 18, *"Presentation and Disclosure in Financial Statements"*

In April 2024, the IASB issued IFRS 18, "*Presentation and Disclosure in Financial Statements*," which will replace the current IAS 1, "*Presentation of Financial Statements*."

IFRS 18 introduces three new items to improve the presentation of information disclosed in financial statements. It introduces three new categories of revenue and expenses (operating, investing and financing) to improve the comparability of the income statement between companies. In addition, IFRS 18 intends to enhance the transparency of management-defined performance measures. Lastly, IFRS 18 provides guidance on how to present information in financial statements.

Desjardins Group is currently assessing the impact of adopting IFRS 18, which will be effective for years beginning on or after January 1, 2027.

5.5 Additional information required pursuant to the AMF's decision No. 2021-FS-0091

In addition to the entities comprising the Desjardins Cooperative Group (as defined in Section 1.1, "Profile and structure") and the subsidiaries of such entities, Desjardins Group's Combined Financial Statements include Caisse Desjardins Ontario Credit Union Inc. (CDO). The CDO's financial information is compared to that of Desjardins Group in the table below.

Table 50 – CDO's financial information
As at December 31 or for the years ended December 31

	2024			2023		
(in millions of dollars and as a percentage)	**CDO**	**Desjardins Group Combined Balance Sheets**	**% proportion**	CDO	Desjardins Group Combined Balance Sheets	% proportion
Total assets	**$ 14,051**	**$ 470,942**	**3.0%**	$ 11,922	$ 422,940	2.8%
Total liabilities	**13,193**	**432,252**	**3.1**	11,107	388,550	2.9
Total equity	**858**	**38,690**	**2.2**	815	34,390	2.4

	2024			2023		
(in millions of dollars and as a percentage)	**CDO**	**Desjardins Group Combined Statements of Income**	**% proportion**	CDO	Desjardins Group Combined Statements of Income	% proportion
Total net revenue	**$ 222**	**$ 14,660**	**1.5%**	$ 183	$ 12,577	1.5%
Surplus earnings before member dividends	**37**	**3,356**	**1.1**	5	2,259	0.2
Net surplus earnings (deficit) for the year after member dividends	**26**	**3,028**	**0.9**	(4)	1,955	(0.2)

5.6 Five-year statistical review

Table 51 – Combined Balance Sheets

As at December 31

(in millions of dollars)	2024	2023	2022	2021[(1)]	2020[(1)]
ASSETS					
Cash and deposits with financial institutions	**$ 5,977**	$ 8,987	$ 8,913	$ 16,328	$ 12,126
Securities					
Securities at fair value through profit of loss	**41,961**	36,627	33,987	39,772	34,960
Securities at fair value through other comprehensive income	**57,302**	51,692	51,258	53,286	52,679
Securities at amortized cost	**45**	46	50	41	29
	99,308	88,365	85,295	93,099	87,668
Securities borrowed or purchased under reverse repurchase agreements	**23,666**	13,678	17,024	12,019	9,658
Loans					
Residential mortgage	**179,920**	165,858	159,682	149,695	136,208
Consumer, credit card and other personal loans	**24,683**	24,239	24,211	24,386	25,310
Business and government	**86,314**	77,018	66,812	57,400	51,015
	290,917	267,115	250,705	231,481	212,533
Allowance for credit losses	**(1,320)**	(1,180)	(1,035)	(970)	(1,112)
	289,597	265,935	249,670	230,511	211,421
Segregated fund net assets	**28,959**	24,754	21,356	22,804	19,093
Other assets					
Clients' liability under acceptances	**—**	—	25	268	328
Premiums receivable	**N/A**	N/A	N/A	2,839	2,803
Derivative financial instruments	**7,579**	5,861	5,723	5,828	5,820
Amounts receivable from clients, brokers and financial institutions	**3,096**	2,801	3,486	2,557	2,499
Reinsurance contract assets	**1,905**	1,676	1,622	1,582	1,962
Right-of-use assets	**454**	476	543	530	565
Investment property	**817**	974	929	926	924
Property, plant and equipment	**1,486**	1,549	1,587	1,531	1,541
Goodwill	**596**	563	157	157	156
Intangible assets	**1,255**	1,186	663	497	424
Investments in companies accounted for using the equity method	**1,241**	1,477	1,465	1,380	1,189
Net defined benefits plan assets	**724**	46	679	62	—
Deferred tax assets	**986**	1,244	1,267	789	1,154
Other	**3,296**	3,368	3,540	3,378	2,704
	23,435	21,221	21,686	22,324	22,069
TOTAL ASSETS	**$ 470,942**	$ 422,940	$ 403,944	$ 397,085	$ 362,035
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits					
Individuals	**$ 161,479**	$ 151,519	$ 145,377	$ 136,332	$ 127,928
Business and government	**139,223**	127,219	114,172	101,644	96,853
Deposit institutions	**244**	591	287	379	455
	300,946	279,329	259,836	238,355	225,236
Insurance contract liabilities	**34,538**	32,961	30,202	34,762	34,827
Other liabilities					
Acceptances	**—**	—	25	268	328
Commitments related to securities sold short	**13,249**	11,686	9,859	11,342	9,353
Commitments related to securities lent or sold under repurchase agreements	**20,633**	12,032	24,565	31,177	19,152
Derivative financial instruments	**6,112**	6,626	6,691	5,500	4,884
Amounts payable to clients, brokers and financial institutions	**14,195**	9,350	8,978	7,938	6,810
Lease liabilities	**534**	553	622	596	633
Reinsurance contract liabilities	**37**	38	36	N/A	N/A
Segregated fund net liabilities – Investment contracts	**25,329**	21,233	17,826	22,796	19,089
Net defined benefit plan liabilities	**713**	867	654	1,048	3,107
Deferred tax liabilities	**454**	252	223	301	372
Other	**11,550**	10,669	9,092	7,516	6,488
	92,806	73,306	78,571	88,482	70,216
Subordinated notes	**3,962**	2,954	2,928	1,960	1,493
TOTAL LIABILITIES	**432,252**	388,550	371,537	363,559	331,772
EQUITY					
Capital stock	**4,731**	4,731	4,786	4,982	5,021
Undistributed surplus earnings	**3,319**	2,668	8,982	1,546	1,874
Accumulated other comprehensive income	**256**	(708)	(2,058)	765	1,302
Reserves	**29,481**	26,784	19,802	25,321	21,316
Equity – Group's share	**37,787**	33,475	31,512	32,614	29,513
Non-controlling interest	**903**	915	895	912	750
TOTAL EQUITY	**38,690**	34,390	32,407	33,526	30,263
TOTAL LIABILITIES AND EQUITY	**$ 470,942**	$ 422,940	$ 403,944	$ 397,085	$ 362,035

(1) In accordance with to the standards that were in force before Desjardins Group retrospectively adopted IFRS 17, "*Insurance Contracts*," on January 1, 2023, with restatement of the comparative periods for fiscal 2022.

Table 52 – Combined Statements of Income

For the years ended December 31

(in millions of dollars)	2024	2023[1]	2022[1]	2021[2]	2020[2]
INTEREST INCOME					
Loans	**$ 15,288**	$ 12,783	$ 8,111	$ 6,928	$ 7,278
Securities	**2,477**	2,433	1,107	473	488
	17,765	15,216	9,218	7,401	7,766
INTEREST EXPENSE					
Deposits	**8,056**	6,459	2,829	1,508	2,010
Subordinated notes	**165**	139	78	65	57
Other	**2,073**	1,999	148	42	59
	10,294	8,597	3,055	1,615	2,126
NET INTEREST INCOME	**7,471**	6,619	6,163	5,786	5,640
NET PREMIUMS	**N/A**	N/A	N/A	11,278	9,920
INSURANCE SERVICE RESULT					
Insurance revenue	**11,524**	10,429	9,725	N/A	N/A
Insurance service expenses	**(9,969)**	(8,934)	(8,612)	N/A	N/A
Net reinsurance service income (expenses)	**532**	(129)	(55)	N/A	N/A
	2,087	1,366	1,058	N/A	N/A
NET INSURANCE FINANCE RESULT					
Net insurance investment income (loss)	**2,363**	2,971	(4,371)	N/A	N/A
Net insurance finance income (expenses)	**(1,641)**	(2,383)	4,594	N/A	N/A
Net reinsurance finance income (expenses)	**73**	103	(215)	N/A	N/A
	795	691	8	N/A	N/A
NET INSURANCE SERVICE INCOME	**2,882**	2,057	1,066	N/A	N/A
OTHER INCOME					
Deposit and payment service charges	**527**	483	448	424	388
Lending fees and card service revenues	**1,038**	951	965	735	628
Brokerage and investment fund services	**1,480**	1,339	989	1,108	954
Management and custodial service fees	**901**	751	662	732	617
Net other investment income (loss)	**(205)**	(72)	(343)	319	3,116
Overlay approach adjustment for insurance operations financial assets	**N/A**	N/A	N/A	(404)	(42)
Foreign exchange income (loss)	**241**	192	119	121	103
Other	**325**	257	271	221	149
	4,307	3,901	3,111	3,256	5,913
TOTAL NET REVENUE	**14,660**	12,577	10,340	20,320	21,473
PROVISION FOR CREDIT LOSSES	**597**	529	277	69	863
CLAIMS, BENEFITS, ANNUITIES AND CHANGES IN INSURANCE CONTRACT LIABILITIES	**N/A**	N/A	N/A	6,883	9,233
NON-INTEREST EXPENSE					
Salaries and employee benefits	**5,483**	5,428	5,120	4,437	3,902
Professional fees	**821**	817	1,084	1,013	664
Technology	**1,217**	1,131	924	893	791
Commissions	**790**	705	306	881	788
Occupancy costs	**397**	408	391	406	419
Communications	**375**	358	379	329	290
Business and capital taxes	**148**	123	118	459	418
Other	**1,414**	1,247	1,203	1,148	1,025
Gross non-interest expense	**10,645**	10,217	9,525	9,566	8,297
Non-interest expense included in insurance service expenses[3]	**(939)**	(985)	(1,023)	N/A	N/A
NET NON-INTEREST EXPENSE	**9,706**	9,232	8,502	N/A	N/A
OPERATING SURPLUS EARNINGS	**4,357**	2,816	1,561	3,802	3,080
Income taxes on surplus earnings	**1,001**	557	319	860	661
SURPLUS EARNINGS BEFORE MEMBER DIVIDENDS	**3,356**	2,259	1,242	2,942	2,419
Member dividends	**437**	412	403	387	330
Tax recovery on member dividends	**(109)**	(108)	(106)	(103)	(85)
NET SURPLUS EARNINGS FOR THE YEAR AFTER MEMBER DIVIDENDS	**$ 3,028**	$ 1,955	$ 945	$ 2,658	$ 2,174
Of which:					
Group's share	**$ 2,895**	$ 1,884	$ 927	$ 2,515	$ 2,090
Non-controlling interests' share	**133**	71	18	143	84

(1) Data have been restated to conform with the current year's presentation.

(2) In accordance with the standards that were in force before Desjardins Group retrospectively adopted IFRS 17, "*Insurance Contracts*," on January 1, 2023, with restatement of the comparative periods for fiscal 2022.

(3) Represents the non-interest expense directly related to the fulfillment of insurance contracts presented under "Insurance service result."

Table 53 – Selected financial measures
As at December 31 or for the years ended December 31

(in millions of dollars and as a percentage)	**2024**	2023[1]	2022[1]	2021[2]	2020[2]
Tier 1A capital ratio[3]	**22.2%**	20.4%	20.2%	21.1%	21.9%
Tier 1 capital ratio[3]	**22.2**	20.4	20.2	21.1	21.9
Total capital ratio[3]	**24.2**	21.9	21.9	22.1	22.6
TLAC ratio[4]	**32.9**	29.4	28.7	26.5	24.7
Leverage ratio[3]	**7.6**	7.3	7.6	8.5	8.5
TLAC leverage ratio[4]	**11.2**	10.5	10.6	10.4	9.5
Liquidity coverage ratio[5]	**165**	154	140	140	157
Net Stable Funding Ratio[5]	**129**	124	126	129	N/A
Net interest margin[6]	**2.29**	2.29	2.13	2.06	2.38
Return on equity[7]	**9.0**	6.8	3.8	8.9	8.3
Credit loss provisioning rate[7]	**0.22**	0.20	0.11	0.03	0.41
Gross credit-impaired loans/gross loans and acceptances[7]	**0.81**	0.74	0.48	0.47	0.62
Productivity index – Personal and Business Services[7]	**69.8**	78.4	79.2	73.7	65.5
Insurance and annuity premiums – Wealth Management and Life and Health Insurance[7]	**$ 6,220**	$ 6,313	$ 5,806	$ 5,667	$ 4,711
Total contractual service margin (CSM) – Wealth Management and Life and Health Insurance[8]	**2,585**	2,595	2,627	N/A	N/A
Direct premiums written – Property and Casualty Insurance[7]	**7,565**	6,856	6,205	6,053	5,726
Assets under administration[7]	**588,207**	535,264	447,312	482,911	458,177
Assets under management[1][7]	**104,220**	87,164	79,865	93,893	78,582
Average assets[7]	**447,745**	409,820	399,913	383,204	342,354
Net interest income	**7,471**	6,619	6,163	5,786	5,640
Average net loans and acceptances[7]	**276,838**	257,533	240,621	221,317	207,727
Average deposits[7]	**289,585**	268,099	249,801	234,571	214,148
Risk-weighted assets[3]	**149,621**	140,481	139,311	134,518	120,101

(1) Comparative data have been restated to conform with the current year's presentation.
(2) In accordance with the standards that were in force before Desjardins Group retrospectively adopted IFRS 17, "Insurance Contracts," on January 1, 2023, with restatement of the comparative periods for fiscal 2022.
(3) In accordance with the *Capital Adequacy Guideline* issued by the AMF for financial services cooperatives in particular. See Section 3.2, "Capital management."
(4) In accordance with the *Total Loss Absorbing Capacity Guideline* (TLAC Guideline) issued by the AMF and based on risk-weighted assets and exposures for purposes of the leverage ratio at the level of the resolution group, which is deemed to be Desjardins Group, excluding Caisse Desjardins Ontario Credit Union Inc. See Section 3.2, "Capital management."
(5) In accordance with the *Liquidity Adequacy Guideline* issued by the AMF. See Section 4.0, "Risk management."
(6) For more information about non-GAAP financial measures and ratios, see "Non-GAAP and other financial measures" on pages 3 to 5.
(7) For further information about supplementary financial measures, see the Glossary on pages 106 to 113.
(8) Total CSM of $2,838 million ($2,813 million as at December 31, 2023) presented net of reinsurance in the amount of $253 million ($218 million as at December 31, 2023). Included in the line items "Insurance contract liabilities" and "Reinsurance contract assets (liabilities)" on the Combined Balance Sheets. For more information, see Note 16, "Insurance and reinsurance contracts," to the Combined Financial Statements.

5.7 Supplementary information

The tables below meet the financial disclosure requirements stipulated in the *Act Respecting Financial Services Cooperatives*.

Table 54 – Summary of the FCDQ's combined investments and loans
As at December 31

(unaudited, in millions of dollars and as a percentage)	Contractual maturities: Less than 1 month	1 to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	No stated maturity	Total: 2024	2023	Average return[1]: 2024	2023[2]
Securities	$ 78	$ 386	$ 1,368	$ 2,243	$ 1,057	$ 8,755	$ 16,726	$ 10,111	$ 82	$ 40,806	$ 26,784	4.23%	4.24%
Securities borrowed or purchased under reverse repurchase agreements	16,242	—	—	—	—	—	—	—	—	16,242	11,461	4.25	4.24
Loans	21,473	4,264	1,142	1,169	1,369	4,223	4,587	1,018	2,966	42,211	34,886	6.67	6.79
Loans to member caisses	15,864	11,078	10,284	12,095	8,390	36,202	39,073	2,210	152	135,348	24,160	5.14	5.61
Consumer, credit card and other personal loans	20	42	120	139	188	920	4,295	6,122	6,292	18,138	17,650	8.21	7.52
Allowance for credit losses	—	—	—	—	—	—	—	—	(745)	(745)	(688)	—	—
Total investments and loans	$ 53,677	$ 15,770	$ 12,914	$ 15,646	$ 11,004	$ 50,100	$ 64,681	$ 19,461	$ 8,747	$252,000	$ 114,253	5.49%	5.96%

(1) Excluding the impact of derivative financial instruments.
(2) Data have been restated to conform with the current year's presentation.

Table 55 – Summary of combined deposits by member caisses
As at December 31

(unaudited, in millions of dollars and as a percentage)	Contractual maturities: Less than 1 month	1 to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	No stated maturity	Total: 2024	2023	Average return: 2024	2023
Demand deposits	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 13,121	$ 13,121	$ 4,482	4.43%	4.88%
Term deposits	12,176	7,707	4,503	6,980	6,968	15,151	54,712	7,642	—	115,839	12,274	5.06	3.80
Total deposits by member caisses	$ 12,176	$ 7,707	$ 4,503	$ 6,980	$ 6,968	$ 15,151	$ 54,712	$ 7,642	$ 13,121	$128,960	$ 16,756	4.97%	4.12%

Table 56 – General and other reserves
For the years ended December 31

(in millions of dollars)	General reserve	Capital gains reserve	Community Development Funds	Total
Balance as at December 31, 2022	$ 18,036	$ (493)	$ 212	$ 17,755
Transfer	5,014	(149)	20	4,885
Balance as at December 31, 2023	$ 23,050	$ (642)	$ 232	$ 22,640
Transfer	892	1,782	21	2,695
Balance as at December 31, 2024	$ 23,942	$ 1,140	$ 253	$ 25,335

Glossary

Acceptance
Short-term debt security traded on the money market, guaranteed by a financial institution for a borrower in exchange for a stamping fee.

Advanced Internal Ratings-Based Approach
Approach under which risk weighing is based on the type of counterparty (individuals, small or medium-sized business, large corporation, etc.) and risk-weighting factors determined using internal parameters: the borrower's probability of default, loss given default, applicable maturity and exposure at default.

Allowance for credit losses
The loss allowance for expected credit losses reflects an unbiased amount, based on a probability-weighted present value of cash flow shortfalls, and takes into account reasonable and supportable information about past events, current conditions and forecasts of future economic conditions.

Amortized cost
For a financial asset or a financial liability, represents the historical cost at initial recognition, decreased or increased by amortization and any differences that made it fluctuate from initial recognition to maturity.

Annuity premium
Amount invested by a policyholder in order to receive annuity payments, immediately or after an accumulation period.

Assets under administration
Assets administered by a financial institution that are beneficially owned by its members or clients and are therefore not recognized on its Combined Balance Sheet. Services provided in respect of such assets are administrative in nature, such as custodial services, collection of investment income and settlement of buy and sell transactions.

Assets under management
Assets managed by a financial institution that are beneficially owned by its members or clients and are therefore not recognized on its Combined Balance Sheet. Services provided in respect of assets under management include selecting investments and offering investment advice. Assets under management may also be administered by the financial institution. In such case, they are also included in assets under administration.

***Autorité des marchés financiers* (AMF)**
Organization whose mission is to enforce the laws governing the financial industry, particularly in the areas of insurance, securities, deposit-taking institutions and financial product and service distribution.

Average assets
Average of assets presented in the Combined Financial Statements at the end of the last five quarters calculated as of December 31.

Average deposits
Average of deposits presented in the Combined Financial Statements at the end of the last five quarters calculated as of December 31.

Average equity – Group's share
Average equity – Group's share presented in the Combined Financial Statements at the end of the last five quarters calculated as of December 31.

Average gross loans
Average of loans, presented in the Combined Financial Statements at the end of the last five quarters calculated as of December 31.

Average gross loans and acceptances
Average of loans, including clients' liability under acceptances, presented in the Combined Financial Statements at the end of the last five quarters calculated as of December 31.

Average interest-bearing assets
Consist of securities, including those borrowed or purchased under reverse repurchase agreements, cash and deposits with financial institutions, as well as loans, and exclude life and health insurance and property and casualty insurance assets, as well as all other assets not generating net interest income. Average of balances at the end of the last five quarters calculated as of December 31.

Average interest-bearing liabilities
Include deposits, subordinated notes and other interest-bearing liabilities, and exclude life and health insurance and property and casualty insurance liabilities as well as all other liabilities not generating any net interest income.

Average liabilities
Average of liabilities presented in the Combined Financial Statements at the end of the last five quarters calculated as of December 31.

Average net loans
Average of loans, net of the allowance for credit losses presented in the Combined Financial Statements at the end of the last five quarters calculated as of December 31.

Average net loans and acceptances

Average of loans, including clients' liability under acceptances, net of the allowance for credit losses presented in the Combined Financial Statements at the end of the last five quarters calculated as of December 31.

Average core interest-bearing assets

Include securities, cash and deposits with financial institutions, as well as loans, and exclude life and health insurance and property and casualty insurance assets and assets related to trading activities, and other assets not generating net interest income. Average of balances at the end of the last five quarters calculated as of December 31.

Average core interest-bearing assets – Personal and Business Services

Include securities, cash and deposits with financial institutions, as well as loans, and excludes assets related to trading activities as well as assets related to capital market and liquidity management activities, and all other assets not generating net interest income – Personal and Business Services. Average of balances at the end of the last five quarters calculated as of December 31.

Basis point

Unit of measure equal to one one-hundredth of a percent (0.01%).

Bond

Certificate evidencing a debt under which the issuer promises to pay the holder a specified amount of interest for a specified period of time, and to repay the borrowing at maturity. Generally, assets are pledged as security for the borrowing, except in the case of government or corporate bonds. This term is often used to describe any debt security.

Capital ratios

Ratios determined by dividing regulatory capital by risk-weighted assets. These measures are defined in the *Capital Adequacy Guideline* issued by the AMF.

Capital shares

Equity security offered to Desjardins caisse members.

Catastrophe and notable event

- Catastrophe
  In property and casualty insurance, group of claims caused by one or multiple close events arising from, among others, natural or other than natural causes, for which the cost is deemed significant since it reaches a minimum threshold, established annually Desjardins Group's management, for the reinsurance program retention.
  - Natural catastrophes can take many forms and include, but are not limited to, hurricanes, tornados, windstorms, hailstorms, heavy rainfalls, ice storms, floods, extreme weather conditions and wildfires.
  - Catastrophes other than natural catastrophes include, but are not limited to, terrorist acts, riots, explosions, crashes, train wrecks, large-scale cyber attacks.
- Notable event
  In property and casualty insurance, group of claims caused by one or multiple close events arising from, among others, natural or other than natural causes, for which the impact on the loss ratio and claims frequency is deemed significant by Desjardins Group's management.

Commitment

- Direct commitment
  Any agreement entered into by a Desjardins Group component with a natural or legal person creating an on- or off-balance sheet exposure, either disbursed or non-disbursed, revocable or irrevocable, with or without condition, that may lead to losses for the component if the debtor is unable to meet its obligations.
- Indirect commitment
  Any financial receivable creating a credit exposure that is acquired by a Desjardins Group component in connection with a purchase on the market or the delivery of a financial asset pledged as collateral by a client or a counterparty, whose value may change in particular as a result of the deterioration of the creditworthiness of the counterparty associated to this receivable or changes in market prices.

Contractual service margin (CSM)

For insurance contracts that are not measured using the premium allocation approach, represents the unearned profit that will be recognized under "Insurance revenue," in the Combined Statements of Income, as insurance contract services are provided.

Countercyclical buffer

The countercyclical buffer aims to ensure that capital requirements take account of the macro-financial environment in which Desjardins Group operates. The AMF could deploy this buffer when it judges that excessive credit growth is associated with a build-up of system-wide risks and, as such, would provide a buffer of capital to absorb potential losses.

Covered bond

Full recourse on-balance sheet bond issued by a financial institution and secured by assets, comprised mainly of mortgage loans, over which investors enjoy a priority claim in the event of an issuer's insolvency or bankruptcy. These assets are separated from the issuer's assets in the event of the issuer's insolvency or bankruptcy and belong to a bankruptcy remote structured entity that guarantees the bond.

Credit commitment

Unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit, whose primary purpose is to ensure that members and clients have funds available, when necessary, for variable maturity terms and under specific conditions.

Credit instrument
Credit facility offered in the form of a loan or other financing vehicle recognized in the Combined Balance Sheets or in the form of an off-balance sheet product. Credit instruments include credit commitments, documentary letters of credit as well as guarantees and standby letters of credit.

Credit loss provisioning rate
Provision for credit losses on loans and off-balance sheet items expressed as a percentage of average gross loans and acceptances.

Credit risk
Risk of losses resulting from a borrower's or counterparty's failure to honour its contractual obligations, whether or not such obligations appear on the Combined Balance Sheets.

Credit valuation adjustment (CVA)
Adjustment applied to the value of derivatives traded over the counter to reflect the possibility that the counterparty will fail to honour its contractual commitments and that Desjardins Group will not be able to receive all the values payable.

Defined benefit pension plan
Pension plan guaranteeing each participant a defined level of retirement income that is often based on a formula set by the plan in terms of the participant's salary and years of service.

Derivative financial instrument
Financial contract whose value fluctuates based on an underlying asset, but that does not require holding or delivering the underlying asset itself. Derivatives are used to transfer, modify or reduce current or expected risks, including risks related to interest and exchange rates and financial indexes.

Desjardins Group (Desjardins) component
Cooperative or subsidiary that is part of Desjardins Group.

Direct premiums written
In property and casualty insurance, the premiums stipulated in insurance policies issued and in force during the year. In life and health insurance, insurance or annuity premiums for the policies or certificates issued during the year.

Documentary letter of credit
Instrument issued for a member or a client that represents Desjardins Group's agreement to honour drafts presented by a third party upon completion of certain activities, up to a set maximum amount. Desjardins Group is exposed to the risk that the client does not ultimately pay the amount of the drafts. However, the amounts used are secured by the related goods.

Economic capital
Amount of capital that an institution must maintain, in addition to anticipated losses, to ensure its solvency over a certain horizon and at a high confidence level.

Effective interest rate
Rate determined by discounting total future cash flows, including those related to commissions paid or received, premiums or discounts and transaction costs.

Effective tax rate surplus earnings after member dividends
Income tax expense on surplus earnings after member dividends expressed as a percentage of surplus earnings after member dividends.

Environmental, social and governance (ESG) risk factors
ESG risks are linked to an environmental, social or governance event or issue, which materializes as part of Desjardins Group's operations, financing, investing, insurance activities, or its commitments, the consequences of which could generate financial losses or reputational harm.

Exposure at default (EAD)
Estimate of the amount of a given exposure at time of default. For balance sheet exposures, it corresponds to the balance as at observation time. For off-balance sheet exposures, it includes an estimate of additional draws that may be made between observation time and default.

Exposures related to residential mortgage loans
In accordance with the regulatory capital framework, risk category that includes mortgage loans and credit margins secured by real property granted to individuals.

Fair value
Price that would be received to sell an asset or paid to transfer a liability in an orderly transaction at the measurement date.

Fair value measurement
Measurement to determine the approximate value at which financial instruments could be traded in a current transaction between willing parties.

Forward contract
Contractual commitment to sell or purchase a determined quantity of a specified underlying asset on a future specified date and at a predetermined price. These contracts, which are derivatives, are tailored and traded over the counter.

Forward exchange contract
Contractual commitment to sell or purchase a fixed amount of foreign currency on a specified future date and at a predetermined exchange rate.

Foundation Internal Ratings-Based Approach

Approach under which risk weighing is based on the type of counterparty (individuals, small or medium-sized business, large corporation, etc.) and risk-weighting factors determined using internal parameters: the borrower's probability of default, applicable maturity and exposure at default. The regulator prescribes the loss given default parameters.

Fraud and financial crime risk

Risk associated with acts conducted illegally by internal or external parties with the intent to cause harm, benefit from them or misappropriate assets belonging to Desjardins Group, members or clients, or the risk associated with non-compliance by Desjardins Group with obligations arising from the anticipation, interpretation or application of a legislative or regulatory provision regarding financial crimes.

Futures contract

Contractual commitment to sell or purchase a determined quantity of a specified underlying asset on a future specified date and at a predetermined price. These contracts, which are derivatives, are standardized and exchange-traded.

Gross credit-impaired loan

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated cash flows of that financial asset have occurred. A financial asset is therefore considered credit-impaired when it is in default, unless the detrimental impact on the estimated future cash flows is considered insignificant. The definition of default is associated with an instrument for which contractual payments are 90 days past due, or certain other criteria.

Gross credit-impaired loans/gross loans

Gross credit-impaired loans expressed as a percentage to total gross loans.

Gross credit-impaired loans/gross loans and acceptances

Gross credit-impaired loans expressed as a percentage to total gross loans and acceptances.

Group insurance premium

Payment that the insurance policyholder is required to make to maintain the contract in force. This payment represents the cost of insurance. The premium is directly proportional to the number of insured persons and the coverage chosen by the policyholder.

Guarantee and standby letter of credit

Irrevocable commitment by a financial institution to make payments in the event that a member or client cannot meet financial obligations to third parties. Desjardins Group's policy with respect to collateral received for these instruments is generally the same as for loans.

Hedge fund

Investment fund offered to accredited investors. A hedge fund manager enjoys great latitude with respect to the investment strategies to be used, which may include selling short, leverage, program trading, swaps, arbitrage and derivatives.

Hedging

Transaction designed to reduce or offset Desjardins Group's exposure to one or more financial risks that involves taking a position exposed to effects that are equivalent, but of opposite direction, to the effects of market fluctuations on an existing or forecasted position.

Indemnification commitment related to securities lending

Commitment made to members and clients with whom Desjardins Group entered into securities lending agreements and intended to ensure that the fair value of the securities lent will be reimbursed if the borrower does not return the borrowed securities or if the fair value of assets held as collateral is insufficient to cover the fair value of the securities lent. These commitments usually mature before being used.

Individual insurance premium

Payment that the insurance policyholder is required to make to maintain the contract in force. This payment represents the cost of insurance and can sometimes include a savings component. The cost of insurance portion of the premium is directly proportional to the amount of risk underwritten by the insurer.

Insurance contract

Insurance contracts are contracts that transfer a significant insurance risk to an insurer upon their issuance. An insurance risk is transferred when the insurance subsidiaries agree to compensate a contract holder if a specified uncertain future event adversely affects the contract holder. In certain situations, an insurance contract may also transfer a financial risk.

Insurance contract liabilities

Obligation representing the amount of an insurance company's commitments toward all insureds and beneficiaries, including in particular an amount to cover the payment of benefits and claims.

Insurance premium

Payment that the insurance policyholder is required to make to maintain the contract in force. This payment represents the cost of insurance and can sometimes include a savings component. The premium is directly proportional to the amount of risk underwritten by the insurer.

Insurance risk

- Life and health insurance risk refers to the risk that the amount and timing of benefits and expenses payable on life insurance, health insurance or annuity contract products differ from those expected.
- Property and casualty insurance risk is the risk that benefits and related expenses will differ from the amounts estimated when designing, pricing or measuring actuarial reserves of property and casualty insurance products for individuals and businesses.

Insurance sales
Metric used to measure growth in Wealth Management and Life and Health Insurance segment operations. It is equal to annualized gross new premiums under group and individual insurance policies.

Large loss
In property and casualty insurance, single claim having a significant cost.

Legal and regulatory risk
Risk associated with the non-compliance by Desjardins Group with obligations arising from the anticipation, interpretation or application of a legislative or regulatory provision or a contractual commitment, which could have an impact on the conduct of its operations, its reputation, its strategies and its financial objectives.

Leverage ratio
Ratio calculated as the capital measure, which is Tier 1 capital, divided by the exposure measure. The exposure measure includes:
- on-balance sheet exposures;
- securities financing transaction exposures;
- derivative exposures; and
- off-balance sheet items.

Liquidity coverage ratio
Ratio determined by dividing the stock of unencumbered HQLA by the amount of net cash outflows for the next 30 days assuming an acute liquidity stress scenario.

Liquidity risk
Risk related to Desjardins Group's capacity to raise the necessary funds (by increasing liabilities or converting assets) to meet a financial obligation, whether or not it appears on the Combined Balance Sheets.

Loss given default (LGD)
Economic loss that may be incurred should the borrower default, expressed as a percentage of exposure at default.

Loss on onerous contracts
When a group of insurance contracts is onerous on initial recognition or subsequently becomes onerous, a loss on onerous contracts is recognized as insurance service expenses and a loss component is added to the liability for remaining coverage. Subsequent changes in the loss component related to future service are recognized as losses and reversals of losses on onerous contracts under "Insurance service expenses" in the Combined Statements of Income.

Market risk
Risk of loss arising from changes in the fair value of financial instruments as a result of fluctuations in the parameters affecting this value, in particular, interest rates, exchange rates, credit spreads, equity prices and their volatility.

Master netting agreement
Standard agreement developed to reduce the credit risk of multiple derivative transactions by creating a legal right to set off the obligations of a counterparty in the event of default.

Matching
Process of adjusting asset, liability and off-balance sheet item maturities in order to reduce risks related to interest or exchange rates and financial indexes. Matching is used in asset/liability management.

Member dividend
As a cooperative financial group, Desjardins Group distributes to its members a portion of its surplus earnings for a given year, taking into account its financial capacity. This distribution, called member dividend, is paid by the caisses and tailored to each member based on the use they make of their cooperative's financial services.

Morbidity rate
Probability that a person of a given age will suffer an illness or disability. The accident/health insurance premium paid by a person belonging to a particular age group is based on this group's morbidity rate.

Mortality rate
Rate of death in a particular group of persons. The life insurance premium paid by a person belonging to a particular age group is based on this group's mortality rate.

Mortgage-backed security
Security created through the securitization of a pool of residential mortgage loans under the National Housing Act.

Net interest income
Difference between what a financial institution receives on assets such as loans and securities and what it pays out on liabilities such as deposits and subordinated notes.

Net interest income on core assets
Net interest income excluding net interest income generated by non-core assets.

Net interest income on core assets – Personal and Business Services
Net interest income – Personal and Business Services excluding net interest income generated by non-core assets – Personal and Business Services.

Net interest margin
Net interest income on core assets expressed as a percentage of average core interest-bearing assets.

Net interest margin – Personal and Business Services
Net interest income on core assets – Personal and Business Services expressed as a percentage of average core interest-bearing assets – Personal and Business Services.

Net sales of savings products
Metric used to measure growth in Wealth Management and Life and Health Insurance segment operations. It is equal to sales of group and individual savings products manufactured and distributed by segment entities, and is comprised of on- or off-balance sheet deposits, less redemptions.

Net stable funding ratio (NSFR)
Ratio determined by dividing available stable funding, designated by capital and liabilities, by required stable funding, designated by assets.

Notional amount
Reference amount used to calculate payments for instruments such as forward rate agreements and interest rate swaps. This amount is called "notional" because it does not change hands.

NVCC subordinated notes
Securities that meet the non-viability contingent capital (NVCC) requirements set out in the *Capital Adequacy Guideline* issued by the AMF, in particular securities issued by the Federation with a clause providing for their automatic conversion into capital shares of the Federation upon the occurrence of a trigger event as defined in the guideline.

Off-balance sheet exposure
Includes guarantees, commitments, derivatives and other contractual agreements whose total notional amount may not be recognized on the balance sheet.

Office of the Superintendent of Financial Institutions (OSFI)
Organization whose mission is to enforce all laws governing the financial industry in Canada, particularly as concerns banks, insurance companies, trust companies, loan companies, cooperative credit associations, fraternal companies and private pension plans subject to federal oversight.

Operational risk
Risk of inadequacy or failure attributable to processes, people, internal systems or external events and resulting in losses or failure to achieve objectives, and takes into consideration the impact of failures to achieve the strategic objectives of the component concerned or Desjardins Group, if applicable.

Operating leverage
Represents the difference between the growth rate for total net revenue and the growth rate for net non-interest expense.

Option
Contractual agreement that grants the right, but not the obligation, to sell (put option) or to buy (call option) a specified amount of a financial instrument at a predetermined price (the exercise or strike price) on or before a specified date.

Other retail client exposures
In accordance with the regulatory capital framework, risk category that includes all loans granted to individuals except for exposures related to residential mortgage loans and qualifying revolving retail client exposures.

Pension plan
Contract under which participants receive retirement benefits under certain terms starting at a given age. A pension plan is funded through contributions made either by the employer alone or by both the employer and the participants.

Privacy risk
Risk associated with inadequate handling of personal information (theft or breach, loss, collection, consent management, use, disclosure, retention, destruction or infringement of the rights of individuals related to their personal information), through intentional or unintentional actions (internal threat, error, negligence or omission). The key consequences of privacy risk deal with Desjardins Group's reputation, compliance and potential financial losses.

Probability of default (PD)
Probability that a borrower defaults on his obligations over a period of one year.

Productivity index – Personal and Business Services
Gross non-interest expense for the Personal and Business Services segment expressed as a percentage of total net revenue for the Personal and Business Services segment.

Provision for credit losses
Amount recognized in profit or loss to bring the allowance for credit losses to a level determined appropriate by management. It includes provisions for credit losses on unimpaired and impaired financial assets.

Qualifying revolving retail client exposures
In accordance with the regulatory capital framework, risk category that includes credit card loans and unsecured credit margins granted to individuals.

Regulatory capital
In accordance with the definition set out in the *Capital Adequacy Guideline* issued by the AMF, the regulatory capital under Basel III comprises Tier 1A capital, Tier 1 capital and Tier 2 capital. The composition of these various tiers is presented in Section 3.2 "Capital management" of the Management's Discussion and Analysis.

Regulatory funds
Funds needed to cover unexpected losses, calculated according to parameters and methods prescribed by regulatory authorities.

Reinsurance contract
Contract whereby one insurer assumes all or part of a risk undertaken by another insurer. Despite such a contract, the original insurer remains fully liable to its policyholders for the insurance obligations.

Repurchase agreement
Agreement involving both the sale of securities for cash and the repurchase of these securities for value at a later date. This type of agreement represents a form of short-term financing.

Reputation risk
Risk that a negative perception by the stakeholders, whether or not justified, of Desjardins Group's practices, actions or lack of action could have a material unfavourable impact on revenues and equity or may significantly affect the confidence of its members and clients or, more broadly, public opinion.

Return on equity
Return on equity is equal to surplus earnings before member dividends, excluding the non-controlling interests' share, expressed as a percentage of average equity – Group's share.

Reverse repurchase agreement
Agreement involving both the purchase of securities for cash and the sale of these securities for value at a later date. This type of agreement represents a form of short-term financing.

Risk adjustment for non-financial risk
Represents the compensation that the insurance subsidiaries require for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risks when they fulfill insurance contracts.

Risk-weighted assets
Assets adjusted based on a risk-weighting factor prescribed by regulations to reflect the level of risk associated with items presented in the combined balance sheets. Some assets are not weighted, but rather deducted from capital. The calculation method is defined in the guidelines issued by the AMF. For more details, see the Section 3.2 "Capital management" of the Management's Discussion and Analysis.

Securitization
Process by which financial assets, such as mortgage loans, are converted into asset-backed securities.

Security borrowed or purchased
Security typically borrowed or purchased to cover a short position. The borrowing or purchase usually requires that an asset, taking the form or cash or highly rated securities, be pledged as collateral by the borrower.

Security lent or sold
Security typically lent or sold to cover a short position of the borrower. The loan or sale usually requires that an asset, taking the form or cash or highly rated securities, be pledged as collateral by the borrower.

Security sold short
Commitment by a seller to sell a security it does not own. Typically, the seller initially borrows the security to deliver it to the purchaser. At a later date, the seller buys an identical security to replace the borrowed security.

Segregated fund
Type of fund offered by insurance companies through a variable contract that provides the contract holder with a number of guarantees, such as principal repayment upon death. Segregated funds encompass a range of categories of securities and are designed to meet a variety of investment objectives. Segregated fund deposits represent amounts invested by clients. Segregated funds are comprised of investment funds with capital guaranteed upon death or at maturity.

Segregated fund deposits
Amounts paid by annuity contract holders in order to invest in segregated funds. Individual annuity contracts provide for a guarantee of the principal on death or at maturity.

Standardized Approach

- Credit risk
  Default approach used to calculate risk-weighted assets. Under this method, the entity uses valuations performed by external credit assessment institutions recognized by the AMF to determine the risk-weighting factors related to the various exposure categories.
- Market risk
  Default approach used to calculate risk-weighted assets for the market risk classes: interest rate risk, credit spread risk, equity risk, foreign exchange risk, commodity risk and default risk.
- Operational risk
  Standardized Approach for operational risk based on two main components: a Business Indicator Component (BIC), which is based on financial statements, and a Loss Component (LC), from which an Internal Loss Multiplier (ILM) is calculated using average historical losses. The operational risk capital requirement is calculated by multiplying the BIC and the ILM, and risk-weighted assets for operational risk are equal to this capital requirement multiplied by 12.5.

Strategic risk
Risk of loss attributable to the occurrence of external and internal events or the implementation of inappropriate strategies or actions that may prevent Desjardins Group from achieving its strategic priorities including the interests of its members and clients.

Structural interest rate risk
Risk related to the potential impact of interest rate fluctuations on net interest income and the economic value of equity.

Structured entity
Entity that has been designed so that voting rights or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes: restricted activities, a narrow and well-defined objective, insufficient equity to permit it to finance its activities without subordinated financial support, or financing in the form of multiple contractually linked instruments to investors.

Subordinated note
Unsecured note whose repayment in the event of liquidation is subordinated to the prior repayment of certain other creditors.

Subsidiary
Company controlled by the Federation.

Swap
Derivative financial instrument under which two parties agree to exchange interest rates or currencies for a specified period according to predetermined rules.

TLAC leverage ratio
Ratio determined by dividing the total loss absorbing capacity by the exposure measure. The exposure measure is independent from risk and includes:

- on-balance sheet exposures;
- securities financing transaction exposures;
- derivative exposures; and
- off-balance sheet items.

TLAC ratio
Ratio determined by dividing the total loss absorbing capacity (TLAC) by risk-weighted assets.

Total loss absorbing capacity – TLAC
Regulatory capital and instruments that meet the eligibility criteria set out in the *Total Loss Absorbing Capacity Guideline* issued by the AMF.

Unused exposure
Amount of credit authorizations offered in the form of margins or loans that is not yet used.

Used exposure
Amount of funds invested in or advanced to a member or client.

Value at Risk (VaR)
Potential loss that could occur by the next business day in normal market conditions and at a confidence level of 99% (approximate loss that could occur once every 100 days).

COMBINED FINANCIAL STATEMENTS

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Management's Responsibility for Financial Reporting

The Combined Financial Statements of Desjardins Group and all information included in its annual Management's Discussion and Analysis are the responsibility of the management of Desjardins Group, which is responsible for ensuring reporting integrity and accuracy.

These Combined Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and the accounting requirements of the *Autorité des marchés financiers* (AMF) in Québec, which do not differ from IFRS. The IFRS represents Canada's generally accepted accounting principles. These Combined Financial Statements necessarily contain amounts established by management based on estimates which it deems fair and reasonable. All financial information in the annual Management's Discussion and Analysis is consistent with these audited Combined Financial Statements.

Desjardins Group management is responsible for the accuracy of Desjardins Group's Combined Financial Statements and related information, as well as the accounting systems from which they are derived, for which purpose it maintains controls over transactions and related accounting practices. These controls are designed to provide reasonable assurance that the financial accounts are complete and accurate, assets are protected and records are kept appropriately. They include an organizational structure that ensures effective segregation of duties, a code of professional conduct, hiring and training standards, policies and procedure manuals, and regularly updated control methods, designed to ensure adequate supervision of operations. The internal control system is supported by a compliance team, which helps management ensure that all regulatory requirements are met, and a team from the Desjardins Group Monitoring Office, which has full and unrestricted access to the Audit and Inspection Commission. Management has also implemented a financial governance structure based on market best practices. In our capacities as Chief Executive Officer and Chief Financial Officer of Desjardins Group, we have overseen the process to assess financial information communication procedures and controls as well as internal control over financial reporting. As at December 31, 2024, we concluded that information communication procedures and controls and internal control over financial reporting were effective.

The AMF examines the affairs of Desjardins Group using a risk-based oversight approach.

For the purposes of approving the financial information contained in the Desjardins Group Annual Report, the Board of Directors of the *Fédération des caisses Desjardins du Québec* (the Federation) relies on the recommendation of the Audit and Inspection Commission. The commission is mandated by the Board of Directors to review Desjardins Group's Combined Financial Statements and its Management's Discussion and Analysis. The Audit and Inspection Commission has five independent members of the Board of Directors of the Federation as well as two representatives of the insurance subsidiaries and one observer, who help ensure the necessary alignment with the insurance subsidiaries and the caisse network. The Audit and Inspection Commission exercises an oversight role for management to develop and implement adequate control procedures and systems to deliver quality financial reporting that includes all the required disclosures within the required timeframes.

The Combined Financial Statements were audited by PricewaterhouseCoopers LLP, the independent auditor appointed by the Federation's General Meeting, whose report follows. The independent auditor may meet with the members of the Audit and Inspection Commission at any time to discuss its audit and any related issues, including the integrity of the financial information provided and the quality of internal control systems.

Guy Cormier
President and Chief Executive Officer
Desjardins Group

Alain Leprohon, FCPA
Executive Vice-President Finance and
Chief Financial Officer
Desjardins Group

Lévis, Québec
February 25, 2025

Independent auditor's report

To the members of the Fédération des caisses Desjardins du Québec

Our opinion

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of Desjardins Group as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited
Desjardins Group's combined financial statements comprise:

- the combined balance sheets as at December 31, 2024 and 2023;
- the combined statements of income for the years then ended;
- the combined statements of comprehensive income for the years then ended;
- the combined statements of changes in equity for the years then ended;
- the combined statements of cash flows for the years then ended; and
- the notes to the combined financial statements, comprising material accounting policy information and other explanatory information.

Certain required disclosures have been presented elsewhere in the Management's Discussion and Analysis, rather than in the notes to the combined financial statements. These disclosures are cross-referenced from the combined financial statements and are identified as audited.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the combined financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of Desjardins Group in accordance with the ethical requirements that are relevant to our audit of the combined financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the combined financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the combined financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Measurement of the allowance for expected credit losses on loans *Refer to note 2 – Accounting policies, and note 7 – Loans and allowance for credit losses, to the combined financial statements.* The allowance for expected credit losses on loans amounted to $1,320 million as at December 31, 2024 and represented management's estimate of the allowance for expected credit losses (ECL) at the reporting date. The measurement of the allowance for ECL is estimated for each exposure at the reporting date and is based on the result of multiplying the three credit risk parameters, namely probability of default (PD), loss given default (LGD) and exposure at default (EAD). The result of this multiplication is then discounted using the effective interest rate. For financial instruments in Stage 1 of the impairment model, credit risk parameters are projected over a maximum horizon of 12 months, while for those in Stage 2 or Stage 3, they are projected over the remaining life of the instrument. Desjardins Group uses three scenarios to determine the allowance for ECL, namely a base scenario, an upside scenario and a downside scenario. The macroeconomic variables projected under each scenario and the related probability of occurrence have a significant impact on determining significant increases in credit risk and measuring the allowance for ECL. Desjardins Group may also make adjustments to take into account the relevant information that affects the measurement of the allowance for credit losses and that has not been incorporated into the credit risk parameters. To take into account relevant risk factors related to the macroeconomic environment, management applied expert credit judgment in measuring the allowance for ECL. For credit-impaired loans that are individually material, the measurement of the allowance for ECL is based on an extensive review of the borrower's situation and the realization of collateral held. We considered this a key audit matter due to: • the inherent complexity of the calculations of the allowance for ECL as well as the significant judgments made by management in: – establishing the three scenarios, including projecting macroeconomic variables; – determining the probabilities of occurrence of the three scenarios; – determining significant increases in credit risk; and – applying expert credit judgment to reflect, among other things, the relevant risk factors related to the macroeconomic environment.	Our approach to addressing the matter included the following procedures, among others: • Testing the operating effectiveness of certain internal controls relating to the measurement of the allowance for ECL, including controls relating to: – the periodic monitoring and valuation of certain models; – the review of the macroeconomic variable projections and the probability of occurrence of the scenarios; – the assignment of borrower credit risk ratings; and – management's review and approval of the application of expert credit judgment and the allowance for ECL. • Testing management's process for measuring the allowance for ECL on loans by performing the following, among other things: – Evaluating, with the assistance of professionals with specialized skills and knowledge in credit risk and economics: ◦ the appropriateness of the methodologies used in calculating the allowance for ECL, including the independent recalculation of ECL on loans; ◦ the appropriateness of the three scenarios and the reasonableness of macroeconomic variables as well as the probability of occurrence assigned to the scenarios by considering publicly available economic data, forecasts from independent sources and sensitivity analyses to changes in some of these assumptions; ◦ the reasonableness of the establishment of credit risk parameters (PD, LGD, EAD); ◦ the reasonableness of the significant increases in credit risk determined by management; and ◦ the reasonableness of the application by management of expert credit judgment. – For a sample of credit-impaired loans that are individually material, evaluating the appropriateness of the methodology used in calculating the allowance for ECL and the reasonableness of assumptions. – Testing the data used in measuring the allowance for ECL.

Key audit matter	How our audit addressed the key audit matter

- the evaluation of audit evidence, which required increased audit effort and significant judgments by the auditor, as the measurement of the allowance for ECL is a complex calculation that involves a large volume of interrelated inputs and assumptions, some of which are model-based; and
- the audit effort involved the use of professionals with specialized skills and knowledge in credit risk and economics.

Measurement of insurance contract liabilities – Estimates of fulfilment cash flows

Refer to note 2 – Accounting policies, and note 16 – Insurance and reinsurance contracts, to the combined financial statements.

Desjardins Group's insurance contract liabilities amounted to $34,538 million as at December 31, 2024 and included estimates of fulfilment cash flows (FCFs) of a) $24,322 million for life and health insurance activities and b) $7,111 million in the liability for incurred claims for the property and casualty insurance activities.

FCFs comprise the following items:

- Estimates of future cash flows, which are based on a probability-weighted mean of the full range of possible outcomes;
- Adjustment to reflect the time value of money; and
- Risk adjustment for non-financial risk.

Estimating future cash flows requires management to develop assumptions, including: a) with respect to the life and health insurance activities, assumptions for mortality and longevity, morbidity and contract cancellation rates; and b) with respect to the property and casualty insurance activities, past claims development, average settlement cost per claim, average number of claims and claims severity

For the adjustment to reflect the time value of money, judgment is also required in determining the yield curves to be used, as a result of the determination of the assets held in the reference portfolios, the risk-free rates, the adjustments for credit risk and the adjustments for liquidity.

We considered this a key audit matter due to:

- the significant judgments made by management in estimating FCFs;
- the high degree of auditor judgment, subjectivity and effort in evaluating audit evidence related to the appropriateness of actuarial methods and techniques as well as the reasonableness of significant assumptions used by management; and
- the audit effort involved the use of professionals with specialized skills and knowledge in actuarial science.

Our approach to addressing the matter included the following procedures, among others:

- Testing management's process for estimating FCFs for the life and health insurance activities by performing the following, among other things:
  - Testing the operating effectiveness of certain internal controls over the completeness and accuracy of data used in estimating future cash flows;
  - Testing data used in determining the estimates of future cash flows; and
  - Evaluating, with the assistance of professionals with specialized skills and knowledge in actuarial science:
    - the appropriateness of the models and the reasonableness of the assumptions for mortality and longevity, morbidity and contract cancellation rates used in estimating future cash flows by evaluating the studies on experience used in determining these assumptions;
    - the appropriateness of the approach and the reasonableness of the reference asset portfolios and the risk-free rates used, as well as the adjustments for credit risk and the adjustments for liquidity; and
    - the appropriateness of the determination of the risk adjustment for non-financial risk.

For the estimates of FCFs for the liability for incurred claims for the property and casualty insurance activities:

- Testing the operating effectiveness of certain internal controls over the completeness and accuracy of data used in estimating future cash flows;
- Testing data used in determining the estimates of future cash flows;
- Developing, with the assistance of professionals with specialized skills and knowledge in actuarial science, an independent point estimate of future cash flows for a selection of business lines and comparing the independent point estimate with management's estimate to evaluate the reasonableness of management's estimate; and
- Evaluating, with the assistance of professionals having specialized skills and knowledge in actuarial science:
  - the appropriateness of the approach used and the reasonableness of the reference asset portfolios and the risk-free rates used, as well as the adjustments for credit risk and the adjustments for liquidity; and
  - the appropriateness of the determination of the risk adjustment for non-financial risk.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis, which we obtained prior to the date of this auditor's report and the information, other than the combined financial statements and our auditor's report thereon, included in the annual report, which is expected to be made available to us after that date.

Our opinion on the combined financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the combined financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the combined financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the information, other than the combined financial statements and our auditor's report thereon, included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the combined financial statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is responsible for assessing Desjardins Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Desjardins Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Desjardins Group's financial reporting process.

Auditor's responsibilities for the audit of the combined financial statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Desjardins Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Desjardins Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the combined financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Desjardins Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within Desjardins Group as a basis for forming an opinion on the combined financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the combined financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Martin Bernier.

PricewaterhouseCoopers LLP[1]
[1] FCPA auditor, public accountancy permit No. A115888

Montréal (Québec)
February 25, 2025

Combined Balance Sheets

(in millions of Canadian dollars)	Notes	As at December 31, 2024	As at December 31, 2023
ASSETS			
Cash and deposits with financial institutions		**$ 5,977**	$ 8,987
Securities	6		
Securities at fair value through profit or loss		**41,961**	36,627
Securities at fair value through other comprehensive income		**57,302**	51,692
Securities at amortized cost		**45**	46
		99,308	88,365
Securities borrowed or purchased under reverse repurchase agreements		**23,666**	13,678
Loans	7 and 8		
Residential mortgages		**179,920**	165,858
Consumer, credit card and other personal loans		**24,683**	24,239
Business and government		**86,314**	77,018
		290,917	267,115
Allowance for credit losses	7	**(1,320)**	(1,180)
		289,597	265,935
Segregated fund net assets	9	**28,959**	24,754
Other assets			
Derivative financial instruments	20	**7,579**	5,861
Amounts receivable from clients, brokers and financial institutions		**3,096**	2,801
Reinsurance contract assets	16	**1,905**	1,676
Right-of-use assets	10	**454**	476
Investment property	11	**817**	974
Property, plant and equipment	11	**1,486**	1,549
Goodwill	12	**596**	563
Intangible assets	12	**1,255**	1,186
Investments in companies accounted for using the equity method	13	**1,241**	1,477
Net defined benefit plan assets	17	**724**	46
Deferred tax assets	27	**986**	1,244
Other	14	**3,296**	3,368
		23,435	21,221
TOTAL ASSETS		**$ 470,942**	$ 422,940
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits	15		
Individuals		**$ 161,479**	$ 151,519
Business and government		**139,223**	127,219
Deposit-taking institutions		**244**	591
		300,946	279,329
Insurance contract liabilities	16	**34,538**	32,961
Other liabilities			
Commitments related to securities sold short		**13,249**	11,686
Commitments related to securities lent or sold under repurchase agreements		**20,633**	12,032
Derivative financial instruments	20	**6,112**	6,626
Amounts payable to clients, brokers and financial institutions		**14,195**	9,350
Lease liabilities		**534**	553
Reinsurance contract liabilities	16	**37**	38
Segregated fund net liabilities – Investment contracts	9	**25,329**	21,233
Net defined benefit plan liabilities	17	**713**	867
Deferred tax liabilities	27	**454**	252
Other	18	**11,550**	10,669
		92,806	73,306
Subordinated notes	19	**3,962**	2,954
TOTAL LIABILITIES		**432,252**	388,550
EQUITY			
Capital stock	22	**4,731**	4,731
Undistributed surplus earnings		**3,319**	2,668
Accumulated other comprehensive income	24	**256**	(708)
Reserves		**29,481**	26,784
Equity – Group's share		**37,787**	33,475
Non-controlling interests	13	**903**	915
TOTAL EQUITY		**38,690**	34,390
TOTAL LIABILITIES AND EQUITY		**$ 470,942**	$ 422,940

The accompanying notes are an integral part of the Combined Financial Statements.

On behalf of the Board of Directors of the *Fédération des caisses Desjardins du Québec*,

Guy Cormier
President and Chief Executive Officer
Desjardins Group

Louis Babineau
Chair of the Board

Combined Statements of Income

For the years ended December 31

(in millions of Canadian dollars)	Notes	2024	2023
INTEREST INCOME			
Loans		**$ 15,288**	$ 12,783
Securities		**2,477**	2,433
		17,765	15,216
INTEREST EXPENSE			
Deposits		**8,056**	6,459
Subordinated notes		**165**	139
Other		**2,073**	1,999
		10,294	8,597
NET INTEREST INCOME	26	**7,471**	6,619
INSURANCE SERVICE RESULT	16		
Insurance revenue		**11,524**	10,429
Insurance service expenses		**(9,969)**	(8,934)
Net reinsurance service income (expenses)		**532**	(129)
		2,087	1,366
NET INSURANCE FINANCE RESULT	16		
Net insurance investment income (loss)		**2,363**	2,971
Net insurance finance income (expenses)		**(1,641)**	(2,383)
Net reinsurance finance income (expenses)		**73**	103
		795	691
NET INSURANCE SERVICE INCOME		**2,882**	2,057
OTHER INCOME			
Deposit and payment service charges		**527**	483
Lending fees and card service revenues		**1,038**	951
Brokerage and investment fund services		**1,480**	1,339
Management and custodial service fees		**901**	751
Net other investment income (loss)	26	**(205)**	(72)
Foreign exchange income (loss)		**241**	192
Other		**325**	257
		4,307	3,901
TOTAL NET REVENUE		**14,660**	12,577
PROVISION FOR CREDIT LOSSES	7	**597**	529
NON-INTEREST EXPENSE			
Salaries and employee benefits		**5,483**	5,428
Professional fees		**821**	817
Technology		**1,217**	1,131
Commissions		**790**	705
Occupancy costs		**397**	408
Communications		**375**	358
Business and capital taxes		**148**	123
Other		**1,414**	1,247
Gross non-interest expense		**10,645**	10,217
Non-interest expense included in insurance service expenses		**(939)**	(985)
NET NON-INTEREST EXPENSE		**9,706**	9,232
OPERATING SURPLUS EARNINGS		**4,357**	2,816
Income taxes on surplus earnings	27	**1,001**	557
SURPLUS EARNINGS BEFORE MEMBER DIVIDENDS		**3,356**	2,259
Member dividends		**437**	412
Tax recovery on member dividends	27	**(109)**	(108)
NET SURPLUS EARNINGS FOR THE YEAR AFTER MEMBER DIVIDENDS		**$ 3,028**	$ 1,955
of which:			
Group's share		**$ 2,895**	$ 1,884
Non-controlling interests' share	13	**133**	71

The accompanying notes are an integral part of the Combined Financial Statements.

Combined Statements of Comprehensive Income

For the years ended December 31

(in millions of Canadian dollars)	2024	2023
Net surplus earnings for the year after member dividends	**$ 3,028**	$ 1,955
Other comprehensive income, net of income taxes		
Items that will not be reclassified subsequently to the Combined Statements of Income		
Remeasurement of net defined benefit plan assets and liabilities	**504**	(813)
Net change in gains and losses on equity securities designated as at fair value through other comprehensive income	**227**	99
Net change in fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss	**(5)**	(8)
	726	(722)
Items that will be reclassified subsequently to the Combined Statements of Income		
Net change in unrealized gains and losses on debt securities classified as at fair value through other comprehensive income		
Net unrealized gains (losses)	**592**	425
Reclassification of net (gains) losses to the Combined Statements of Income	**(42)**	280
	550	705
Net change in cash flow hedges		
Net gains (losses) on derivative financial instruments designated as cash flow hedges	**158**	384
Reclassification to the Combined Statements of Income of net (gains) losses on derivative financial instruments designated as cash flow hedges	**261**	151
	419	535
	969	1,240
Total other comprehensive income, net of income taxes	**1,695**	518
COMPREHENSIVE INCOME FOR THE YEAR	**$ 4,723**	$ 2,473
of which:		
Group's share	**$ 4,578**	$ 2,397
Non-controlling interests' share	**145**	76

The accompanying notes are an integral part of the Combined Financial Statements.

Income taxes on other comprehensive income

The tax expense (recovery) related to each component of other comprehensive income for the year is presented in the following table.

For the years ended December 31

(in millions of Canadian dollars)	2024	2023
Items that will not be reclassified subsequently to the Combined Statements of Income		
Remeasurement of net defined benefit plan assets and liabilities	**$ 182**	$ (295)
Net change in gains and losses on equity securities designated as at fair value through other comprehensive income	**47**	13
Net change in fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss	**(2)**	(3)
	227	(285)
Items that will be reclassified subsequently to the Combined Statements of Income		
Net change in unrealized gains and losses on debt securities classified as at fair value through other comprehensive income		
Net unrealized gains (losses)	**210**	137
Reclassification of net (gains) losses to the Combined Statements of Income	**(18)**	97
	192	234
Net change in cash flow hedges		
Net gains (losses) on derivative financial instruments designated as cash flow hedges	**53**	139
Reclassification to the Combined Statements of Income of net (gains) losses on derivative financial instruments designated as cash flow hedges	**94**	54
	147	193
	339	427
Total income tax expense (recovery)	**$ 566**	$ 142

Combined Statements of Changes in Equity

For the years ended December 31

(in millions of Canadian dollars)	Capital stock (Note 22)	Undistributed surplus earnings	Accumulated other comprehensive income (Note 24)	Reserves: Stabilization reserve	Reserves: Reserve for future member dividends	Reserves: General and other reserves	Reserves: Total reserves	Equity - Group's share	Non-controlling interests (Note 13)	Total equity
BALANCE AS AT DECEMBER 31, 2022	$ 4,786	$ 8,982	$ (2,058)	$ 343	$ 1,704	$ 17,755	$ 19,802	$ 31,512	$ 895	$ 32,407
Impact of changes in accounting policies(1)	—	(199)	119	—	—	—	—	(80)	—	(80)
BALANCE AS AT JANUARY 1, 2023	$ 4,786	$ 8,783	$ (1,939)	$ 343	$ 1,704	$ 17,755	$ 19,802	$ 31,432	$ 895	$ 32,327
Net surplus earnings for the year after member dividends	—	1,884	—	—	—	—	—	1,884	71	1,955
Other comprehensive income for the year	—	(718)	1,231	—	—	—	—	513	5	518
Comprehensive income for the year	—	1,166	1,231	—	—	—	—	2,397	76	2,473
Other net changes in capital stock	(55)	—	—	—	—	—	—	(55)	—	(55)
Remuneration on capital stock	—	(293)	—	—	—	—	—	(293)	—	(293)
Dividends	—	—	—	—	—	—	—	—	(56)	(56)
Transfer between undistributed surplus earnings and reserves	—	(6,982)	—	273	1,824	4,885	6,982	—	—	—
Other	—	(6)	—	—	—	—	—	(6)	—	(6)
BALANCE AS AT DECEMBER 31, 2023	$ 4,731	$ 2,668	$ (708)	$ 616	$ 3,528	$ 22,640	$ 26,784	$ 33,475	$ 915	$ 34,390
Net surplus earnings for the year after member dividends	**—**	**2,895**	**—**	**—**	**—**	**—**	**—**	**2,895**	**133**	**3,028**
Other comprehensive income for the year	**—**	**719**	**964**	**—**	**—**	**—**	**—**	**1,683**	**12**	**1,695**
Comprehensive income for the year	**—**	**3,614**	**964**	**—**	**—**	**—**	**—**	**4,578**	**145**	**4,723**
Remuneration on capital stock	**—**	**(266)**	**—**	**—**	**—**	**—**	**—**	**(266)**	**—**	**(266)**
Dividends	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(157)**	**(157)**
Transfer between undistributed surplus earnings and reserves	**—**	**(2,697)**	**—**	**8**	**(6)**	**2,695**	**2,697**	**—**	**—**	**—**
BALANCE AS AT DECEMBER 31, 2024	**$ 4,731**	**$ 3,319**	**$ 256**	**$ 624**	**$ 3,522**	**$ 25,335**	**$ 29,481**	**$ 37,787**	**$ 903**	**$ 38,690**

(1) This impact reflects changes in accounting policies as at January 1, 2023, following the designation of financial instruments recognized under FRS 9, "Financial Instruments," held in respect of insurance operations as at the date that IFRS 17, "Insurance Contracts," was first applied.

The accompanying notes are an integral part of the Combined Financial Statements.

Combined Statements of Cash Flows

For the years ended December 31

(in millions of Canadian dollars)	2024	2023
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Operating surplus earnings	**$ 4,357**	$ 2,816
Non-cash adjustments:		
Depreciation of right-of-use assets, property, plant and equipment and investment property, and amortization of intangible assets	**477**	464
Amortization of premiums and discounts	**15**	119
Provision for credit losses	**597**	529
Net realized (gains) losses on securities classified as at fair value through other comprehensive income	**165**	187
Net (gains) losses on disposal of property, plant and equipment, intangible assets and investment property	**(72)**	10
Other	**(15)**	(183)
Change in operating assets and liabilities:		
Securities at fair value through profit or loss	**(5,334)**	(2,640)
Securities borrowed or purchased under reverse repurchase agreements	**(9,988)**	3,346
Loans	**(24,352)**	(16,739)
Insurance and reinsurance contract assets and liabilities	**1,262**	2,707
Derivative financial instruments, net amount	**(2,398)**	(335)
Net amounts receivable from and payable to clients, brokers and financial institutions	**4,550**	1,057
Deposits	**21,617**	19,493
Commitments related to securities sold short	**1,563**	1,827
Commitments related to securities lent or sold under repurchase agreements	**8,601**	(12,533)
Other	**377**	(81)
Payment of the contingent consideration	**(49)**	(60)
Income taxes paid on surplus earnings	**(559)**	(46)
Payment of member dividends	**(414)**	(398)
	400	(460)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Issuance of subordinated notes	**997**	—
Sale (purchase) of debt securities and subordinated notes to (from) third parties on the market	**(68)**	—
Repayment of lease liabilities	**(85)**	(78)
Other net changes in capital stock	**—**	(55)
Remuneration on capital stock	**(293)**	(262)
Dividends paid	**(157)**	(56)
	394	(451)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Purchase of securities at fair value through other comprehensive income and at amortized cost	**(39,359)**	(36,744)
Proceeds from disposals of securities at fair value through other comprehensive income and at amortized cost	**25,387**	21,273
Proceeds from maturities of securities at fair value through other comprehensive income and at amortized cost	**10,013**	17,506
Business acquisition, net of cash and cash equivalents acquired	**—**	(743)
Acquisitions of property, plant and equipment, intangible assets and investment property	**(496)**	(519)
Proceeds from disposals of property, plant and equipment, intangible assets and investment property	**260**	9
Investments made in companies accounted for using the equity method	**(84)**	(125)
Proceeds from disposals of investments in companies accounted for using the equity method	**53**	—
Distributions received from investments in companies accounted for using the equity method	**329**	383
Other investment activities	**93**	(55)
	(3,804)	985
Net increase (decrease) in cash and cash equivalents	**(3,010)**	74
Cash and cash equivalents at beginning of year	**8,987**	8,913
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 5,977**	$ 8,987
Supplemental information on cash flows from (used in) operating activities		
Interest paid	**$ 7,988**	$ 6,098
Interest received	**16,909**	14,529
Dividends received	**242**	290

The accompanying notes are an integral part of the Combined Financial Statements.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

NOTE 1 – BASIS OF PRESENTATION

Nature of operations

Desjardins Group is made up of the Desjardins caisses in Québec, Caisse Desjardins Ontario Credit Union Inc. (CDO), the *Fédération des caisses Desjardins du Québec* (the Federation) and its subsidiaries, and the *Fonds de sécurité Desjardins*. A number of the subsidiaries are active across Canada. The various business segments in which Desjardins Group operates are described in Note 30, "Segmented information." The address of its head office is 100 Des Commandeurs Street, Lévis, Québec, Canada.

Combined Financial Statements

As an integrated financial services group, Desjardins Group is a complete economic entity. These Combined Financial Statements have been prepared to present the financial position, the financial performance and the cash flows of this economic entity. The Desjardins caisses exercise a collective power over the Federation, which is the cooperative entity responsible for assuming orientation, framework, coordination and development activities for Desjardins Group. The role of the Federation is also to protect the interests of Desjardins Group members.

As Desjardins caisses and the Federation are financial services cooperatives, these Combined Financial Statements differ from the consolidated financial statements of a group with a traditional organizational structure. Consequently, the Combined Financial Statements of Desjardins Group are a combination of the accounts of the Desjardins caisses in Québec, CDO, the Federation and its subsidiaries and the *Fonds de sécurité Desjardins*. The capital stock of Desjardins Group represents the aggregate of the capital stock issued by the Desjardins caisses in Québec, the Federation and CDO.

Statement of compliance

Pursuant to the *Act Respecting Financial Services Cooperatives* (the Act), these Combined Financial Statements have been prepared by Desjardins Group's management in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the accounting requirements of the *Autorité des marchés financiers* (AMF) in Québec, which do not differ from IFRS. Certain comparative figures have been reclassified to conform with the presentation of the Combined Financial Statements for the current year. During the year ended December 31, 2024, a presentation accounting policy relating to interest income and interest expense recognized on the financial instruments of Desjardins Securities Inc. was changed, and these items are now presented under "Net interest income" instead of "Other income." This new presentation was considered preferable to provide reliable and more relevant information. As a result, for the year ended December 31, 2023, a net amount of $414 million has been moved in two gross amounts from "Other income" to interest income and interest expense, under "Net interest income", changing these line items by $1,249 million and $1,663 million, respectively. This change had no impact on total net revenue and net surplus earnings for the comparative year.

The Combined Financial Statements for the year ended December 31, 2024 were approved by the Board of Directors of Desjardins Group, which is the Board of Directors of the Federation, on February 25, 2025.

The measurement and presentation rules applied to prepare these Combined Financial Statements are described below.

Significant judgments, estimates and assumptions

The preparation of combined financial statements in accordance with IFRS requires management to make judgments and estimates and rely on assumptions which have an impact on the reported amount of certain assets, liabilities, income and expenses as well as related disclosures. The accounting policies that required management to make difficult, subjective or complex judgments, often about matters that are inherently uncertain, are related to consolidation of structured entities, determination of the fair value of financial instruments, derecognition of financial assets, impairment of financial instruments, impairment of non-financial assets, measurement of insurance contract liabilities, provisions, income taxes on surplus earnings, employee benefits as well as intangible assets. Consequently, actual results could differ from those estimates and assumptions.

The economic conditions, strongly affected by the uncertainty surrounding the evolution of trade relations with the United States, continue to have a significant impact on the judgments, estimates and assumptions made by management in preparing the Combined Financial Statements for the year ended December 31, 2024. The judgments, estimates and assumptions that will be made for future periods will be reassessed in light of the development of these highly uncertain conditions and could therefore differ from those made in preparing the Combined Financial Statements for the year ended December 31, 2024. Desjardins Group is closely monitoring developments and their impact on its surplus earnings and financial position.

NOTE 2 – ACCOUNTING POLICIES

Scope of the Group

The Combined Financial Statements of Desjardins Group include the assets, liabilities, operating results and cash flows of the Desjardins caisses in Québec, CDO, the Federation and its subsidiaries and the *Fonds de sécurité Desjardins*. The financial statements of all Group entities have been prepared using similar accounting policies. All intercompany transactions and balances have been eliminated.

Management must use its judgment to determine whether the facts and circumstances resulting from a relationship with another entity give Desjardins Group control, joint control or significant influence over such entity. In particular, significant judgments must be made with respect to structured entities.

Investments in associates and joint ventures

Desjardins Group's investments in associates and joint ventures are presented under "Investments in companies accounted for using the equity method" in the Combined Balance Sheets.

Presentation and functional currency

These Combined Financial Statements are expressed in Canadian dollars, which is also the functional currency of Desjardins Group. Dollar amounts presented in the tables of the Notes to the Combined Financial Statements are in millions of dollars, unless otherwise stated.

ACCOUNTING POLICIES

a) Financial assets and liabilities

Financial assets and liabilities are recognized on the date Desjardins Group becomes a party to their contractual provisions, namely the date of acquisition or issuance of the financial instrument. Regular-way purchases and sales of financial assets are recognized on a trade-date basis.

Classification and measurement

Financial assets are classified based on their contractual cash flow characteristics and the business model under which they are held.

Contractual cash flow characteristics

In order to meet the cash flow characteristics criterion for purposes of classifying a financial asset, the cash flows from this asset must be solely payments of principal and interest on the principal amount outstanding. Principal is generally the fair value of the financial asset at initial recognition. Interest consists mainly of consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time, but it may also include consideration for other basic lending risks and costs, such as liquidity risk and administrative costs, as well as a certain profit margin.

Business models

Desjardins Group's business models are determined in a manner that reflects how groups of financial assets are managed to achieve a particular business objective. The business models refer to how Desjardins Group manages its financial assets in order to generate cash flows. They therefore reflect whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Determining business models requires the use of judgment and is based on all relevant evidence that is available to Desjardins Group at the date of the assessment.

Desjardins Group's business models are defined as follows:
- Held to collect contractual cash flows: The objective of holding financial assets is achieved by collecting contractual cash flows.
- Held to collect contractual cash flows and sell: The objective is achieved by both collecting contractual cash flows and selling financial assets.
- Other business models: The objective is not consistent with any of the above-mentioned business models.

NOTE 2 – ACCOUNTING POLICIES *(continued)*

The classification and measurement of financial assets can be summarized as follows:

Classes		Categories	Recognition	
			Initial	Subsequent
Financial assets	At fair value through profit or loss (i)	Classified as at fair value through profit or loss (ii)	Fair value	Fair value
		Designated as at fair value through profit or loss (iii)	Fair value	Fair value
	At fair value through other comprehensive income (iv)	Classified as at fair value through other comprehensive income (v)	Fair value	Fair value
		Designated as at fair value through other comprehensive income (vi)	Fair value	Fair value
	Amortized cost (vii)		Fair value	Amortized cost

(i) Financial assets included in the "At fair value through profit or loss" class comprise financial assets "Classified as at fair value through profit or loss" and "Designated as at fair value through profit or loss". Therefore:
- Changes in fair value of financial assets included in this class are recorded under "Net insurance investment income (loss)" and "Net other investment income (loss)" in the Combined Statements of Income.
- Interest income calculated using the effective interest method and dividend income from the "At fair value through profit or loss" class are recognized under "Interest income – Securities" except for the insurance subsidiaries, for which they are recognized under "Net insurance investment income (loss)" and "Net other investment income (loss)."

(ii) Financial assets "Classified as at fair value through profit or loss" include the following:
- Debt instruments that are managed for trading purposes or on a fair value basis or do not meet the criteria of the contractual cash flow test performed to determine whether cash flows are solely payments of principal or interest.
- Equity instruments that were not "Designated as at fair value through other comprehensive income."
- Derivative financial instruments.

Section n), "Derivative financial instruments and hedging activities," specifies the nature of the recognition of derivative financial instruments designated as part of hedging relationships.

(iii) Financial assets "Designated as at fair value through profit or loss" are debt instruments designated as such by management upon initial recognition, on an instrument-by-instrument basis. Management may make this irrevocable designation if doing so eliminates or significantly reduces a measurement or recognition inconsistency for the financial asset.

Desjardins Group's financial assets included in this measurement category comprise mainly debt securities and loans held in respect of insurance activities.

(iv) Financial assets included in the "At fair value through other comprehensive income" class comprise financial assets "Classified as at fair value through other comprehensive income" and "Designated as at fair value through other comprehensive income." Therefore:
- Changes in fair value of financial assets included in this class, except for changes related to the allowance for expected credit losses and exchange gains and losses on financial assets "Classified as at fair value through other comprehensive income," are recorded in the Combined Statements of Comprehensive Income as net unrealized gains and losses. For financial assets "Classified as at fair value through other comprehensive income," gains and losses are reclassified to the Combined Statements of Income when the asset is derecognized, while for financial assets "Designated as at fair value through other comprehensive income," gains and losses are never reclassified subsequently to the Combined Statements of Income and are reclassified immediately to undistributed surplus earnings.
- Interest income calculated using the effective interest method from the "Classified as at fair value through other comprehensive income" class is recognized under "Interest income – Securities" except for the insurance subsidiaries, for which it is recognized under "Net insurance investment income (loss)" and "Net other investment income (loss)."
- Dividends from equity instruments "Designated as at fair value through other comprehensive income" are mainly recognized under "Net insurance investment income (loss)."
- Premiums and discounts on the purchase of financial assets "Classified as at fair value through other comprehensive income" are amortized over the life of the securities using the effective interest method and recognized under "Interest income – Securities", except for the insurance subsidiaries, for which they are recognized under "Net insurance investment income (loss)" and "Net other investment income (loss)."

(v) Financial assets "Classified as at fair value through other comprehensive income" include debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and meet the criteria of the contractual cash flow test performed to determine whether cash flows are solely payments of principal or interest.

NOTE 2 – ACCOUNTING POLICIES *(continued)*

(vi) Financial assets "Designated as at fair value through other comprehensive income" include equity instruments for which an irrevocable election was made, on an instrument-by-instrument basis. This election is made for some equity instruments of public companies held in respect of insurance activities to mitigate volatility in the Combined Statements of Income and some equity instruments of private companies that are held on a long-term basis.

(vii) Securities included in the "Amortized cost" class are financial assets that are held within a business model whose objective is achieved by collecting contractual cash flows and meet the criteria of the contractual cash flow test performed to determine whether cash flows are solely payments of principal or interest.

Securities included in this class are initially recognized at fair value in the Combined Balance Sheets and, at subsequent reporting dates, they are measured at amortized cost using the effective interest method. Income recognized on securities included in the "Amortized cost" class is presented under "Interest income – Loans" and "Interest income – Securities" in the Combined Statements of Income except for the insurance subsidiaries, for which it is recognized under "Net insurance investment income (loss)" and "Net other investment income (loss)."

Financial assets are not reclassified following their initial recognition, except when the business model for managing those financial assets is changed.

Financial liabilities are classified based on their characteristics and the intention of management upon their issuance.

The classification and measurement of financial liabilities can be summarized as follows:

Classes		Categories	Recognition	
			Initial	Subsequent
Financial liabilities	At fair value through profit or loss (i)	Classified as at fair value through profit or loss (ii)	Fair value	Fair value
		Designated as at fair value through profit or loss (iii)	Fair value	Fair value
	Amortized cost (iv)		Fair value	Amortized cost

(i) Financial liabilities included in the "At fair value through profit or loss" class comprise financial liabilities "Classified as at fair value through profit or loss" and "Designated as at fair value through profit or loss." Therefore:
- Changes in fair value of financial liabilities included in this class are mainly recorded under "Net insurance investment income (loss)" and "Net other investment income (loss)" in the Combined Statements of Income. However, for financial liabilities designated as at fair value, the change in fair value that is attributable to Desjardins Group's own credit risk is recognized in other comprehensive income that will not be reclassified subsequently to the Combined Statements of Income and is reclassified immediately to undistributed surplus earnings.
- Interest expense related to financial liabilities included in the "At fair value through profit or loss" class is recognized under "Interest expense" in the Combined Statements of Income except for the insurance subsidiaries, for which it is recognized under "Net insurance investment income (loss)" and "Net other investment income (loss)" in the Combined Statements of Income.

(ii) Financial liabilities "Classified as at fair value through profit or loss" are securities held for trading and include debt securities issued with the intention to repurchase them in the near term and securities that are part of a portfolio of securities that are managed together and for which there is evidence of an actual pattern of short-term profit-taking, such as "Commitments related to securities sold short." Derivative financial instruments are also classified as held for trading.

Section n), "Derivative financial instruments and hedging activities," of this note specifies the nature of the recognition of derivative financial instruments designated as part of hedging relationships.

(iii) Financial liabilities "Designated as at fair value through profit or loss" are designated as such by management upon initial recognition, on an instrument-by-instrument basis, and are essentially debt securities. Management may make this irrevocable designation if doing so eliminates or significantly reduces a measurement or recognition inconsistency for the financial liability, if a group of financial liabilities is managed and its performance is evaluated on a fair value basis, or if the liabilities are hybrid financial liabilities containing at least one embedded derivative that would otherwise be separated from the host contract and recognized separately.

Financial liabilities included in this measurement category comprise deposits containing at least one embedded derivative that would otherwise be separated from the host contract and recognized separately.

(iv) Financial liabilities that are not in the "At fair value through profit or loss" class are included in the "Amortized cost" class.

Financial liabilities included in this class are initially recognized at fair value in the Combined Balance Sheets and, at subsequent reporting dates, they are measured at amortized cost using the effective interest method. Interest expense on securities included in the "Amortized cost" class is recognized under "Interest expense" in the Combined Statements of Income except for the insurance subsidiaries, for which it is recognized under "Net insurance investment income (loss)" and "Net other investment income (loss)" in the Combined Statements of Income.

NOTE 2 – ACCOUNTING POLICIES *(continued)*

Determination of the fair value of financial instruments

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

There is little subjectivity in the determination of the fair value of financial instruments, especially securities and commitments related to securities sold short, obtained from quoted prices on active markets. This fair value is based on the quoted price within the bid-ask spread that is most representative of fair value in the circumstances.

If there are no quoted prices on active markets, fair value is determined using models that maximize the use of observable inputs and minimize the use of unobservable inputs. In such cases, fair value estimates are established using valuation techniques such as cash flow discounting, comparisons with similar financial instruments, option pricing models and other valuation techniques commonly used by market participants, if these techniques have been demonstrated to provide reliable estimates. Valuation techniques rely on assumptions concerning the amount and timing of estimated future cash flows and discount rates that are mainly based on observable data, such as interest rate yield curves, exchange rates, credit curves and volatility factors. When one or several material inputs are not observable on the market, fair value is determined mainly based on internal inputs and estimates that take into account the characteristics specific to the financial instrument and any factor relevant to the measurement. For complex financial instruments, significant judgment is made in determining the valuation technique to be used and in selecting inputs and adjustments associated with this technique. Due to the need to use estimates and make judgments when applying many valuation techniques, fair value estimates for identical or similar assets may differ between entities. Fair value reflects market conditions on a given date and may not be representative of future fair values. It should not be considered as being realizable in the event of immediate settlement of these instruments.

Loans

The fair value of non-credit impaired loans classified as at "Amortized cost" and loans classified as "At fair value through profit or loss" is determined by discounting expected contractual cash flows using market interest rates charged for similar new loans at the reporting date and reflects estimated prepayments, adjusted to take into account credit losses on the loan portfolio. Changes in interest rates and in the creditworthiness of borrowers are the main causes of changes in the fair value of loans held by Desjardins Group.

Deposits

The fair value of fixed-rate deposits is determined by discounting expected cash flows using market interest rates currently being offered for deposits with substantially the same term and reflects estimated prepayments. The fair value of deposits with floating-rate features or with no stated maturity is assumed to be equal to their carrying amount. The fair value of certain liabilities presented under "Deposits – Business and government" is based on the market price for similar instruments or on expected cash flow discounting. For financial liabilities designated as at fair value through profit or loss, the fair value takes option pricing models into account, and the valuation techniques are similar to those used for derivative financial instruments.

Subordinated notes

The fair value of subordinated notes is based on market prices.

Derivative financial instruments

The fair value of derivative financial instruments is determined using pricing models that incorporate the current market prices and the contractual prices of the underlying instruments, the time value of money, interest rate yield curves, credit curves and volatility factors. This fair value is presented without taking into account the impact of legally enforceable master netting agreements. However, Desjardins Group adjusts the measurement of these instruments based on credit risk, and such adjustments reflect the financial ability of the counterparties to the contracts and the creditworthiness of Desjardins Group, as well as credit risk mitigation measures such as legally enforceable master netting agreements. Note 20, "Derivative financial instruments and hedging activities," specifies the nature of derivative financial instruments held by Desjardins Group.

Financial instruments whose fair value equals their carrying amount

The carrying amount of certain financial instruments is a reasonable approximation of their fair value given their short-term maturity or their features. These financial instruments include the following items: "Cash and deposits with financial institutions;" "Securities borrowed or purchased under reverse repurchase agreements;" "Amounts receivable from clients, brokers and financial institutions;" some items included in "Other assets – Other;" "Commitments related to securities lent or sold under repurchase agreements;" "Amounts payable to clients, brokers and financial institutions;" and some items included in "Other liabilities – Other."

NOTE 2 – ACCOUNTING POLICIES *(continued)*

Transaction costs

Transaction costs for financial instruments are capitalized and then amortized over the life of the instrument using the effective interest method for financial instruments classified as "At fair value through other comprehensive income" and at "Amortized cost," while they are never subsequently reclassified to the Combined Statements of Income for financial instruments designated as "At fair value through other comprehensive income." For financial instruments classified or designated as "At fair value through profit or loss," these costs are expensed as incurred.

Offsetting of financial assets and liabilities

Financial assets and liabilities are presented on a net basis when there is a legally enforceable and unconditional right to set off the recognized amounts and Desjardins Group intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

Derecognition of financial assets and liabilities

A financial asset is derecognized from the Combined Balance Sheets when the contractual rights to the cash flows from the asset expire, when the contractual rights to receive these cash flows are retained but Desjardins Group has the obligation to pay them to a third party under certain conditions, or when Desjardins Group transfers the contractual rights to receive the cash flows and substantially all the risks and rewards of ownership of the asset have been transferred.

When substantially all the risks and rewards of ownership of the transferred financial asset are retained by Desjardins Group, such asset is not derecognized from the Combined Balance Sheets and a financial liability is recognized, when appropriate.

When a financial asset is derecognized in its entirety, a gain or a loss is recognized in the Combined Statements of Income for an amount equal to the difference between the carrying amount of the asset and the value of the consideration received.

Management must use its judgment to determine whether the contractual rights to the cash flows have expired, have been transferred or have been retained with an obligation to pay them to a third party. With respect to the transfer of substantially all the risks and rewards of ownership of the assets, management evaluates Desjardins Group's exposure before and after the transfer as well as the changes in the amount and timing of the net cash flows of the transferred asset.

A financial liability is derecognized when the related obligation is discharged, cancelled or expires. The difference between the carrying amount of the transferred financial liability and the consideration paid is recognized in the Combined Statements of Income.

b) Cash and deposits with financial institutions

"Cash and deposits with financial institutions" includes cash and cash equivalents. Cash equivalents consist of deposits with the Bank of Canada, deposits with financial institutions—including net amounts receivable related to cheques and other items in the clearing process—as well as certain fixed-income securities. These financial instruments mature in the short term, are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

c) Securities

The classification and measurement of securities are determined using the criteria stated in section a), "Financial assets and liabilities," above.

Securities purchased under reverse repurchase agreements and securities borrowed

Securities purchased under reverse repurchase agreements and securities borrowed are not recognized in the Combined Balance Sheets, as substantially all the risks and rewards of ownership of these securities have not been obtained.

Reverse repurchase agreements are treated as collateralized lending transactions. An asset corresponding to the consideration paid for the securities acquired, including accrued interest, is recognized under "Securities borrowed or purchased under reverse repurchase agreements" in the Combined Balance Sheets.

As part of securities borrowings, Desjardins Group pledges cash or securities as collateral. When cash is pledged as collateral, an asset corresponding to the amount that will be received upon the delivery of the borrowed securities is recognized under "Securities borrowed or purchased under reverse repurchase agreements" in the Combined Balance Sheets. When securities are pledged as collateral, such securities are not derecognized, as substantially all the risks and rewards of ownership of these securities are retained.

NOTE 2 – ACCOUNTING POLICIES *(continued)*

Securities sold under repurchase agreements and securities lent

Securities sold under repurchase agreements and securities lent are not derecognized from the Combined Balance Sheets, as substantially all the risks and rewards of ownership of these securities are retained.

Repurchase agreements are treated as collateralized borrowing transactions. A liability corresponding to the consideration received for the securities sold, including accrued interest, is recognized under "Commitments related to securities lent or sold under repurchase agreements" in the Combined Balance Sheets.

As part of securities loans, Desjardins Group receives cash or securities as collateral. When cash is received as collateral, a liability corresponding to the obligation to deliver cash is recognized under "Commitments related to securities lent or sold under repurchase agreements" in the Combined Balance Sheets. When securities are received as collateral, such securities are not recognized, as substantially all the risks and rewards of ownership of these securities have not been obtained.

Securities sold short

Securities sold short as part of trading activities, which represent Desjardins Group's obligation to deliver securities that it did not possess at the time of sale, are recognized as liabilities at their fair value. Realized and unrealized gains and losses on these securities are recognized under "Net insurance investment income (loss)" and "Net other investment income (loss)" in the Combined Statements of Income.

d) Loans

The classification and measurement of loans are determined using the criteria stated in section a), "Financial assets and liabilities," above. The majority of loans are classified as at "Amortized cost."

Fees collected and direct costs related to the origination, restructuring and renegotiation of loans classified as at "Amortized cost" are treated as being integral to the yield of the loans. They are deferred and amortized using the effective interest method, and the amortization is recognized as interest income over the life of the loan. Collateral is obtained if deemed necessary, based on an assessment of the borrower's creditworthiness. Such collateral normally takes the form of assets such as capital assets, receivables, inventory, equipment, securities (government securities, equity securities, etc.) or cash.

Restructured loans are loans for which Desjardins Group renegotiated the initial terms by granting concessions to the borrower in the context of financial difficulties or to prevent a failure by the borrower to meet its initial obligations. Once the terms of the loan have been renegotiated and accepted by the borrower, the loan is considered as restructured.

When the modification of the terms of a loan classified as at "Amortized cost" has no significant impact on contractual cash flows, the renegotiated loan is not derecognized. At the date of restructuring, the loan is reduced to the amount of the estimated net cash flows receivable under the modified terms, discounted at the effective interest rate (prior to the restructuring), which may result in a gain or loss on modification. When the modification of the terms has a significant impact on contractual cash flows, the initial loan should be derecognized, which may result in a gain or loss on derecognition. In addition, a new loan should be recognized based on the new contractual terms. When the modification of the terms does not result in the derecognition of the loan, the date of initial recognition of the loan remains unchanged for purposes of applying the impairment model. The default risk based on the modified contractual terms is then compared to the default risk based on the initial terms to determine whether there has been a significant increase in credit risk since initial recognition. When the modification of the terms results in the derecognition of the loan and the recognition of a new loan, the date of the modification should become the date of initial recognition of the new loan for purposes of applying the impairment model. A new loan is usually considered as being in Stage 1 of the impairment model, but it may have to be considered as credit-impaired upon origination.

e) Impairment of financial instruments

At each reporting date, Desjardins Group recognizes an allowance for expected credit losses for debt instruments classified as at "Amortized cost" or as "At fair value through other comprehensive income," as well as certain off-balance sheet items, namely loan commitments and financial guarantees, which are not measured at fair value through profit or loss. This allowance is estimated based on an impairment model that comprises three stages:

- Stage 1: For financial instruments that have not had a significant increase in credit risk since initial recognition and are not considered as credit-impaired financial assets, an allowance for credit losses amounting to 12-month expected credit losses is recognized.
- Stage 2: For financial instruments that have had a significant increase in credit risk since initial recognition but are not considered as credit-impaired financial assets, an allowance for credit losses amounting to the lifetime expected credit losses is recognized.
- Stage 3: For financial instruments considered as credit impaired, an allowance for credit losses amounting to the lifetime expected credit losses continues to be recognized.

Financial instruments may, over their life, move from one impairment model stage to another based on the improvement or deterioration in their credit risk and the level of expected credit losses. Instruments are always classified in the various stages of the impairment model based on the change in credit risk between the reporting date and the initial recognition date of the financial instrument and an analysis of evidence of impairment.

NOTE 2 – ACCOUNTING POLICIES *(continued)*

Determination of significant increases in credit risk

To determine whether, at the reporting date, credit risk has significantly increased since initial recognition, Desjardins Group bases its assessment on the change in default risk over the expected life of the financial instrument, which requires significant judgment.

To this end, Desjardins Group compares the probability of default (PD) of the financial instrument at the reporting date with its PD at the date of initial recognition. In addition, it considers reasonable and supportable information indicating a significant increase in credit risk since initial recognition, including qualitative information and information about future economic conditions to the extent that it affects the assessment of the instrument's PD. The criteria used to determine a significant increase in credit risk vary depending on the groups of financial instruments with shared credit risk characteristics and are mainly based on a relative change combined with an absolute change in the PD. They also include absolute risk thresholds and certain other criteria. All instruments that are more than 30 days past due are transferred to Stage 2 of the impairment model.

For securities at "Amortized cost" or "Classified as at fair value through other comprehensive income," Desjardins Group elected to use the low credit risk exemption. Consequently, when credit risk is equivalent to the credit risk of the "investment grade" category at the reporting date, the credit risk on the securities is deemed to not have significantly increased since initial recognition.

Definition of default and credit-impaired financial asset

The definition of default used in the impairment model corresponds to the definition used for internal credit risk management purposes and for regulatory purposes. It considers relevant quantitative and qualitative factors. In particular, a loan is in default when contractual payments are over 90 days past due. A financial asset is considered credit-impaired when it is in default, unless the detrimental impact on the estimated future cash flows is considered insignificant.

Measurement of the allowance for expected credit losses

The allowance for expected credit losses reflects an unbiased amount, based on a probability-weighted present value of cash flow shortfalls, and takes into account reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. Generally, the allowance for expected credit losses represents the present value of the difference between cash flows that are due, or the amount of the commitment that may be used under the terms and conditions of the contract, and total cash flows that Desjardins Group expects to receive. For credit-impaired financial assets, expected credit losses are calculated based on the difference between the gross carrying amount of the asset and estimated cash flows.

The measurement of the allowance for expected credit losses is estimated for each exposure at the reporting date and is based on the result of multiplying the three credit risk parameters, namely PD, loss given default (LGD) and exposure at default (EAD). The result of this multiplication is then discounted using the effective interest rate. The parameters are estimated using an appropriate segmentation that considers common credit risk characteristics. The LGD of certain loans and off-balance sheet items is estimated at 0% due to the nature of the credit enhancement obtained. For financial instruments in Stage 1 of the impairment model, credit risk parameters are projected over a maximum horizon of 12 months, while for those in Stage 2 or Stage 3, they are projected over the remaining life of the instrument.

To determine the credit risk parameters, financial instruments are aggregated based on their common credit risk characteristics. The following table presents the main aggregation variables for the applicable parameters.

PD	LGD	EAD[1]
Loans, loan commitments and financial guarantees: • Type of clients • Risk level • Type of instrument • Industry	*Loans, loan commitments and financial guarantees:* • Type of clients • Type of collateral • Type of guarantor • Risk level • Type of instrument • Industry	*Loans:* • Type of clients • Type of product *Loan commitments and financial guarantees:* • Type of clients • Risk level • Utilization rate • Authorized amount • Type of product • Balance

[1] To determine the EAD, a credit conversion factor is applied.

NOTE 2 – ACCOUNTING POLICIES *(continued)*

The allowance for expected credit losses also considers information about future economic conditions. To incorporate forward-looking information relevant to the determination of significant increases in credit risk and the measurement of the allowance for expected credit losses, Desjardins Group uses the econometric models for credit risk projection. These models estimate the impact of macroeconomic variables on the various credit risk parameters. Desjardins Group uses three scenarios (base, upside and downside) to determine the allowance for expected credit losses and assigns to each scenario a probability of occurrence. Desjardins Group may also make adjustments to take into account the relevant information that affects the measurement of the allowance for credit losses and that has not been incorporated into the credit risk parameters. Incorporating forward-looking information is based on a set of assumptions and methodologies specific to credit risk and economic projections and therefore requires a high degree of judgment.

For credit-impaired financial assets that are individually material, measuring the allowance for expected credit losses is based on an extensive review of the borrower's situation and the realization of collateral held. The measurement represents a probability-weighted present value, calculated using the effective interest rate, of cash flow shortfalls that takes into consideration the impact of various scenarios that may materialize and information about future economic conditions. In some cases, Desjardins Group may not recognize any allowance for credit losses when the probability of the collateral realization scenario is 100% and the estimated realizable value of the collateral exceeds the gross carrying amount of the loan.

Expected life

The expected life of most financial instruments is equal to the maximum contractual term during which Desjardins Group is exposed to credit risk, including extension options that may be exercised solely by the borrower. The exception to this rule concerns revolving credit facilities, which consist of personal and business lines of credit and credit card loans. Their life is estimated as being the period over which there is exposure to credit risk but for which expected credit losses would not be mitigated by normal credit risk management actions. In making this estimate, Desjardins Group considers the period over which it was exposed to credit risk on similar financial instruments and the credit risk management actions that it expects to take once the credit risk on a financial instrument has increased.

Recognition of the allowance for expected credit losses

The allowance for expected credit losses on loans is recorded under "Allowance for credit losses" in the Combined Balance Sheets and under "Provision for credit losses" in the Combined Statements of Income.

The allowance for expected credit losses on loan commitments and financial guarantees is recorded under "Other liabilities – Other" in the Combined Balance Sheets and under "Provision for credit losses" in the Combined Statements of Income.

The allowance for expected credit losses on securities at "Amortized cost" is recorded against "Securities – Securities at amortized cost" in the Combined Balance Sheets and under "Provision for credit losses" in the Combined Statements of Income. The allowance for expected credit losses on securities "Classified as at fair value through other comprehensive income" is recognized under "Net unrealized gains on debt securities classified as at fair value through other comprehensive income" in the Combined Statements of Comprehensive Income and under "Provision for credit losses" in the Combined Statements of Income.

Foreclosed assets

Assets foreclosed to settle credit-impaired loans are recognized on the date of the foreclosure at their fair value less costs to sell. Any difference between the carrying amount of the loan and the fair value recorded for the foreclosed assets is recognized under "Provision for credit losses" in the Combined Statements of Income.

Loan write-off

A loan is written off, in whole or in part, when recovery is no longer reasonably expected, which is when all attempts at restructuring or collection have been made and, based on an assessment of the file in its entirety, there are no other means to recover the loan. For secured loans, balances are generally written off once the collateral has been realized. Loans for which a consumer proposal or bankruptcy proceedings are ongoing but for which Desjardins Group has no reasonable expectation of recovery are written off, but they may continue to be subject to recovery measures by an insolvency trustee. Credit card balances are written off completely when no payment has been received at the end of a period of 180 days. These balances could however still be subject to enforcement activity during a certain period after they have been written off. When a loan is written off completely, any subsequent payments are recorded under "Provision for credit losses" in the Combined Statements of Income.

f) Leases

Lessee

Desjardins Group mainly leases premises that are used in the normal course of its operations. A right-of-use asset and a lease liability are recognized in the Combined Balance Sheets at the commencement date of the lease, except for short-term and low-value leases. In addition, Desjardins Group applies the practical expedient which allows not to separate non-lease components from lease components for a contract.

Right-of-use assets are presented in the Combined Balance Sheets and the depreciation of right-of-use assets is recognized under "Non-interest expense – Occupancy costs" in the Combined Statements of Income.

NOTE 2 – ACCOUNTING POLICIES *(continued)*

The lease liability is initially measured at the present value of the lease payments that have not yet been paid. Generally, Desjardins Group uses its incremental borrowing rate as discount rate. Lease liabilities are presented in the Combined Balance Sheets and interest expense on lease liabilities is recognized under "Interest expense" in the Combined Statements of Income.

Lessor

Leases in which Desjardins Group is the lessor are leases for premises. Desjardins Group mainly enters into operating leases.

When Desjardins Group is the lessor, lease income from operating leases is recognized on a straight-line basis over the lease term under "Net insurance investment income (loss)" and "Net other investment income (loss)" and the leased asset remains recognized in the Combined Balance Sheets.

g) Property, plant and equipment and investment property

Property, plant and equipment

Property, plant and equipment are recognized at cost and are depreciated using the straight-line method. The depreciation expense for property, plant and equipment is recognized under "Non-interest expense – Occupancy costs" in the Combined Statements of Income.

Investment property

Investment properties are recognized at cost and are depreciated using the straight-line method. The depreciation expense for investment properties is recognized under "Net insurance investment income (loss)" and "Net other investment income (loss)" in the Combined Statements of Income.

Depreciation

Property, plant and equipment and investment property are depreciated using the following depreciation periods:

	Depreciation periods
Land	Non-depreciable
Buildings and investment property	5 to 80 years
Computer equipment	3 to 10 years
Furniture, fixtures and other	1 to 20 years
Leasehold improvements	Expected term of the lease

Derecognition

Gains and losses on the disposal or sale of buildings are recognized in the Combined Statement of Income for the year in which they are realized under "Non-interest expense – Occupancy costs" for property, plant and equipment and under "Net insurance investment income (loss)" and "Net other investment income (loss)" for investment property.

h) Intangible assets

Intangible assets include acquired and internally generated intangible assets. The cost of intangible assets with finite useful lives is amortized using the straight-line method over their estimated useful lives, which do not exceed 40 years.

Gains or losses resulting from the derecognition of an intangible asset are recognized under "Non-interest expense – Other" in the Combined Statements of Income upon derecognition of the asset.

i) Impairment of non-financial assets

Desjardins Group assesses at the reporting date whether there is evidence that an asset may be impaired. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

When there is evidence that an asset may be impaired, estimating the recoverable amount of a non-financial asset to determine whether it is impaired requires management to make estimates and assumptions. The main estimates and assumptions used in calculating the recoverable amount are future cash flows estimated based on internal financial forecasts, expected future earnings, the growth rate and the discount rate.

NOTE 2 – ACCOUNTING POLICIES *(continued)*

Goodwill

Goodwill is tested for impairment once a year and when there is possible evidence of impairment. The impairment test for goodwill is performed based on the recoverable amount of each cash-generating unit (CGU or each group of CGUs) to which goodwill is allocated. Significant judgments must be made to estimate the data taken into account in the model used to determine the recoverable amount of each CGU.

j) Insurance and reinsurance contracts

Classification

Insurance contracts are contracts that transfer a significant insurance risk to an insurer upon their issuance. An insurance risk is transferred when the insurance subsidiaries agree to compensate a contract holder if a specified uncertain future event adversely affects the contract holder. In certain situations, an insurance contract may also transfer a financial risk.

Certain contracts issued by the insurance subsidiaries do not transfer a significant insurance risk. These contracts are classified as investment contracts in accordance with IFRS 9, "Financial Instruments," or as service contracts in accordance with IFRS 15, "Revenues from Contracts with Customers."

Insurance contracts issued are classified as insurance contracts without direct participation features or as insurance contracts with direct participation features.

The life and health insurance subsidiary classifies individual segregated fund contracts and life insurance contracts with participation features as insurance contracts with direct participation features. All other insurance contracts are insurance contracts without direct participation features.

Insurance contracts with direct participation features are contracts that are essentially contracts for investment-related services under which a return on clearly defined underlying items is promised. The underlying items include specific investment portfolios that determine the amounts that are payable to the insured persons. The policy of the life and health insurance subsidiary is to hold such specific investments.

Significant judgments are made by management when analyzing the conditions that have to be met to classify insurance contracts as insurance contracts with direct participation features. These contracts must be measured using the variable fee approach, of which the specific features compared to the general measurement model are described in subsequent sections.

The insurance subsidiaries use reinsurance contracts to mitigate their exposure to insurance risk. These reinsurance contracts transfer significant insurance risks in the underlying insurance contracts and are classified as reinsurance contracts held in accordance with IFRS 17. These reinsurance agreements do not release the Company from its obligations towards its contract holders.

Investment component

Certain insurance contracts include an investment component that does not have to be presented separately as the component and the insurance contract are highly interrelated. These components are therefore recognized with insurance contract liabilities. An investment component is an amount that the insurance subsidiaries are required to repay to the insurance contract holder in all circumstances, regardless of whether the insured event occurs.

Aggregation of insurance contracts and reinsurance contracts held

Insurance contracts are aggregated by portfolios, which comprise contracts that, based on management's judgment, are subject to similar risks and are managed together.

The portfolios of insurance contracts are then divided into three groups based on the expected profitability of the contracts, if any:
- contracts that are onerous at initial recognition;
- contracts that, at initial recognition, have no significant possibility of becoming onerous;
- other contracts in the portfolio.

If contracts within a portfolio fall into a different group only because law or regulation specifically constrains the practical ability to set a different price for policyholders with different characteristics, the property and casualty insurance subsidiaries elected to include those contracts in the same group.

The portfolios of reinsurance contracts held are determined separately from the portfolios of insurance contracts. The reinsurance contracts held are divided into the following groups, if any:
- contracts on which there is a net gain at initial recognition;
- contracts that, at initial recognition, have no significant possibility of becoming profitable;
- other contracts in the portfolio.

The groups of insurance contracts and reinsurance contracts held are determined at initial recognition, and the composition of such groups in not reassessed subsequently. Management exercised its judgment to determine the insurance contracts that could be aggregated to assess the expected profitability of the contracts for purposes of identifying onerous contracts at initial recognition.

NOTE 2 – ACCOUNTING POLICIES *(continued)*

Each of the groups only include contracts issued one year or less apart and are determined based on the calendar year.

Desjardins Group presents separately in the Combined Balance Sheets the carrying amount of portfolios of insurance contracts that are assets, portfolios of insurance contracts that are liabilities, portfolios of reinsurance contracts that are assets and portfolios of reinsurance contracts that are liabilities.

Recognition and derecognition

Groups of insurance contracts must be recognized at the earliest of the following:
- the beginning of the coverage period;
- the date when the first payment from an insurance contract holder of the group becomes due, or when the first payment is received if there is no contractual due date;
- for a group of onerous contracts, when the facts and circumstances indicate that the group of contracts is onerous.

Groups of reinsurance contracts must be recognized at the earliest of the following:
- the beginning of the coverage period;
- the date an onerous group of underlying insurance contracts is recognized, to the extent that a reinsurance contract applying to these contracts is entered into at that date.

Insurance contract liabilities are derecognized when the obligation specified in the contract expires or is discharged or cancelled.

Contracts to which the general measurement model is applied

<u>Initial measurement</u>

On initial recognition, the liability for a group of insurance contracts corresponds to the liability for remaining coverage, which is the total of the fulfilment cash flows and the contractual service margin (CSM).

Fulfilment cash flows

Fulfilment cash flows comprise the following items:

- Estimates of future cash flows

  Estimates of future cash flows are based on a probability-weighted mean of the full range of possible outcomes and reflect the perspective of the insurance subsidiaries, to the extent that they are consistent with observable market variables.

  The measurement of a group of contracts includes all the future cash flows within the boundary of each contract of the group. Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period in which the insurance subsidiaries can compel the contract holder to pay the premiums or in which they have a substantive obligation to provide the contract holder with insurance contract services. A substantive obligation to provide insurance contract services ends when the insurance subsidiaries have the practical ability to reassess the risks of the particular insurance contract holder or the risks of the portfolio of insurance contracts that contains the contract.

  Cash flows within the boundary of a contract are those that relate directly to the fulfilment of the contract, such as premiums, commissions, benefits and other obligations to contract holders. Costs directly attributable to portfolios of insurance contracts include, in particular, claim handling costs, contract administration costs and insurance acquisition cash flows.

- Adjustment to reflect the time value of money

  Estimates of future cash flows are adjusted, using discount rates that are current at measurement date, to reflect the time value of money and the financial risks related to those cash flows.

- Risk adjustment for non-financial risk

  The risk adjustment for non-financial risk is determined separately from estimates of future cash flows and the adjustment to reflect the time value of money. The risk adjustment for non-financial risk reflects the compensation required for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

Certain fulfilment cash flows are measured at the level of the portfolios of insurance contracts and then allocated to each of the groups using systematic and rational methods, applied in a consistent manner in each reporting period.

NOTE 2 – ACCOUNTING POLICIES *(continued)*

Contractual service margin

The CSM represents the unearned profit that will be recognized under "Insurance revenue," in the Combined Statements of Income, as insurance contract services are provided. On initial recognition, no amounts are recognized in profit or loss as the CSM is measured at an amount corresponding to the net expected inflow of fulfilment cash flows.

If the sum of fulfilment cash flows is a net outflow, the group of insurance contracts is onerous, and the CSM amounts to nil. A loss on onerous contracts is immediately recognized under "Insurance service expenses," in the Combined Statements of Income, and a loss component is added to the liability for remaining coverage.

Subsequent measurement

At each reporting date, the carrying amount of a group of insurance contracts corresponds to the sum of the following two amounts:
- the liability for remaining coverage, comprising the fulfilment cash flows related to services to be provided in future periods, and the CSM;
- the liability for incurred claims, comprising the fulfilment cash flows related to past service, such as incurred claims and other incurred insurance service expenses.

Fulfilment cash flows

At each reporting date, the fulfilment cash flows of groups of insurance contracts are revised to reflect any changes in underlying assumptions and current market conditions.

Contractual service margin

The carrying amount of the CSM of a group is obtained by adjusting the opening balance to reflect new contracts, the interest accreted for insurance contracts without direct participation features, the amount recognized as revenue, the changes in fulfilment cash flows relating to future service and the change in the insurer's share of the fair value of the underlying items for contracts with direct participation features.

Changes in fulfilment cash flows relating to future service adjust the CSM, while those relating to current or past service are directly recognized in the Combined Statements of Income. The effect of the time value of money and its changes as well as the effect of the financial risk and its changes on estimates of future cash flows are recognized in the Combined Statements of Income when they relate to insurance contracts without direct participation features, while they adjust the CSM for insurance contracts with direct participation features.

For insurance contracts with direct participation features, changes in the amount corresponding to the life and health insurance subsidiary's share of the fair value of the underlying items are related to future service and adjust the CSM, while the changes in the fair value of the underlying items, which represent the adjustment of the obligations to policyholders, are not related to future service and do not adjust the CSM. These changes are instead recognized under "Net insurance finance income (expenses)" in the Combined Statements of Income.

For its individual segregated funds, the life and health insurance subsidiary applies a financial risk mitigation strategy using derivatives and other financial instruments measured at fair value through profit or loss, which allows for an economic offset between the insurance contracts and these instruments that mitigates the effect of financial risks. Consistent with what IFRS 17 allows, the subsidiary chose not to adjust the CSM for changes reflecting some or all of the changes in the effect of the time value of money and financial risk for its individual segregated fund contracts. These changes are instead recognized under "Net insurance finance income (expenses)" in the Combined Statements of Income, which permits a natural offset of gains and losses resulting from changes in the fair value of financial instruments recognized under IFRS 9.

Reinsurance contracts held

The reinsurance contracts held are all contracts without direct participation features. They are measured in the same way as insurance contracts, except for certain items explained in the following paragraphs.

Fulfilment cash flows

The fulfilment cash flows of reinsurance contracts held comprise the same items as those of insurance contracts without direct participation features, except that:
- the future cash flows of a group of reinsurance contracts held must include an adjustment to reflect the risk of non-performance, which is the risk that the reinsurer fails to perform its obligation;
- the risk adjustment for non-financial risk represents the risk transferred to the reinsurer.

NOTE 2 – ACCOUNTING POLICIES *(continued)*

Contractual service margin

The groups of reinsurance contracts held cannot be onerous and do not have unearned profit, the CSM corresponds instead to the net cost or net gain related to using reinsurance.

On initial measurement, the CSM of a group of reinsurance contracts held is adjusted, if needed, to reflect any revenue recognized in the Combined Statements of Income related to the recognition of a loss on onerous contracts associated with the underlying insurance contracts. A loss-recovery component is thus added to the asset for remaining coverage of the reinsurance contracts held.

On subsequent measurements, the carrying amount of the CSM of a group is obtained by adjusting the opening balance to reflect new reinsurance contracts, the interest accreted, the amount recognized as expenses for services received, the changes in fulfilment cash flows relating to future service and the change in the loss-recovery component.

An onerous group of insurance contracts may include both contracts that are eligible for a recovery under a reinsurance contract held and contracts that are not eligible for such recovery. To calculate the loss-recovery component, the insurance subsidiaries use a systematic and rational basis of allocation to determine the portion of the losses recognized for the group of insurance contracts that relates to insurance contracts eligible for a recovery under a reinsurance contract held.

The carrying amount of the loss-recovery component must not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the insurance subsidiaries expect to recover from the group of reinsurance contracts held.

Contracts to which the premium allocation approach is applied

The life and health insurance subsidiary uses the premium allocation approach to measure its groups of group insurance, the vast majority of which having a duration of one year or less, as well as for some groups of short-term insurance contracts. The property and casualty insurance subsidiaries use this method to measure all of their contracts, substantially all of which having a duration of one year or less.

Using this simplified measurement method is allowed if the coverage period of each contract in a group is one year or less, or if it is determined that the measurement using the premium allocation approach would not differ materially from the measurement produced applying the general model described above.

<u>Initial measurement</u>

On initial recognition, the carrying amount of the liability for remaining coverage of a group of insurance contracts is equal to the premiums received, minus the insurance acquisition cash flows allocated to that group on such date and adjusted, as the case may be, by the amount arising from the derecognition of an asset for insurance acquisition cash flows and any other asset or liability previously recognized and related to this group.

The insurance acquisition cash flows of insurance contracts are deferred and included in the liability for remaining coverage when they are incurred. Subsequently, they are expensed over the coverage period of the contracts comprising the group.

<u>Subsequent measurement</u>

The liability for remaining coverage of a group on insurance contracts is equal to its carrying amount at the beginning of the year, plus the premiums received and amounts relating to the amortization of insurance acquisition cash flows, less the amount of insurance acquisition cash flows allocated and the amount recognized as revenue.

The carrying amount of the liability for remaining coverage of the contracts of one year or less is not adjusted to reflect the time value of money and the effect of financial risk.

If, at any time, facts and circumstances indicate that a group of insurance contracts is onerous, the insurance subsidiaries must determine whether the value of the fulfilment cash flows related to the remaining coverage of the group measured in the same way as the groups of contracts to which the general model is applied exceeds the carrying amount of the liability for remaining coverage measured using the premium allocation approach. The excess is recognized as a loss on onerous contracts and presented under "Insurance service expenses" in the Combined Statements of Income, and a loss component is added to the liability for remaining coverage. This loss item is remeasured at each reporting date.

<u>Reinsurance contracts held</u>

The premium allocation approach is used to measure the groups of reinsurance contracts held when that method is used to measure the underlying groups of insurance contracts.

When a loss on onerous contracts is recognized for a group of insurance contracts in which there are one or more contracts underlying a reinsurance contract held, the insurance subsidiaries calculate a loss-recovery component and adjust the amount of the asset for remaining coverage of the group of reinsurance contracts held.

NOTE 2 – ACCOUNTING POLICIES *(continued)*

An onerous group of insurance contracts may include both contracts that are eligible for a recovery under a reinsurance contract held and contracts that are not eligible for such recovery. To calculate the loss-recovery component, the insurance subsidiaries use a systematic and rational basis of allocation to determine the portion of the losses recognized for the group of insurance contracts that relates to insurance contracts eligible for a recovery under a reinsurance contract held.

The carrying amount of the loss-recovery component must not exceed the portion of the carrying amount of the loss component that Desjardins Group expects to recover from the reinsurance contracts making up the group of reinsurance contracts.

Liability for incurred claims

The liability for incurred claims comprises the fulfilment cash flows related to past service such as incurred claims and other expenses related to claims settlement. The liability for incurred claims is measured using all reasonable and supportable information available without undue cost or effort to determine the amount, timing and uncertainty of future cash flows.

Assets for insurance acquisition cash flows

Insurance acquisition cash flows are incurred to sell, underwrite and start a group of insurance contracts. They include cash flows that are directly attributable to a group of insurance contracts or a portfolio, as well as cash flows that are not directly attributable, which are allocated to the various groups using a systematic and rational method.

When these cash flows are incurred before the recognition of the related groups of insurance contracts, an asset for insurance acquisition cash flows is recognized and presented against the insurance contract liabilities in the Combined Balance Sheets. Subsequently, the insurance subsidiaries derecognize the portion of this asset that is related to the insurance contracts recognized in the group during the year.

In some cases, insurance acquisition cash flows are partly attributable to the expected renewal of the insurance contracts in these groups. A systematic and rational method is used to allocate these cash flows to the group and the various groups for which renewals are expected.

At each reporting date, management determines whether there are facts and circumstances indicating that the asset for insurance acquisition cash flows might be impaired. An impairment loss is recognized when the carrying amount of that asset exceeds the expected net cash inflows from the related group of insurance contracts. In addition, when the asset for insurance acquisition cash flows is relating to expected renewals for a group of contracts, the carrying amount of the asset must not exceed the expected net cash inflows arising specifically from renewals.

Impairment losses on an asset for insurance acquisition cash flows are recognized under "Insurance service expenses" in the Combined Statements of Income in the year when they occur. These impairment losses may be subsequently reversed, in whole or in part, to the extent that the impairment conditions no longer exist or have improved. In such case, the insurance subsidiaries recognize an impairment loss reversal under "Insurance service expenses" in the Combined Statements of Income.

Insurance revenue

For contracts other than those to which the premium allocation approach is applied, insurance revenue represents changes in the liability for remaining coverage that relate to services for which the insurance subsidiaries expect to receive consideration.

These changes are:
- incurred claims and other insurance service expenses expected every quarter, measured at the amounts expected at the beginning of each quarter;
- the change in the risk adjustment for non-financial risk relating to expired risks;
- the amount of CSM for services provided.

Insurance revenue also includes an amount relating to insurance acquisition cash flows. This amount represents a portion of the premiums that relate to recovering the insurance acquisition cash flows, allocated to each reporting period in a systematic way on the basis of the passage of time.

The amount of CSM recognized under "Insurance revenue" in the Combined Statements of Income is based on coverage units allocated to services provided. Management makes significant judgments to determine the coverage units in groups of insurance contracts. Additional information on judgments made are presented in Note 16, "Insurance and reinsurance contracts."

For insurance contracts to which the premium allocation approach is applied, insurance revenue is the amount of expected premium receipts, which is allocated to each period of insurance contract services on the basis of the passage of time.

NOTE 2 – ACCOUNTING POLICIES *(continued)*

Insurance service expenses

Insurance service expenses comprise:
- incurred claims and other incurred insurance service expenses;
- amortization of insurance acquisition cash flows;
- changes related to incurred claims;
- losses and reversals of losses on onerous contracts.

For groups of contracts other than those to which the premium allocation approach is applied, the amount of amortization of insurance acquisition cash flows is identical to the amount of recovery of the insurance acquisition cash flows presented in insurance revenue.

For groups of contracts to which the premium allocation approach is applied, the amount of amortization of insurance acquisition cash flows is allocated to each period on the basis of the passage of time.

Loss on onerous contracts

When a group of insurance contracts is onerous on initial recognition or subsequently becomes onerous, a loss on onerous contracts is recognized as insurance service expenses and a loss component is added to the liability for remaining coverage. Subsequent changes in the loss component related to future service are recognized as losses and reversals of losses on onerous contracts under "Insurance service expenses" in the Combined Statements of Income.

After a loss on an onerous group of insurance contracts is recognized, certain changes in fulfilment cash flows for insurance contracts other than those to which the premium allocation approach is applied are allocated on a systematic basis between the loss component and the liability for remaining coverage, excluding the loss component. The changes allocated to the loss component are recognized as a reduction in expected revenue and corresponding expenses for the year. These fulfilment cash flows are systematically allocated based on the loss component balance, and this balance is therefore reduced to zero at the end of the coverage period. If the changes in fulfilment cash flows reduce the loss component to zero before the end of the coverage period, the excess is recognized in the CSM.

For insurance contracts to which the premium allocation approach is applied, the decreases in the loss component related to past service are recognized against the insurance expenses incurred during the year.

Net reinsurance service income (expenses)

Income and expenses from reinsurance contracts held are presented separately from revenues and expenses from insurance contracts. Income and expenses from reinsurance contracts held, excluding reinsurance finance income (expenses), are presented on a net basis as net reinsurance service income (expenses) in the Combined Statements of Income.

Income comprises the amounts recoverable from reinsurers for incurred claims and other incurred insurance service expenses and changes in the loss-recovery component.

For contracts other than those to which the premium allocation approach is applied, expenses comprise the following amounts related to changes in the asset for remaining coverage:
- expected recoveries of incurred claims and other incurred insurance service expenses, measured at the amounts expected at the beginning of each quarter;
- changes in the risk adjustment for non-financial risk for expired risks;
- the amount of CSM for services received.

For contracts to which the premium allocation approach is applied, expenses correspond to the amount of expected ceded premiums allocated to the year. The amount of expected ceded premiums is allocated to the periods of reinsurance contract services essentially on the basis of the passage of time.

Insurance and reinsurance finance income (expenses)

Insurance finance income and expenses for groups of insurance contracts without direct participation features and reinsurance contracts held comprise the change in the carrying amount of the group arising from the effect of the time value of money and changes in the time value of money and the effect of financial risk and changes in financial risk.

Insurance finance income and expenses for groups of insurance contracts with direct participation features comprise the change in the carrying amount of the group arising from the change in the fair value of the underlying items as well as the effect of financial risk mitigation.

The risk adjustment for non-financial risk is disaggregated between the insurance service result and the insurance and reinsurance finance income and expenses.

Net insurance investment income (loss)

Net insurance investment income (loss) comprises investment income and loss from assets held in respect of Desjardins Group's insurance activities that are within the scope of IFRS 17.

NOTE 2 – ACCOUNTING POLICIES *(continued)*

k) Segregated funds

Certain insurance contracts allow contract holders to invest in segregated funds held by the life and health insurance subsidiary for their benefit. All risks and rewards of ownership of these investments accrue to the contract holders, even though these investments are held by this subsidiary. Accordingly, the investments held on behalf of segregated fund holders are presented under "Segregated fund net assets" in the Combined Balances Sheets. They are classified as at fair value through profit or loss. The other financial instruments included in segregated fund net assets are recognized at amortized cost. In addition, if a segregated fund controls a mutual fund in which it has invested, such mutual fund is consolidated in segregated fund net assets and a liability to holders of redeemable units in an underlying fund is recognized and classified as at amortized cost.

The group segregated fund liabilities are recognized at amortized cost in accordance with IFRS 9. They are recognized under "Segregated fund net liabilities – Investment contracts" in the Combined Balance Sheets.

For variable annuity contracts offered through individual segregated funds, the life and health insurance subsidiary offers minimum guarantees for death benefits, maturity value and withdrawals during the payout period. The individual segregated fund liabilities are recognized in accordance with IFRS 17 and the contracts are classified as contracts with direct participation features. The liabilities associated with these guarantees and the obligation to the holders of such contracts, which corresponds to the individual segregated fund net assets, are recognized under "Insurance contract liabilities" in the Combined Balance Sheets.

Net income on investments held on behalf of individual segregated fund holders is recognized under "Net insurance investment income (loss)" in the Combined Statements of Income and a corresponding amount is recognized under "Net insurance finance income (expenses)." Net income on investments held on behalf of group segregated fund holders is recognized under "Net other investment income (loss)" in the Combined Statements of Income.

The life and health subsidiary earns income in the form of segregated fund management fees. For group segregated funds, this income is recognized under "Management and custodial service fees" in the Combined Statements of Income, while for individual segregated funds, it is recognized under "Insurance revenue."

l) Provisions and contingent liabilities

Provisions are liabilities of uncertain timing or amount. A provision is recognized when Desjardins Group has an obligation (legal or constructive) as a result of a past event, the settlement of which should result in an outflow of resources embodying economic benefits, and when a reliable estimate can be made of the amount of the obligation. The amount of the obligation is discounted where the effect of the time value of money is material.

Provisions are based on management's best estimate of the amounts required to settle the obligations on the reporting date, taking into account the relevant uncertainties and risks. Management must make significant judgments in determining whether a present obligation exists and in estimating the probability, timing and amount of any outflow of resources. Desjardins Group regularly examines the measurement of provisions and makes, on a quarterly basis, the adjustments required based on new available information. Actual results may differ materially from these forecasts.

Charges to and reversals of provisions are recognized in profit or loss under the items corresponding to the nature of the expenditures covered.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Desjardins Group or an obligation that arises from a past event and for which an outflow of resources embodying economic benefits is not probable or cannot be estimated reliably.

m) Derivative financial instruments and hedging activities

Derivative financial instruments

Derivative financial instruments are financial contracts whose value depends on assets, interest rates, foreign exchange rates or financial indexes. The vast majority of Desjardins Group's derivative financial instruments are negotiated by mutual agreement with the counterparty and include forward exchange contracts, currency swaps, interest rate swaps, credit default swaps, total return swaps, forward rate agreements, as well as currency, interest rate and stock index options. Other transactions are carried out as part of regulated trades and consist mainly of futures. The types of contracts used are defined in Note 20, "Derivative financial instruments and hedging activities."

Derivative financial instruments, including embedded derivatives which are required to be accounted for separately, are recognized at fair value on the Combined Balance Sheets. Changes in fair value of embedded derivatives required to be accounted for separately are recognized under "Net other investment income (loss)" in the Combined Statements of Income.

NOTE 2 – ACCOUNTING POLICIES *(continued)*

Hybrid financial instruments

When a hybrid contract contains a host that is an asset within the scope of IFRS 9, the entire hybrid contract is classified and recognized based on the characteristics of the hybrid contract.

An embedded derivative is separated from the host and accounted for separately as a derivative when the host is not an asset within the scope of IFRS 9 and the following conditions are met: (a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host; (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and (c) the hybrid contract is not measured at fair value with changes in fair value recognized in the Combined Statements of Income.

Objectives of holding derivatives

Desjardins Group uses derivative financial instruments for trading or asset-liability management purposes.

Derivative financial instruments held for trading purposes are used to meet the needs of members and clients, and to allow Desjardins Group to generate income on its own trading activities.

Derivative financial instruments held for asset-liability management purposes are used to manage current and expected risks related to market risk. They enable Desjardins Group to transfer, modify or reduce the interest rate and foreign currency exposures of assets and liabilities recorded in the Combined Balance Sheets, as well as firm commitments and forecasted transactions.

Hedging activities

Desjardins Group elected to continue applying the requirements of IAS 39 for hedge accounting (including the requirements related to the interest rate benchmark reform) instead of adopting the provisions of IFRS 9.

Desjardins Group mainly designates its derivative financial instruments as part of a fair value or cash flow hedging relationship.

When derivative financial instruments are used to manage assets and liabilities, Desjardins Group must determine, for each derivative, whether or not hedge accounting is appropriate. To qualify for hedge accounting, a hedging relationship must be designated and documented at its inception. Such documentation must address the specific strategy for managing risk, the asset, liability or cash flows that are being hedged as well as the measure of hedge effectiveness. Consequently, the effectiveness of each hedging relationship must be assessed, regularly and on an individual basis, to determine with reasonable assurance whether the relationship is effective and will continue to be effective. The derivative financial instrument must prove highly effective to offset changes in the fair value or the cash flows of the hedged item attributable to the risk being hedged.

Desjardins Group may also use derivative financial instruments as an economic hedge for certain transactions in situations where the hedging relationship does not qualify for hedge accounting or where it elects not to apply hedge accounting.

The designation of a derivative financial instrument as hedging instrument is discontinued in the following cases: the hedged item is sold or matures, the derivative financial instrument is repurchased or matures, the hedge is no longer effective, or Desjardins Group terminates the designation of the hedge or no longer expects that the forecasted transaction will occur.

Hedging instruments that meet the strict hedge accounting conditions are recognized as follows:

Fair value hedges

In a fair value hedge transaction, changes in fair value of the hedging derivative financial instrument are recognized under "Net other investment income (loss)" in the Combined Statements of Income, as are changes in fair value of the hedged asset or liability attributable to the hedged risk. The gain or loss attributable to the hedged risk is applied to the carrying amount of the hedged item. When the changes in fair value of the hedging derivative financial instrument and the hedged item do not entirely offset each other, the resulting amount, which represents the ineffective portion of the relationship, is recognized under "Net other investment income (loss)" in the Combined Statements of Income.

When a fair value hedging relationship is discontinued, hedge accounting is discontinued prospectively. The hedged item is no longer adjusted to reflect the fair value impact of the designated risk. Previously recorded adjustments to the hedged item are amortized using the effective interest method and are recognized in net interest income, in the Combined Statements of Income, following the underlying instrument, over the remaining life of the hedged item. However, if the hedged item ceased to exist, the adjustments for the impact of the designated risk are immediately recognized under "Net other investment income (loss)" in the Combined Statements of Income.

NOTE 2 – ACCOUNTING POLICIES *(continued)*

Cash flow hedges

In a cash flow hedge transaction, gains and losses resulting from changes in the fair value of the effective portion of the derivative financial instrument are recognized under "Net gains (losses) on derivative financial instruments designated as cash flow hedges," in other comprehensive income, until the hedged item is recognized in the Combined Statements of Income, at which time such changes are recognized in net interest income in the Combined Statements of Income, following the underlying instrument. The ineffective portion of cash flow hedge transactions is immediately recognized under "Net other investment income (loss)" in the Combined Statements of Income.

When a cash flow hedging relationship no longer qualifies for hedge accounting, Desjardins Group discontinues hedge accounting prospectively. Gains or losses recognized in other comprehensive income are amortized to net interest income, in the Combined Statements of Income, following the underlying instrument, over the expected remaining life of the hedging relationship that was discontinued. If a designated hedged item is sold or matures before the related derivative financial instrument ceases to exist, all gains or losses are immediately recognized in profit or loss under "Net other investment income (loss)."

Interest rate benchmark reform ("IRBR")

Desjardins Group applied the relief measures, which allowed maintaining hedge accounting during the period of uncertainty preceding the replacement of interest rate benchmarks by an alternative rate. The application of these relief measures was based on the presumption that interest rate benchmarks designated in hedging relationships remained unchanged and the use of the exception to the requirement to cease hedge accounting when a hedging relationship did not meet the ranges established to determine the effectiveness of hedging relationships. The application of these relief measures ended at the earlier of: when the uncertainty arising from interest rate benchmark reform was no longer present; and when the hedging relationship was discontinued.

n) Financial guarantees

A financial guarantee is a contract that could contingently require Desjardins Group to make specified payments to the guaranteed party to repay a loss that such party incurred as a result of a default by a specified third party to make a payment upon maturity in accordance with the original or modified terms and conditions of a debt security.

Financial guarantees are initially recognized as liabilities in the Combined Financial Statements for an amount corresponding to the fair value of the commitment resulting from the issuance of the guarantee. After initial recognition, except in cases where it must be measured at fair value through profit or loss, the guarantee is measured at the higher of the following amounts:
(i) The amount initially recorded less, when appropriate, accumulated amortization recognized in the Combined Statements of Income;
(ii) The amount of the allowance for credit losses.

If a financial guarantee meets the definition of a derivative, it is measured at fair value through profit or loss at each reporting date and presented as a derivative financial instrument. Guarantees presented as derivative financial instruments are a type of over-the-counter credit derivative under which one party transfers to another party the credit risk of an underlying financial instrument.

The carrying amount of guarantees does not reflect the maximum potential amount of future payments under guarantees. Desjardins Group considers the difference between these two amounts as off-balance sheet credit instruments.

o) Reserves

Reserves included in equity are mainly from the caisses. They are based on the balance of the reserves as at December 31 of the prior year and the surplus earnings distribution plans for such year, which must be approved by the general meeting of each caisse within the first four months following year end.

The stabilization reserve consists of amounts appropriated from the surplus earnings for a year by the Federation. Amounts appropriated to that reserve are essentially used to pay interest on F capital shares issued by the Federation.

The reserve for future member dividends is made up of amounts appropriated by the caisses. Amounts appropriated to this reserve are used to pay member dividends and to appropriate amounts to the Community Development Fund.

The general reserve is essentially made up of amounts appropriated by the caisses and the Federation. This reserve can only be used to eliminate a deficit and, when surplus earnings and the stabilization reserve are not sufficient, to pay interest on F capital shares.

Other reserves are mainly made up of amounts appropriated by the caisses that can only be taken into account in the calculation of the distribution plan when the amounts previously appropriated to these reserves are realized by the caisses.

NOTE 2 – ACCOUNTING POLICIES *(continued)*

p) Revenue recognition

In addition to the items mentioned in section a), "Financial assets and liabilities," the specific recognition criteria that follow must also be met before revenue can be recognized.

Recognition criteria

Revenue is recognized when Desjardins Group has transferred control of a good or service (the performance obligation is satisfied). Management must use its judgment to determine when performance obligations are satisfied and establish the transaction price and the amounts allocated to such obligations.

Net interest income

Interest income and expense are presented under "Net interest income" in the Combined Statements of Income except for the insurance subsidiaries, for which it is recognized under "Net insurance investment income (loss)" and "Net other investment income (loss)". It is recognized using the effective interest method for all financial instruments measured at "Amortized cost," for interest-bearing financial assets "Classified as at fair value through other comprehensive income" and for financial instruments included in the "At fair value through profit or loss" class.

The effective interest method is used in the calculation of the amortized cost of a financial asset or liability and in the allocation of interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of a financial asset or to the amortized cost of a financial liability.

When calculating the effective interest rate, Desjardins Group estimates cash flows considering all contractual terms of the financial instruments, but it does not consider future credit losses. The calculation includes transaction costs and income between parties to the contract as well as premiums or discounts. Transaction costs and income that form an integral part of the effective rate of the contract, such as file setup fees and finders' fees, are assimilated to supplemental interest.

For financial assets that are not considered credit-impaired (Stages 1 and 2), interest income is calculated on the gross carrying amount of the financial instrument. For credit-impaired financial assets (Stage 3), interest income is calculated by applying the effective interest rate to the amortized cost of the asset, which corresponds to the gross carrying amount less the allowance for expected credit losses.

Service charges, commissions, brokerage fees and other

Desjardins Group earns revenue from service charges, commissions and brokerage fees related to the broad range of services and products it provides its members and clients.

Service charges, commissions, brokerage fees and investment fund fees are recognized once the service has been provided or the product has been delivered. This income is recognized under "Deposit and payment service charges" and "Brokerage and investment fund services" in the Combined Statements of Income.

Loan syndication fees are recognized as revenue when the syndication agreement is signed unless the yield on the loan retained by Desjardins Group is less than the yield of other comparable lending institutions that participate in the financing. In such instances, an appropriate portion of the fees is deferred using the effective interest method. This income is recognized under "Lending fees and credit card service revenues" in the Combined Statements of Income.

Commissions and costs arising from the negotiation, or the participation therein, of a transaction on behalf of a third party—such as the arrangement of share or other securities acquisitions or business purchases or sales—are recognized at the outcome of the underlying transactions. Income from such commissions is recognized under "Brokerage and investment fund services" in the Combined Statements of Income. Income from lending fees and credit card service revenue is recorded under "Lending fees and credit card service revenues" in the Combined Statements of Income.

Portfolio management fees and fees for other services are recognized based on the applicable service contracts, pro rata over the period during which the service is provided. Portfolio management income is recorded under "Management and custodial service fees" in the Combined Statements of Income.

Asset management fees related to investment funds are recognized pro rata over the period during which the service is provided. The same principles are applied to wealth management, financial planning and custodial services that are provided on an ongoing basis over a long period of time. Asset management income is recognized under "Management and custodial service fees" in the Combined Statements of Income.

Dividend income is recognized when Desjardins Group's right to receive payment of the dividend is established.

NOTE 2 – ACCOUNTING POLICIES *(continued)*

q) Assets under management and assets under administration

Assets under management and assets under administration are held by and for the benefit of clients. These assets are therefore excluded from the Combined Balance Sheets of Desjardins Group. Income from these management services is recognized under "Management and custodial service fees" in the Combined Statements of Income when the service is provided.

r) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities measured at historical cost are translated at the exchange rate prevailing at the transaction date, while those that are measured at fair value are translated at the exchange rate prevailing at the date fair value was determined. Income and expenses are translated at the average exchange rate for the year. Realized and unrealized gains and losses resulting from the translation are recognized under "Foreign exchange income (loss)" in the Combined Statements of Income. However, the following items are presented in other comprehensive income in the Combined Statements of Comprehensive Income:

- Translation gains and losses on financial assets "Designated as at fair value through other comprehensive income."
- Gains and losses on derivatives designated as cash flow hedging instruments.

s) Income taxes on surplus earnings

The income tax expense on surplus earnings recognized in the Combined Statements of Income comprises the current and deferred tax expense on operating surplus earnings as well as the income tax consequences of remuneration on capital stock and dividends when certain conditions are met. The total income tax expense includes the income tax expense on surplus earnings recognized in the Combined Statements of Income as well as current and deferred taxes on items recognized outside profit or loss directly in the Combined Statements of Comprehensive Income or the Combined Statements of Changes in Equity.

The total income tax expense is based on the expected tax treatment of the transactions. To determine the current and deferred portions of income taxes on surplus earnings, management must make judgments to establish the assumptions concerning the dates on which deferred income tax assets and liabilities will be reversed. Significant judgment must be used to interpret the relevant tax legislation in order to determine the income tax expense. If Desjardins Group's interpretation differs from that of taxation authorities or if the reversal dates do not correspond with the forecasted dates, the provision for income taxes on surplus earnings may increase or decrease in subsequent years.

t) Member dividends

The board of directors of each caisse recommends for approval the surplus earnings distribution plan at the annual general meeting of members, which is held in the four months following year end. The amount of member dividends to be paid is part of this plan. Member dividends take into consideration the financial framework for the appropriation of surplus earnings in relation with the Desjardins Group Integrated Financial Plan, which provides for member dividends based on Desjardins Group's financial capacity and capitalization. The difference between the amount of member dividends actually paid following the general meetings held by the caisses, and the estimated amount is charged to combined profit or loss for the year in which the payments are made.

Member dividends are calculated based on average balances maintained in the following product families: Accounts, Loans and Lines of Credit, Savings and Investments and Funds. For credit card volumes, member dividends are calculated based on net purchases for the relevant year. For the Insurance product family, member dividends are calculated based on the premium paid for the relevant year. Lastly, for certain activities relating to Desjardins Securities Inc. (Desjardins Signature Service, Securities Brokerage, Desjardins Online Brokerage), the calculation is based on commissions and fees for the relevant year. Member dividends are recognized under "Member dividends" in the Combined Statements of Income.

u) Employee benefits

Short-term benefits

Short-term benefits include salaries and commissions, social security contributions and certain bonuses payable within 12 months after the reporting date. An expense is recorded for these benefits in the period during which the services giving right to them were rendered.

Post-employment benefits

Pension and post-retirement benefit plans

Desjardins Group offers to a majority of its employees a defined benefit pension plan and a defined benefit supplemental pension plan. It also offers a post-retirement benefit plan that provides medical, dental and life insurance to retiring employees and their dependents.

NOTE 2 – ACCOUNTING POLICIES *(continued)*

The cost of these plans is recognized in the Combined Statements of Income and includes current service cost, past service cost and net interest on net defined benefit plan assets and liabilities. Past service cost resulting from a plan amendment or curtailment is immediately recognized in the Combined Statements of Income.

Remeasurements of net defined benefit plan assets and liabilities are recognized in items of other comprehensive income that will not be reclassified subsequently to the Combined Statements of Income and are immediately reclassified to undistributed surplus earnings. These remeasurements include actuarial gains and losses and the difference between the actual return on plan assets and the interest income generated by such assets, which is recognized in the Combined Statements of Income. Actuarial gains and losses result from changes in actuarial assumptions used to determine the defined benefit plan obligation and experience gains and losses on such obligation.

Net defined benefit plan assets and liabilities are equal to the present value of the plans' obligation, calculated using the projected unit credit method, less the fair value of plan assets. The value of any net defined benefit plan asset is, when appropriate, limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the pension plans.

The net assets of certain pension plans are recognized under "Net defined benefit plan assets" in the Combined Balance Sheets. The net liabilities of certain pension plans and the net liabilities of other post-retirement benefit plans are recognized under "Net defined benefit plan liabilities" in the Combined Balance Sheets.

FUTURE ACCOUNTING CHANGES

Accounting standards and amendments issued by the IASB, but not effective as at December 31, 2024, are presented below. Regulatory authorities have stated that early adoption of these standards and amendments will not be permitted, unless they indicate otherwise.

IFRS 7, *"Financial Instruments: Disclosures," and IFRS 9, "Financial Instruments"*

In May 2024, the IASB issued amendments to IFRS 7, "*Financial Instruments: Disclosures*," and IFRS 9, "*Financial Instruments*," following the post-implementation review of the requirements in IFRS 9 and the related requirements in IFRS 7.

The IASB has amended IFRS 9 to clarify the recognition and derecognition date for certain financial assets and liabilities, with a new exception for certain financial liabilities settled in cash through an electronic payment system, as well as to clarify and include additional guidance for assessing whether the cash flows of a financial asset are solely payments of principal and interest on the principal amount outstanding.

The IASB has amended IFRS 7 to add new disclosures for certain instruments whose contractual terms could change cash flows as well as to improve the disclosures about equity instruments designated as at fair value through other comprehensive income.

Desjardins Group is currently assessing the impact of adopting the amendments to IFRS 7 and IFRS 9, which will be effective for years beginning on or after January 1, 2026.

IFRS 18, *"Presentation and Disclosure in Financial Statements"*

In April 2024, the IASB issued IFRS 18, "*Presentation and Disclosure in Financial Statements*," which will replace the current IAS 1, "*Presentation of Financial Statements*."

IFRS 18 introduces three new items to improve the presentation of information disclosed in financial statements. It introduces three new categories of revenue and expenses (operating, investing and financing) to improve the comparability of the income statement between companies. In addition, IFRS 18 intends to enhance the transparency of management-defined performance measures. Lastly, IFRS 18 provides guidance on how to present information in financial statements.

Desjardins Group is currently assessing the impact of adopting IFRS 18, which will be effective for years beginning on or after January 1, 2027.

NOTE 3 – CARRYING AMOUNT OF FINANCIAL INSTRUMENTS

CLASSIFICATION AND CARRYING AMOUNT OF FINANCIAL INSTRUMENTS

The following tables present the carrying amount of financial assets and liabilities according to their classification in the classes defined in the financial instrument standards.

	At fair value through profit or loss		At fair value through other comprehensive income			
As at December 31, 2024	**Classified as at fair value through profit or loss**	**Designated as at fair value through profit or loss**	**Classified as at fair value through other comprehensive income[1]**	**Designated as at fair value through other comprehensive income**	**Amortized cost[1]**	**Total**
Financial assets						
Cash and deposits with financial institutions	$ 308	$ 47	$ 500	$ —	$ 5,122	$ 5,977
Securities	21,535	20,426	55,568	1,734	45	99,308
Securities borrowed or purchased under reverse repurchase agreements	—	—	—	—	23,666	23,666
Loans, net of allowance for credit losses	—	1,662	—	—	287,935	289,597
Segregated fund net assets	29,167	—	—	—	(208)	28,959
Other financial assets						
Derivative financial instruments[2]	7,579	—	—	—	—	7,579
Amounts receivable from clients, brokers and financial institutions	—	—	—	—	3,096	3,096
Other	—	—	—	—	2,282	2,282
Total financial assets	**$ 58,589**	**$ 22,135**	**$ 56,068**	**$ 1,734**	**$ 321,938**	**$ 460,464**
Financial liabilities						
Deposits[3]	$ —	$ 1,668	$ —	$ —	$ 299,278	$ 300,946
Other financial liabilities						
Commitments related to securities sold short	13,249	—	—	—	—	13,249
Commitments related to securities lent or sold under repurchase agreements	—	—	—	—	20,633	20,633
Derivative financial instruments[2]	6,112	—	—	—	—	6,112
Amounts payable to clients, brokers and financial institutions	—	—	—	—	14,195	14,195
Segregated fund net liabilities – Investment contracts	—	—	—	—	25,329	25,329
Other	25	—	—	—	7,090	7,115
Subordinated notes	—	—	—	—	3,962	3,962
Total financial liabilities	**$ 19,386**	**$ 1,668**	**$ —**	**$ —**	**$ 370,487**	**$ 391,541**

(1) As at December 31, 2024, the allowance for credit losses on securities at "Amortized cost" was insignificant, and the allowance for credit losses on securities "Classified as at fair value through other comprehensive income" totalled $16 million. Detailed information on the allowance for credit losses on loans is presented in Note 7, "Loans and allowance for credit losses."

(2) Include derivative financial instruments designated as hedging instruments amounting to $1,102 million in assets and $204 million in liabilities. Detailed information on derivatives designated as hedging instruments is presented in Note 20, "Derivative financial instruments and hedging activities."

(3) The maturity amount that Desjardins Group will be contractually required to pay to holders of deposits designated as at fair value through profit or loss fluctuates and will differ from the fair value of such deposits as at the reporting date.

NOTE 3 – CARRYING AMOUNT OF FINANCIAL INSTRUMENTS *(continued)*

CLASSIFICATION AND CARRYING AMOUNT OF FINANCIAL INSTRUMENTS *(continued)*

As at December 31, 2023	At fair value through profit or loss		At fair value through other comprehensive income			
	Classified as at fair value through profit or loss	Designated as at fair value through profit or loss	Classified as at fair value through other comprehensive income[1]	Designated as at fair value through other comprehensive income	Amortized cost[1]	Total
Financial assets						
Cash and deposits with financial institutions	$ 589	$ —	$ 2,132	$ —	$ 6,266	$ 8,987
Securities	17,674	18,953	50,180	1,512	46	88,365
Securities borrowed or purchased under reverse repurchase agreements	—	—	—	—	13,678	13,678
Loans, net of allowance for credit losses	—	1,704	—	—	264,231	265,935
Segregated fund net assets	24,860	—	—	—	(106)	24,754
Other financial assets						
Derivative financial instruments[2]	5,861	—	—	—	—	5,861
Amounts receivable from clients, brokers and financial institutions	—	—	—	—	2,801	2,801
Other	—	—	—	—	2,167	2,167
Total financial assets	$ 48,984	$ 20,657	$ 52,312	$ 1,512	$ 289,083	$ 412,548
Financial liabilities						
Deposits[3]	$ —	$ 1,317	$ —	$ —	$ 278,012	$ 279,329
Other financial liabilities						
Commitments related to securities sold short	11,686	—	—	—	—	11,686
Commitments related to securities lent or sold under repurchase agreements	—	—	—	—	12,032	12,032
Derivative financial instruments[2]	6,626	—	—	—	—	6,626
Amounts payable to clients, brokers and financial institutions	—	—	—	—	9,350	9,350
Segregated fund net liabilities – Investment contracts	—	—	—	—	21,233	21,233
Other	75	—	—	—	6,927	7,002
Subordinated notes	—	—	—	—	2,954	2,954
Total financial liabilities	$ 18,387	$ 1,317	$ —	$ —	$ 330,508	$ 350,212

(1) As at December 31, 2023, the allowance for credit losses on securities at "Amortized cost" was insignificant, and the allowance for credit losses on securities "Classified as at fair value through other comprehensive income" totalled $18 million. Detailed information on the allowance for credit losses on loans is presented in Note 7, "Loans and allowance for credit losses."

(2) Include derivative financial instruments designated as hedging instruments amounting to $298 million in assets and $650 million in liabilities. Detailed information on derivatives designated as hedging instruments is presented in Note 20, "Derivative financial instruments and hedging activities."

(3) The maturity amount that Desjardins Group will be contractually required to pay to holders of deposits designated as at fair value through profit or loss fluctuates and will differ from the fair value of such deposits as at the reporting date.

During the years ended December 31, 2024 and 2023, there were no material reclassifications of financial instruments.

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS

FAIR VALUE HIERARCHY

Fair value measurement is determined using the following three-level fair value hierarchy:
- Level 1 – Measurement based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques based primarily on observable market data;
- Level 3 – Valuation techniques not based primarily on observable market data.

Transfers between levels

Transfers between hierarchy levels for instruments measured at fair value are made at the reporting date.

HIERARCHY OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The following tables present the hierarchy for financial instruments measured at fair value in the Combined Balance Sheets.

As at December 31, 2024	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss				
Cash and deposits with financial institutions	$ 29	$ 326	$ —	$ 355
Securities				
Debt securities issued or guaranteed by:				
Canadian governmental entities	8,852	—	—	8,852
Provincial governmental entities and municipal corporations in Canada	15,575	579	—	16,154
School or public corporations in Canada	12	71	—	83
Foreign public administrations	265	—	—	265
Other debt securities	—	10,864	416	11,280
Equity securities	2,113	393	2,821	5,327
	26,817	11,907	3,237	41,961
Loans				
Residential mortgages	—	—	1,065	1,065
Business and government	—	—	597	597
	—	—	1,662	1,662
Segregated fund net assets	8,203	20,213	751	29,167
Derivative financial instruments				
Interest rate contracts	—	345	—	345
Foreign exchange contracts	—	1,973	—	1,973
Other contracts	—	5,261	—	5,261
	—	7,579	—	7,579
Total financial assets at fair value through profit or loss	35,049	40,025	5,650	80,724
Financial assets at fair value through other comprehensive income				
Cash and deposits with financial institutions	183	317	—	500
Securities				
Debt securities issued or guaranteed by:				
Canadian governmental entities	10,914	7,762	—	18,676
Provincial governmental entities and municipal corporations in Canada	23,063	3,981	—	27,044
School or public corporations in Canada	—	41	—	41
Foreign public administrations	80	—	—	80
Other debt securities	—	9,727	—	9,727
Equity securities	1,652	—	82	1,734
	35,709	21,511	82	57,302
Total financial assets at fair value through other comprehensive income	35,892	21,828	82	57,802
Total financial assets	$ 70,941	$ 61,853	$ 5,732	$ 138,526
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Deposits	$ —	$ 1,668	$ —	$ 1,668
Other liabilities				
Commitments related to securities sold short	12,150	1,099	—	13,249
Other	—	—	25	25
	12,150	2,767	25	14,942
Derivative financial instruments				
Interest rate contracts	—	433	—	433
Foreign exchange contracts	—	662	—	662
Other contracts	—	5,017	—	5,017
	—	6,112	—	6,112
Total financial liabilities	$ 12,150	$ 8,879	$ 25	$ 21,054

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS *(continued)*

HIERARCHY OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE *(continued)*

As at December 31, 2023	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss				
Cash and deposits with financial institutions	$ 127	$ 462	$ —	$ 589
Securities				
Debt securities issued or guaranteed by:				
Canadian governmental entities	8,191	—	—	8,191
Provincial governmental entities and municipal corporations in Canada	15,021	608	—	15,629
School or public corporations in Canada	12	68	—	80
Foreign public administrations	201	—	—	201
Other debt securities	—	7,228	407	7,635
Equity securities	2,411	242	2,238	4,891
	25,836	8,146	2,645	36,627
Loans				
Residential mortgages	—	—	1,102	1,102
Business and government	—	—	602	602
	—	—	1,704	1,704
Segregated fund net assets	7,953	16,252	655	24,860
Derivative financial instruments				
Interest rate contracts	—	475	—	475
Foreign exchange contracts	—	831	—	831
Other contracts	—	4,555	—	4,555
	—	5,861	—	5,861
Total financial assets at fair value through profit or loss	33,916	30,721	5,004	69,641
Financial assets at fair value through other comprehensive income				
Cash and deposits with financial institutions	35	2,097	—	2,132
Securities				
Debt securities issued or guaranteed by:				
Canadian governmental entities	5,775	6,446	—	12,221
Provincial governmental entities and municipal corporations in Canada	24,601	3,815	—	28,416
Foreign public administrations	334	—	—	334
Other debt securities	—	9,209	—	9,209
Equity securities	1,427	—	85	1,512
	32,137	19,470	85	51,692
Total financial assets at fair value through other comprehensive income	32,172	21,567	85	53,824
Total financial assets	$ 66,088	$ 52,288	$ 5,089	$ 123,465
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Deposits	$ —	$ 1,317	$ —	$ 1,317
Other liabilities				
Commitments related to securities sold short	11,174	512	—	11,686
Other	—	—	75	75
	11,174	1,829	75	13,078
Derivative financial instruments				
Interest rate contracts	—	797	—	797
Foreign exchange contracts	—	1,421	—	1,421
Other contracts	—	4,408	—	4,408
	—	6,626	—	6,626
Total financial liabilities	$ 11,174	$ 8,455	$ 75	$ 19,704

During the years ended December 31, 2024 and 2023, no material transfers attributable to changes in the observability of market data were made between Level 1 and Level 2 of the hierarchy for instruments measured at fair value.

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS *(continued)*

HIERARCHY OF FINANCIAL INSTRUMENTS WHOSE CARRYING AMOUNT DOES NOT EQUAL FAIR VALUE

The carrying amount of certain financial instruments measured at amortized cost does not equal fair value. The following tables present those instruments by hierarchy level.

As at December 31, 2024	**Carrying amount**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Financial assets					
Securities	**$ 45**	**$ 39**	**$ —**	**$ 39**	**$ —**
Loans, net of allowance for credit losses	**287,935**	**288,553**	**—**	**—**	**288,553**
Financial liabilities					
Deposits	**299,278**	**301,925**	**—**	**301,925**	**—**
Subordinated notes	**3,962**	**4,040**	**—**	**4,040**	**—**
Other liabilities – Other	**1,778**	**1,753**	**—**	**1,753**	**—**

As at December 31, 2023	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Securities	$ 46	$ 39	$ —	$ 39	$ —
Loans, net of allowance for credit losses	264,231	261,276	—	—	261,276
Financial liabilities					
Deposits	278,012	277,978	—	277,978	—
Subordinated notes	2,954	2,882	—	2,882	—
Other liabilities – Other	1,762	1,721	—	1,721	—

FAIR VALUE OF FINANCIAL INSTRUMENTS CATEGORIZED WITHIN LEVEL 3

Valuation process for financial instruments categorized within Level 3

Desjardins Group has implemented various key controls and procedures to ensure that financial instruments categorized within Level 3 are appropriately and reliably measured. The financial governance framework provides for independent monitoring and segregation of duties in that respect.

For mortgage bonds and loans, Desjardins Group developed a list of parameters based on comparable inputs that is reviewed annually and adjusted based on market trends. Tests are performed quarterly to ensure that the rates used in determining fair value are consistent with this list and evolve reasonably.

Desjardins Group measures the majority of equity securities and other debt securities as well as segregated fund net assets based on net values published by the fund administrator. If needed, these values are adjusted based on more recent information, when such information is available and appropriate. The other equity securities are measured using a model based on a multiples approach, using a model based on expected future cash flow discounting or based on recent transactions and market prices for comparable instruments. These models and values are examined and approved in accordance with key controls and procedures established by Desjardins Group.

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS *(continued)*

FAIR VALUE OF FINANCIAL INSTRUMENTS CATEGORIZED WITHIN LEVEL 3 *(continued)*

Changes in fair value of financial instruments categorized within Level 3

The following tables present the changes in fair value of financial instruments categorized within Level 3 of the hierarchy, namely financial instruments whose fair value is determined using valuation techniques not based mainly on observable market data.

For the year ended December 31, 2024	Balance at beginning year	Realized gains / losses recognized in profit or loss[(1)]	Unrealized gains / losses recognized in profit or loss[(2)]	Unrealized gains / losses recognized in other comprehensive income[(3)]	Purchases / Issuances / Other	Sales / Settlements / Other	Balance at end of year
Financial assets							
Financial assets at fair value through profit or loss							
Securities							
Other debt securities							
Mortgage bonds	$ 259	$ —	$ 7	$ —	$ —	$ (28)	$ 238
Other	148	—	(4)	—	98	(64)	178
Equity securities	2,238	6	157	—	537	(117)	2,821
	2,645	6	160	—	635	(209)	3,237
Loans							
Residential mortgages	1,102	—	17	—	78	(132)	1,065
Business and government	602	—	19	—	27	(51)	597
	1,704	—	36	—	105	(183)	1,662
Segregated fund net assets	655	6	26	—	205	(141)	751
Total financial assets at fair value through profit or loss	5,004	12	222	—	945	(533)	5,650
Financial assets at fair value through other comprehensive income							
Securities							
Equity securities	85	—	—	(3)	—	—	82
Total financial assets at fair value through other comprehensive income	85	—	—	(3)	—	—	82
Total financial assets	$ 5,089	$ 12	$ 222	$ (3)	$ 945	$ (533)	$ 5,732
Financial liabilities							
Financial liabilities at fair value through profit or loss							
Other liabilities – Other							
Financial liability related to the contingent consideration	$ 75	$ —	$ (1)	$ —	$ —	$ (49)	$ 25
Total financial liabilities	$ 75	$ —	$ (1)	$ —	$ —	$ (49)	$ 25

(1) Realized gains or losses on financial assets classified or designated as at fair value through profit or loss are presented under "Net insurance investment income (loss)" and "Net other investment income (loss)" in the Combined Statements of Income.

(2) Unrealized gains or losses on financial assets classified or designated as at fair value through profit or loss are presented under "Net insurance investment income (loss)" and "Net other investment income (loss)," while unrealized gains or losses on financial liabilities "Classified as at fair value through profit or loss" are recognized under "Other income – Other" in the Combined Statements of Income.

(3) Unrealized gains or losses on financial assets "Classified as at fair value through other comprehensive income" are recognized under "Net unrealized gains (losses)" on debt securities at fair value through other comprehensive income, while unrealized gains or losses on financial assets "Designated as at fair value through other comprehensive income" are recognized under "Net change in gains and losses on equity securities designated as at fair value through other comprehensive income" in the Combined Statements of Comprehensive Income.

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS *(continued)*

FAIR VALUE OF FINANCIAL INSTRUMENTS CATEGORIZED WITHIN LEVEL 3 *(continued)*

Changes in fair value of financial instruments categorized within Level 3 *(continued)*

For the year ended December 31, 2023	Balance as at December 31, 2022 as reported	Impact of changes in accounting policies[1]	Balance as at January 1, 2023	Realized gains / losses recognized in profit or loss[2]	Unrealized gains / losses recognized in profit or loss[3]	Unrealized gains / losses recognized in other comprehensive income[4]	Purchases / Issuances / Other	Sales / Settlements / Other	Balance at end of year
Financial assets									
Financial assets at fair value through profit or loss									
Securities									
Other debt securities									
Mortgage bonds	$ 397	$ 51	$ 448	$ —	$ 5	$ —	$ —	$ (194)	$ 259
Other	107	—	107	—	(1)	—	50	(8)	148
Equity securities	1,903	—	1,903	24	59	—	302	(50)	2,238
	2,407	51	2,458	24	63	—	352	(252)	2,645
Loans									
Residential mortgages	—	1,062	1,062	—	19	—	83	(62)	1,102
Business and government	—	609	609	—	20	—	15	(42)	602
	—	1,671	1,671	—	39	—	98	(104)	1,704
Segregated fund net assets	598	—	598	(1)	—	—	210	(152)	655
Total financial assets at fair value through profit or loss	3,005	1,722	4,727	23	102	—	660	(508)	5,004
Financial assets at fair value through other comprehensive income									
Securities									
Other debt securities									
Mortgage bonds	51	(51)	—	—	—	—	—	—	—
Equity securities	65	—	65	—	—	20	—	—	85
Total financial assets at fair value through other comprehensive income	116	(51)	65	—	—	20	—	—	85
Total financial assets	$ 3,121	$ 1,671	$ 4,792	$ 23	$ 102	$ 20	$ 660	$ (508)	$ 5,089
Financial liabilities									
Financial liabilities at fair value through profit or loss									
Other liabilities – Other									
Financial liability related to the contingent consideration	$ 95	$ —	$ 95	$ —	$ 40	$ —	$ —	$ (60)	$ 75
Total financial liabilities	$ 95	$ —	$ 95	$ —	$ 40	$ —	$ —	$ (60)	$ 75

(1) This impact reflects changes in accounting policies as at January 1, 2023, following the designation of financial instruments recognized under FRS 9, "Financial Instruments," held in respect of insurance operations as at the date that IFRS 17, "Insurance Contracts," was first applied.

(2) Realized gains or losses on financial assets classified or designated as at fair value through profit or loss are presented under "Net insurance investment income (loss)" and "Net other investment income (loss)" in the Combined Statements of Income.

(3) Unrealized gains or losses on financial assets classified or designated as at fair value through profit or loss are presented under "Net insurance investment income (loss)" and "Net other investment income (loss)," while unrealized gains or losses on financial liabilities "Classified as at fair value through profit or loss" are recognized under "Other income – Other," respectively, in the Combined Statements of Income.

(4) Unrealized gains or losses on financial assets "Classified as at fair value through other comprehensive income" are recognized under "Net unrealized gains (losses)" on debt securities at fair value through other comprehensive income, while unrealized gains or losses on financial assets "Designated as at fair value through other comprehensive income" are recognized under "Net change in gains and losses on equity securities designated as at fair value through other comprehensive income" in the Combined Statements of Comprehensive Income.

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS *(continued)*

Valuation techniques and inputs used to measure the fair value of financial instruments categorized within Level 3

The following tables present the main techniques and unobservable inputs used to measure the fair value of the significant financial instruments categorized within Level 3 as well as the impact of changing unobservable inputs to reflect one or several reasonably possible assumptions on the fair value of financial instruments categorized within Level 3.

As at December 31, 2024	Fair value	Main valuation techniques	Unobservable inputs	Input value ranges			Sensitivity[D]
Financial assets							
Securities							
Mortgage bonds	$ 238	Discounted cash flows	Credit spread[B,C]	0 bp	to	6 bp	— [E]
			Comparable inputs[B,C]	58 bp	to	66 bp	
Equity securities and other debt securities	160	Discounted cash flows	Discount rate[B]	5.1%	to	10.9%	4
	2,652	Adjusted net value	Adjusted net value	-		- [1]	— E)
	256	Multiples approach	Assets under management multiples [A,C]	2.0%	to	6.0%	6
			Liquidity premium[B,C]	10.0%	to	40.0%	
	13	Recent transactions	Price paid	-		- [1]	— [E]
Loans	1,662	Discounted cash flows	Comparable inputs[B]	10 bp	to	98 bp	9
Segregated fund net assets	751	Adjusted net value	Adjusted net value	-		- [1]	— [E]
Total financial assets	$ 5,732						
Financial liabilities							
Other liabilities – Other							
Financial liability related to the contingent consideration	25	Actuarial techniques[2]	Provision for claims and adjustment expenses	-		- [1]	— [E]
Total financial liabilities	$ 25						

(1) Due to the nature of these financial instruments, no input value range is presented.

(2) The actuarial techniques used to prospectively measure the liability for incurred claims are in accordance with Canadian accepted actuarial practices. For more details about such practices, refer to the "Estimates of future cash flows – Property and casualty insurance activities" section of Note 16, "Insurance and reinsurance contracts."

Fair value sensitivity to changes in unobservable inputs

(A) An increase (decrease) in this unobservable input, taken individually, generally results in an increase (decrease) in fair value.

(B) An increase (decrease) in this unobservable input, taken individually, generally results in a decrease (increase) in fair value.

(C) There is no predictable relationship between this input and other material unobservable inputs.

(D) Represents the increase or decrease in fair value resulting from a reasonably possible change in the unobservable input.

(E) No sensitivity analysis is presented when the impact of changing unobservable inputs to reflect one or several reasonably possible assumptions does not materially change the fair value of the financial instruments categorized within this level or due to the nature of the valuation technique used.

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS *(continued)*

Valuation techniques and inputs used to measure the fair value of financial instruments categorized within Level 3 *(continued)*

As at December 31, 2023		Fair value	Main valuation techniques	Unobservable inputs	Input value ranges			Sensitivity[C]
Financial assets								
Securities								
Mortgage bonds	$	259	Discounted cash flows	Credit spread[A,B]	0 bp	to	6 bp	— [D]
				Comparable inputs[A,B]	58 bp	to	66 bp	
Equity securities and other debt securities		78	Discounted cash flows	Discount rate[A]	5.8%	to	9.0%	— [D]
		2,114	Adjusted net value	Adjusted net value	-		- [1]	— [D]
		85	Market prices of comparable instruments	Enterprise value/revenues ratios	-		- [1]	— [D]
		191	Discounted cash flows	Discount rate[A,B]	8.0%	to	14.0%	12
				Liquidity premium[A,B]	10.0%	to	40.0%	
Loans		1,704	Discounted cash flows	Comparable inputs[A]	10 bp	to	123 bp	10
Segregated fund net assets		655	Adjusted net value	Adjusted net value	-		- [1]	— [D]
Other financial assets		3						
Total financial assets	$	5,089						
Financial liabilities								
Other liabilities – Other								
Financial liability related to the contingent consideration		75	Actuarial techniques[2]	Provision for claims and adjustment expenses	-		- [1]	— [D]
Total financial liabilities	$	75						

(1) Due to the nature of these financial instruments, no input value range is presented.
(2) The actuarial techniques used to prospectively measure the liability for incurred claims are in accordance with Canadian accepted actuarial practices. For more details about such practices, refer to the "Estimates of future cash flows – Property and casualty insurance activities" section of Note 16, "Insurance and reinsurance contracts."

Fair value sensitivity to changes in unobservable inputs

(A) An increase (decrease) in this unobservable input, taken individually, generally results in a decrease (increase) in fair value.
(B) There is no predictable relationship between this input and other material unobservable inputs.
(C) Represents the increase or decrease in fair value resulting from a reasonably possible change in the unobservable input.
(D) No sensitivity analysis is presented when the impact of changing unobservable inputs to reflect one or several reasonably possible assumptions does not materially change the fair value of the financial instruments categorized within this level or due to the nature of the valuation technique used.

NOTE 5 – OFFSETTING FINANCIAL ASSETS AND LIABILITIES

A financial asset and a financial liability must be offset in the Combined Balance Sheets when, and only when, Desjardins Group has a legally enforceable and unconditional right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Desjardins Group has a legally enforceable and unconditional right to set off a financial asset and a financial liability when such right is enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

Securities borrowed or purchased under reverse repurchase agreements and commitments related to securities lent or sold under repurchase agreements are subject to master netting agreements or similar agreements that do not meet the criteria for offsetting in the Combined Balance Sheets as they give a right to set off that is enforceable only in the event of default, insolvency or bankruptcy. However, when such transactions are carried out with clearing houses, the criteria for offsetting in the Combined Balance Sheets are met.

In addition, over-the-counter derivatives subject to International Swaps and Derivatives Association's master netting agreements do not meet the criteria for offsetting in the Combined Balance Sheets as they also give a right to set off that is enforceable only in the event of default, insolvency or bankruptcy. As part of these transactions, Desjardins Group pledges and receives assets as collateral to manage credit risk in accordance with the terms and conditions of the credit support annex.

Exchange-traded derivatives are also subject to master netting agreements entered into directly with stock exchanges or clearing houses and indirectly through brokers. Master netting agreements entered into directly with stock exchanges and clearing houses meet the criteria for offsetting in the Combined Balance Sheets, unlike those entered into indirectly through brokers, as they give a right to set off that is enforceable only in the normal course of business.

Certain amounts receivable from clients, brokers and financial institutions as well as certain amounts payable to clients, brokers and financial institutions are subject to master netting agreements that meet the criteria for offsetting in the Combined Balance Sheets.

The following tables present information about financial assets and liabilities that are set off and not set off in the Combined Balance Sheets and are subject to a master netting agreement or a similar agreement.

As at December 31, 2024	Gross recognized amounts	Set off amounts	Net amounts presented in the Combined Balance Sheets(2)	Associated amounts not set off in the Combined Balance Sheets(1)		Residual amounts not set off
				Financial instruments(3)	Financial collateral held / pledged	
Financial assets						
Securities borrowed or purchased under reverse repurchase agreements	$ 29,806	$ 6,140	$ 23,666	$ 4,390	$ 19,218	$ 58
Derivative financial instruments	7,470	—	7,470	594	6,448	428
Amounts receivable from clients, brokers and financial institutions and other	291	45	246	7	—	239
Total financial assets	**$ 37,567**	**$ 6,185**	**$ 31,382**	**$ 4,991**	**$ 25,666**	**$ 725**
Financial liabilities						
Commitments related to securities lent or sold under repurchase agreements	$ 26,773	$ 6,140	$ 20,633	$ 4,390	$ 16,240	$ 3
Derivative financial instruments	1,113	—	1,113	594	25	494
Amounts payable to clients, brokers and financial institutions and other	55	45	10	7	—	3
Total financial liabilities	**$ 27,941**	**$ 6,185**	**$ 21,756**	**$ 4,991**	**$ 16,265**	**$ 500**

(1) Any over-collateralization is excluded from the table.

(2) The difference between the net amounts presented in this table and balances appearing in the Combined Balance Sheets represents financial assets and liabilities that are not subject to master netting agreements or similar agreements.

(3) Carrying amount of financial assets and liabilities that are subject to a master netting agreement or similar agreement but that do not meet offsetting criteria.

NOTE 5 – OFFSETTING FINANCIAL ASSETS AND LIABILITIES *(continued)*

As at December 31, 2023	Gross recognized amounts	Set off amounts	Net amounts presented in the Combined Balance Sheets[2]	Associated amounts not set off in the Combined Balance Sheets[1] – Financial instruments[3]	Associated amounts not set off in the Combined Balance Sheets[1] – Financial collateral held / pledged	Residual amounts not set off
Financial assets						
Securities borrowed or purchased under reverse repurchase agreements	$ 23,038	$ 9,360	$ 13,678	$ 6,995	$ 6,683	$ —
Derivative financial instruments	5,744	—	5,744	1,345	4,191	208
Amounts receivable from clients, brokers and financial institutions and other	87	71	16	8	—	8
Total financial assets	$ 28,869	$ 9,431	$ 19,438	$ 8,348	$ 10,874	$ 216
Financial liabilities						
Commitments related to securities lent or sold under repurchase agreements	$ 21,392	$ 9,360	$ 12,032	$ 6,995	$ 5,017	$ 20
Derivative financial instruments	2,447	—	2,447	1,345	413	689
Amounts payable to clients, brokers and financial institutions and other	165	71	94	8	—	86
Total financial liabilities	$ 24,004	$ 9,431	$ 14,573	$ 8,348	$ 5,430	$ 795

(1) Any over-collateralization is excluded from the table.

(2) The difference between the net amounts presented in this table and balances appearing in the Combined Balance Sheets represents financial assets and liabilities that are not subject to master netting agreements or similar agreements.

(3) Carrying amount of financial assets and liabilities that are subject to a master netting agreement or similar agreement but that do not meet offsetting criteria.

NOTE 6 – SECURITIES

MATURITIES OF SECURITIES

The following tables present an analysis of the maturities of Desjardins Group's securities.

	Terms to maturity						
As at December 31, 2024	**Under 1 year**	**1 to 3 years**	**Over 3 to 5 years**	**Over 5 to 10 years**	**Over 10 years**	**No specific maturity**	**Total**
Financial assets							
Financial assets at fair value through profit or loss							
Securities							
Debt securities issued or guaranteed by:							
Canadian governmental entities	$ 2,846	$ 1,415	$ 1,279	$ 2,741	$ 571	$ —	$ 8,852
Provincial governmental entities and municipal corporations in Canada	1,703	1,977	1,716	2,366	8,392	—	16,154
School or public corporations in Canada	1	3	6	8	65	—	83
Foreign public administrations	126	57	1	17	64	—	265
Other debt securities	2,116	1,091	1,228	1,794	5,050	1	11,280
Equity securities	—	4	8	37	—	5,278	5,327
Total financial assets at fair value through profit or loss	6,792	4,547	4,238	6,963	14,142	5,279	41,961
Financial assets at fair value through other comprehensive income							
Securities							
Debt securities issued or guaranteed by:							
Canadian governmental entities	3,278	9,831	4,279	1,288	—	—	18,676
Provincial governmental entities and municipal corporations in Canada	1,856	6,378	9,213	9,546	51	—	27,044
School or public corporations in Canada	—	—	—	41	—	—	41
Foreign public administrations	21	11	48	—	—	—	80
Other debt securities	3,798	3,123	1,643	1,104	59	—	9,727
Equity securities	—	—	—	—	—	1,734	1,734
Total financial assets at fair value through other comprehensive income	8,953	19,343	15,183	11,979	110	1,734	57,302
Financial assets at amortized cost							
Securities							
Debt securities issued or guaranteed by:							
Provincial governmental entities and municipal corporations in Canada	1	2	4	2	—	—	9
Foreign public administrations	—	—	—	—	32	—	32
Other debt securities	1	1	—	2	—	—	4
Total financial assets at amortized cost	2	3	4	4	32	—	45
Total securities	$ 15,747	$ 23,893	$ 19,425	$ 18,946	$ 14,284	$ 7,013	$ 99,308

NOTE 6 – SECURITIES *(continued)*

MATURITIES OF SECURITIES *(continued)*

As at December 31, 2023	Terms to maturity Under 1 year	1 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 years	No specific maturity	Total
Financial assets							
Financial assets at fair value through profit or loss							
Securities							
Debt securities issued or guaranteed by:							
Canadian governmental entities	$ 1,928	$ 2,278	$ 999	$ 1,760	$ 1,226	$ —	$ 8,191
Provincial governmental entities and municipal corporations in Canada	1,366	1,924	1,787	2,406	8,146	—	15,629
School or public corporations in Canada	—	2	3	6	69	—	80
Foreign public administrations	96	52	—	1	52	—	201
Other debt securities	798	675	635	1,377	4,148	2	7,635
Equity securities	—	—	14	32	—	4,845	4,891
Total financial assets at fair value through profit or loss	4,188	4,931	3,438	5,582	13,641	4,847	36,627
Financial assets at fair value through other comprehensive income							
Securities							
Debt securities issued or guaranteed by:							
Canadian governmental entities	1,896	7,198	2,056	540	531	—	12,221
Provincial governmental entities and municipal corporations in Canada	1,967	7,749	8,092	10,599	9	—	28,416
Foreign public administrations	99	108	127	—	—	—	334
Other debt securities	3,186	1,863	3,220	883	57	—	9,209
Equity securities	—	—	—	—	—	1,512	1,512
Total financial assets at fair value through other comprehensive income	7,148	16,918	13,495	12,022	597	1,512	51,692
Financial assets at amortized cost							
Securities							
Debt securities issued or guaranteed by:							
Provincial governmental entities and municipal corporations in Canada	1	2	3	3	1	—	10
Foreign public administrations	—	—	1	—	31	—	32
Other debt securities	1	1	—	2	—	—	4
Total financial assets at amortized cost	2	3	4	5	32	—	46
Total securities	$ 11,338	$ 21,852	$ 16,937	$ 17,609	$ 14,270	$ 6,359	$ 88,365

EQUITY INSTRUMENTS DESIGNATED AS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Desjardins Group designated certain equity instruments at fair value through other comprehensive income. Equity securities held in respect of insurance activities were designated in that category to mitigate volatility in the Combined Statements of Income. The following table presents the fair value of those instruments held as at December 31 and dividend income recognized on those instruments during the years then ended.

	As at December 31, 2024		As at December 31, 2023	
	Fair value	**Dividends recognized during the year**	Fair value	Dividends recognized during the year
Securities held in respect of insurance activities				
Equity securities				
Common shares	**$ 898**	**$ 17**	$ 845	$ 11
Preferred shares	**754**	**41**	582	25
	1,652	**58**	1,427	36
Other securities	**82**	**—**	85	—
Total securities designated as at fair value through other comprehensive income	**$ 1,734**	**$ 58**	$ 1,512	$ 36

During the year, Desjardins Group disposed of, as part of the normal application of its investment strategy, certain securities designated as at fair value through other comprehensive income. At the time of disposal, the fair value of these investments was $824 million ($813 million as at December 31, 2023) and the cumulative gain was $63 million (cumulative loss of $4 million as at December 31, 2023). Dividend income related to these securities recognized in the Combined Statement of Income for the year was $3 million ($24 million as at December 31, 2023).

NOTE 7 – LOANS AND ALLOWANCE FOR CREDIT LOSSES

EXPOSURE TO CREDIT RISK OF LOANS AND OFF-BALANCE SHEET ITEMS

The following tables present the gross carrying amount of loans and the exposure amount for off-balance sheet items for which Desjardins Group estimates an allowance for expected credit losses, according to credit quality and the impairment model stage in which they are classified. For more information on credit quality according to risk levels, see table 29, "Probabilities of default of retail clients by risk level," and Table 30, "Probabilities of default businesses, financial institutions and sovereign borrowers by risk level," in section 4.0, "Risk Management," of the 2024 Annual Management's Discussion and Analysis.

Loans

	Non-credit impaired		Credit-impaired[1]	
As at December 31, 2024	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Residential mortgages				
Excellent	$ 55,918	$ 35	$ —	$ 55,953
Very low	72,447	702	—	73,149
Low	41,024	2,049	—	43,073
Moderate	2,897	2,142	—	5,039
High	4	877	—	881
Default	—	306	454	760
Total residential mortgages subject to expected credit losses	$ 172,290	$ 6,111	$ 454	$ 178,855
Residential mortgages at fair value through profit or loss[2]				1,065
Total gross residential mortgages	$ 172,290	$ 6,111	$ 454	$ 179,920
Allowance for credit losses	(39)	(26)	(30)	(95)
Total net residential mortgages	$ 172,251	$ 6,085	$ 424	$ 179,825
Consumer, credit card and other personal loans				
Excellent	$ 5,269	$ —	$ —	$ 5,269
Very low	6,458	2	—	6,460
Low	8,459	758	—	9,217
Moderate	1,266	766	—	2,032
High	11	1,398	—	1,409
Default	—	47	249	296
Total gross consumer, credit card and other personal loans	$ 21,463	$ 2,971	$ 249	$ 24,683
Allowance for credit losses	(110)	(234)	(165)	(509)
Total net consumer, credit card and other personal loans	$ 21,353	$ 2,737	$ 84	$ 24,174
Business and government loans				
Acceptable risk				
Investment grade	$ 26,548	$ 269	$ —	$ 26,817
Other than investment grade	47,943	4,727	—	52,670
Under watch	1,892	2,488	—	4,380
Default	—	197	1,653	1,850
Total business and government loans subject to expected credit losses	$ 76,383	$ 7,681	$ 1,653	$ 85,717
Business and government loans at fair value through profit or loss[2]				597
Total gross business and government loans	$ 76,383	$ 7,681	$ 1,653	$ 86,314
Allowance for credit losses	(128)	(168)	(420)	(716)
Total net business and government loans	$ 76,255	$ 7,513	$ 1,233	$ 85,598
Total gross loans	$ 270,136	$ 16,763	$ 2,356	$ 290,917
Allowance for credit losses	(277)	(428)	(615)	(1,320)
Total net loans	$ 269,859	$ 16,335	$ 1,741	$ 289,597

(1) As at December 31, 2024, 97.7% of credit-impaired loans were fully or partially secured, generally by immovable, movable or other security. Additional information on collateral held as security and other credit enhancements is presented in the "Credit Risk Mitigation" section of the Management's Discussion and Analysis.

(2) Loans at fair value through profit or loss are not subject to expected credit losses.

NOTE 7 – LOANS AND ALLOWANCE FOR CREDIT LOSSES *(continued)*

EXPOSURE TO CREDIT RISK OF LOANS AND OFF-BALANCE SHEET ITEMS *(continued)*

Loans (*continued*)

	Non-credit impaired		Credit-impaired[1]	
As at December 31, 2023	Stage 1	Stage 2	Stage 3	Total
Residential mortgages				
Excellent	$ 51,993	$ 10	$ —	$ 52,003
Very low	69,332	332	—	69,664
Low	34,631	2,054	—	36,685
Moderate	1,931	2,796	—	4,727
High	2	1,023	—	1,025
Default	—	277	375	652
Total residential mortgages subject to expected credit losses	$ 157,889	$ 6,492	$ 375	$ 164,756
Residential mortgages at fair value through profit or loss[2]				1,102
Total gross residential mortgages	$ 157,889	$ 6,492	$ 375	$ 165,858
Allowance for credit losses	(45)	(33)	(24)	(102)
Total net residential mortgages	$ 157,844	$ 6,459	$ 351	$ 165,756
Consumer, credit card and other personal loans				
Excellent	$ 5,069	$ —	$ —	$ 5,069
Very low	6,590	2	—	6,592
Low	7,858	1,224	—	9,082
Moderate	1,101	814	—	1,915
High	8	1,305	—	1,313
Default	—	44	224	268
Total gross consumer, credit card and other personal loans	$ 20,626	$ 3,389	$ 224	$ 24,239
Allowance for credit losses	(130)	(281)	(140)	(551)
Total net consumer, credit card and other personal loans	$ 20,496	$ 3,108	$ 84	$ 23,688
Business and government loans				
Acceptable risk				
Investment grade	$ 25,102	$ 95	$ —	$ 25,197
Other than investment grade	42,287	3,859	—	46,146
Under watch	1,425	2,097	—	3,522
Default	—	186	1,365	1,551
Total business and government loans subject to expected credit losses	$ 68,814	$ 6,237	$ 1,365	$ 76,416
Business and government loans at fair value through profit or loss[2]				602
Total gross business and government loans	$ 68,814	$ 6,237	$ 1,365	$ 77,018
Allowance for credit losses	(115)	(81)	(331)	(527)
Total net business and government loans	$ 68,699	$ 6,156	$ 1,034	$ 76,491
Total gross loans	$ 247,329	$ 16,118	$ 1,964	$ 267,115
Allowance for credit losses	(290)	(395)	(495)	(1,180)
Total net loans	$ 247,039	$ 15,723	$ 1,469	$ 265,935

(1) As at December 31, 2023, 96.8% of credit-impaired loans were fully or partially secured, generally by immovable, movable or other security. Additional information on collateral held as security and other credit enhancements is presented in the "Credit Risk Mitigation" section of the Management's Discussion and Analysis.
(2) Loans at fair value through profit or loss are not subject to expected credit losses.

NOTE 7 – LOANS AND ALLOWANCE FOR CREDIT LOSSES *(continued)*

EXPOSURE TO CREDIT RISK OF LOANS AND OFF-BALANCE SHEET ITEMS *(continued)*

Off-balance sheet items[(1)]

	Non-credit impaired		Credit-impaired	
As at December 31, 2024	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Residential mortgages, consumer, credit card and other personal loans				
Excellent	**$ 51,073**	**$ —**	**$ —**	**$ 51,073**
Very low	**24,907**	**21**	**—**	**24,928**
Low	**9,137**	**501**	**—**	**9,638**
Moderate	**417**	**420**	**—**	**837**
High	**6**	**263**	**—**	**269**
Default	**—**	**9**	**52**	**61**
Total	**$ 85,540**	**$ 1,214**	**$ 52**	**$ 86,806**
Allowance for credit losses	**(43)**	**(21)**	**—**	**(64)**
Total, net of allowance for credit losses	**$ 85,497**	**$ 1,193**	**$ 52**	**$ 86,742**
Business and government				
Acceptable risk				
Investment grade	**$ 39,409**	**$ 116**	**$ —**	**$ 39,525**
Other than investment grade	**16,966**	**1,394**	**—**	**18,360**
Under watch	**383**	**380**	**—**	**763**
Default	**—**	**22**	**364**	**386**
Total	**$ 56,758**	**$ 1,912**	**$ 364**	**$ 59,034**
Allowance for credit losses	**(23)**	**(13)**	**—**	**(36)**
Total, net of allowance for credit losses	**$ 56,735**	**$ 1,899**	**$ 364**	**$ 58,998**
Total off-balance sheet items	**$ 142,298**	**$ 3,126**	**$ 416**	**$ 145,840**
Allowance for credit losses	**(66)**	**(34)**	**—**	**(100)**
Total off-balance sheet items, net of allowance for credit losses	**$ 142,232**	**$ 3,092**	**$ 416**	**$ 145,740**

	Non-credit impaired		Credit-impaired	
As at December 31, 2023	Stage 1	Stage 2	Stage 3	Total
Residential mortgages, consumer, credit card and other personal loans				
Excellent	$ 48,395	$ 1	$ —	$ 48,396
Very low	24,051	13	—	24,064
Low	6,963	745	—	7,708
Moderate	328	492	—	820
High	5	286	—	291
Default	—	9	48	57
Total	$ 79,742	$ 1,546	$ 48	$ 81,336
Allowance for credit losses	(43)	(23)	—	(66)
Total, net of allowance for credit losses	$ 79,699	$ 1,523	$ 48	$ 81,270
Business and government				
Acceptable risk				
Investment grade	$ 35,776	$ 40	$ —	$ 35,816
Other than investment grade	14,194	1,059	—	15,253
Under watch	346	371	—	717
Default	—	5	219	224
Total	$ 50,316	$ 1,475	$ 219	$ 52,010
Allowance for credit losses	(20)	(7)	—	(27)
Total, net of allowance for credit losses	$ 50,296	$ 1,468	$ 219	$ 51,983
Total off-balance sheet items	$ 130,058	$ 3,021	$ 267	$ 133,346
Allowance for credit losses	(63)	(30)	—	(93)
Total off-balance sheet items, net of allowance for credit losses	$ 129,995	$ 2,991	$ 267	$ 133,253

(1) Loan commitments for which Desjardins Group estimates an allowance for expected credit losses comprise credit commitments and documentary letters of credit, while financial guarantees for which it estimates an allowance for expected credit losses comprise guarantees and standby letters of credit.

NOTE 7 – LOANS AND ALLOWANCE FOR CREDIT LOSSES *(continued)*

ALLOWANCE FOR CREDIT LOSSES

The following tables present the changes in the balance of the allowance for expected credit losses on loans and off-balance sheet items.

	Non-credit impaired		Credit-impaired	Allowance for
For the year ended December 31, 2024	**Stage 1**	**Stage 2**	**Stage 3**	**credit losses**
Residential mortgages				
Balance at beginning of year	$ 48	$ 33	$ 24	$ 105
Provision for credit losses				
Transfers to[1]:				
Stage 1	33	(29)	(4)	—
Stage 2	(9)	16	(7)	—
Stage 3	—	(3)	3	—
Net remeasurement due to transfers[2]	(10)	7	23	20
Changes in risks, parameters and models[3]	(36)	10	1	(25)
New originations or acquisitions[4]	22	—	—	22
Derecognition and maturities[5]	(6)	(7)	(13)	(26)
Net drawdowns (repayments)[6]	—	(1)	—	(1)
	(6)	(7)	3	(10)
Write-offs and recoveries	—	—	3	3
Balance at end of year	$ 42	$ 26	$ 30	$ 98
Consumer, credit card and other personal loans				
Balance at beginning of year	$ 170	$ 304	$ 140	$ 614
Provision for credit losses				
Transfers to[1]:				
Stage 1	292	(276)	(16)	—
Stage 2	(91)	145	(54)	—
Stage 3	—	(62)	62	—
Net remeasurement due to transfers[2]	(82)	74	257	249
Changes in risks, parameters and models[3]	(202)	139	243	180
New originations or acquisitions[4]	90	—	—	90
Derecognition and maturities[5]	(26)	(61)	(86)	(173)
Net drawdowns (repayments)[6]	(1)	(8)	—	(9)
	(20)	(49)	406	337
Write-offs and recoveries	—	—	(381)	(381)
Balance at end of year	$ 150	$ 255	$ 165	$ 570
Business and government				
Balance at beginning of year	$ 135	$ 88	$ 331	$ 554
Provision for credit losses				
Transfers to[1]:				
Stage 1	53	(51)	(2)	—
Stage 2	(37)	49	(12)	—
Stage 3	(1)	(13)	14	—
Net remeasurement due to transfers[2]	(24)	36	143	155
Changes in risks, parameters and models[3]	(60)	97	79	116
New originations or acquisitions[4]	127	—	—	127
Derecognition and maturities[5]	(52)	(28)	(26)	(106)
Net drawdowns (repayments)[6]	10	3	(33)	(20)
	16	93	163	272
Write-offs and recoveries	—	—	(74)	(74)
Balance at end of year	$ 151	$ 181	$ 420	$ 752
Total balances at end of year	$ 343	$ 462	$ 615	$ 1,420
Composed of:				
Loans	$ 277	$ 428	$ 615	$ 1,320
Off-balance sheet items[7]	66	34	—	100

(1) Represent transfers between stages before the remeasurement of expected credit losses.
(2) Represents the remeasurement of the allowance for expected credit losses resulting from transfers between stages.
(3) Represent the change in the allowance due to changes in risks resulting from changes in forward-looking information, risks levels, parameters and models, after transfers between stages.
(4) Represent the increase in the allowance for new originations or acquisitions during the year, including loans that were derecognized and for which a new asset was recognized following a modification of terms.
(5) Represent mainly the decrease in the allowance for fully repaid loans, including loans that were derecognized and for which a new asset was recognized following a modification of terms.
(6) Represent changes in the allowance attributable to drawdowns and repayments on outstanding loans.
(7) The allowance for credit losses on off-balance sheet items is presented under "Other liabilities – Other" in the Combined Balance Sheets.

NOTE 7 – LOANS AND ALLOWANCE FOR CREDIT LOSSES *(continued)*

ALLOWANCE FOR CREDIT LOSSES *(continued)*

	Non-credit impaired		Credit-impaired	Allowance for
For the year ended December 31, 2023	Stage 1	Stage 2	Stage 3	credit losses
Residential mortgages				
Balance at beginning of year	$ 59	$ 44	$ 16	$ 119
Provision for credit losses				
Transfers to[1]:				
Stage 1	40	(38)	(2)	—
Stage 2	(11)	16	(5)	—
Stage 3	—	(4)	4	—
Net remeasurement due to transfers[2]	(15)	13	18	16
Changes in risks, parameters and models[3]	(41)	11	2	(28)
New originations or acquisitions[4]	22	—	—	22
Derecognition and maturities[5]	(7)	(8)	(9)	(24)
Net drawdowns (repayments)[6]	1	(1)	—	—
	(11)	(11)	8	(14)
Write-offs and recoveries	—	—	—	—
Balance at end of year	$ 48	$ 33	$ 24	$ 105
Consumer, credit card and other personal loans				
Balance at beginning of year	$ 170	$ 310	$ 91	$ 571
Provision for credit losses				
Transfers to[1]:				
Stage 1	259	(249)	(10)	—
Stage 2	(110)	153	(43)	—
Stage 3	(1)	(54)	55	—
Net remeasurement due to transfers[2]	(45)	62	200	217
Changes in risks, parameters and models[3]	(181)	149	293	261
New originations or acquisitions[4]	99	—	—	99
Derecognition and maturities[5]	(21)	(62)	(151)	(234)
Net drawdowns (repayments)[6]	—	(5)	—	(5)
	—	(6)	344	338
Write-offs and recoveries	—	—	(295)	(295)
Balance at end of year	$ 170	$ 304	$ 140	$ 614
Business and government				
Balance at beginning of year	$ 125	$ 69	$ 204	$ 398
Provision for credit losses				
Transfers to[1]:				
Stage 1	58	(51)	(7)	—
Stage 2	(35)	43	(8)	—
Stage 3	(2)	(8)	10	—
Net remeasurement due to transfers[2]	(11)	24	138	151
Changes in risks, parameters and models[3]	(78)	19	78	19
New originations or acquisitions[4]	101	—	—	101
Derecognition and maturities[5]	(31)	(14)	(28)	(73)
Net drawdowns (repayments)[6]	8	6	(15)	(1)
	10	19	168	197
Write-offs and recoveries	—	—	(41)	(41)
Balance at end of year	$ 135	$ 88	$ 331	$ 554
Total balances at end of year	$ 353	$ 425	$ 495	$ 1,273
Composed of:				
Loans	$ 290	$ 395	$ 495	$ 1,180
Off-balance sheet items[7]	63	30	—	93

(1) Represent transfers between stages before the remeasurement of expected credit losses.
(2) Represents the remeasurement of the allowance for expected credit losses resulting from transfers between stages.
(3) Represent the change in the allowance due to changes in risk resulting from changes in forward-looking information, risk levels, parameters and models, after transfers between stages.
(4) Represent the increase in the allowance for new originations or acquisitions during the year, including loans that were derecognized and for which a new asset was recognized following a modification of terms.
(5) Represent mainly the decrease in the allowance for fully repaid loans, including loans that were derecognized and for which a new asset was recognized following a modification of terms.
(6) Represent changes in the allowance attributable to drawdowns and repayments on outstanding loans.
(7) The allowance for credit losses on off-balance sheet items is presented under "Other liabilities – Other" in the Combined Balance Sheets.

NOTE 7 – LOANS AND ALLOWANCE FOR CREDIT LOSSES *(continued)*

KEY DATA AND ASSUMPTIONS

Estimating the allowance for expected credit losses is based on a set of assumptions and methodologies specific to credit risk and changes in economic conditions and therefore requires significant judgment to be exercised. The main items requiring significant judgment that affected its measurement are the following:
- Changes in the borrowers' credit risk rating (or PD);
- Determination of significant increases in credit risk;
- Incorporation of forward-looking information.

The macroeconomic environment remains uncertain, in particular with respect to the evolution of trade relations with the United States, interest rates and geopolitical tensions. Therefore, management has to continue making particularly complex judgments to estimate the allowance for credit losses in such a situation. Expert adjustments are applied in measuring the allowance for expected credit losses to take into account relevant risk factors related to the macroeconomic environment that are not reflected in the models.

Changes in the borrowers' credit risk rating or probability of default

The borrowers' credit risk rating is the foundation of the credit risk assessment model. The rating of a borrower is directly related to its estimated PD. Many variables are taken into consideration in credit risk assessment models. For more information about these models, see section 4.0, "Risk Management," of the Management's Discussion and Analysis. Changes in the borrowers' credit risk rating have an impact on determining significant increases in credit risk, as this is mainly based on the change in the borrower's PD, and measuring the allowance for expected credit losses.

Changes in the borrowers' credit risk rating may increase or decrease the allowance for expected credit losses. Generally, a deterioration in a borrower's credit risk rating gives rise to an increase in the allowance, while an improvement results in a decrease in the allowance.

Determination of significant increases in credit risk

To determine whether, at the reporting date, credit risk has significantly increased since initial recognition, Desjardins Group bases its assessment on the change in default risk over the expected life of the financial instrument. As this assessment takes into account forward-looking information at time of granting and at the reporting date, a significant increase in credit risk may be caused by a deterioration in economic forecasts integrated into the prospective evaluation, a deterioration in the borrower's situation or a combination of both of these factors.

The determination of significant increases in credit risk since initial recognition may have a significant upward or downward impact on the allowance for expected credit losses as the amount of the allowance for expected credit losses for loans in Stage 1 is equal to 12-month expected credit losses, while the amount of the allowance for expected credit losses for loans in Stage 2 is equal to the lifetime expected credit losses.

Incorporation of forward-looking information

Desjardins Group uses three different scenarios to determine the allowance for expected credit losses, namely a base scenario, an upside scenario and a downside scenario. Projections for each scenario are provided for a four-year horizon. The macroeconomic variables projected under each scenario and the related probability of occurrence have a significant impact on determining significant increases in credit risk and measuring the allowance for credit losses for expected credit losses. The models vary depending on the portfolios and include one or several of the main variables presented in the table below. The macroeconomic variable projection and the determination of the probabilities of occurrence are reviewed quarterly.

The incorporation of forward-looking information may increase or decrease the allowance for expected credit losses. Generally, an improvement in the outlook will give rise to a decrease in the allowance, while a deterioration will result in an increase in the allowance.

NOTE 7 – LOANS AND ALLOWANCE FOR CREDIT LOSSES *(continued)*

KEY DATA AND ASSUMPTIONS *(continued)*

Incorporation of forward-looking information *(continued)*

The macroeconomic scenarios developed for calculating the allowance for expected credit losses include the following value ranges over the projection horizon for the most significant variables for credit risk parameters:

	Base scenario		**Upside scenario**		**Downside scenario**	
As at December 31, 2024	**Next 12 months**	**Remaining forecast period**	**Next 12 months**	**Remaining forecast period**	**Next 12 months**	**Remaining forecast period**
Macroeconomic variables[1]						
Gross domestic product (annualized change)	**1.7 %**	**1.4 %**	**2.7 %**	**1.9 %**	**(1.3) %**	**0.9 %**
Unemployment rate (average)	**5.3 %**	**4.8 %**	**4.9 %**	**3.4 %**	**7.0 %**	**6.7 %**
Consumer Price Index (annualized change)	**1.7 %**	**2.0 %**	**3.0 %**	**2.5 %**	**0.9 %**	**1.1 %**
Housing prices (annualized change)	**4.7 %**	**3.1 %**	**11.5 %**	**5.1 %**	**(5.7) %**	**2.4 %**
Corporate credit spread[2] (average)	**118 bp**	**125 bp**	**83 bp**	**75 bp**	**203 bp**	**171 bp**
S&P/TSX stock index[2] (annualized change)	**1.0 %**	**5.0 %**	**12.0 %**	**6.0 %**	**(22.0) %**	**8.0 %**

	Base scenario		Upside scenario		Downside scenario	
As at December 31, 2023	Next 12 months	Remaining forecast period	Next 12 months	Remaining forecast period	Next 12 months	Remaining forecast period
Macroeconomic variables[1]						
Gross domestic product (annualized change)	0.6 %	1.5 %	1.5 %	2.0 %	(2.0) %	1.1 %
Unemployment rate (average)	5.7 %	4.4 %	4.7 %	3.6 %	7.3 %	6.5 %
Consumer Price Index (annualized change)	2.1 %	2.0 %	2.7 %	2.0 %	1.2 %	1.8 %
Housing prices (annualized change)	1.0 %	3.4 %	5.7 %	3.8 %	(26.6) %	5.8 %
Corporate credit spread[2] (average)	177 bp	145 bp	125 bp	109 bp	274 bp	183 bp
S&P/TSX stock index[2] (annualized change)	3.9 %	5.8 %	22.6 %	7.1 %	(19.5)%	9.9 %

(1) All macroeconomic variables relate to the Québec economy, unless otherwise noted.
(2) Macroeconomic variables related to the Canadian economy.

The base scenario forecasts sustained economic growth for the first three quarters of 2025. Afterwards, economic growth would slow down due to additional tariffs of 10% on Canadian exports to the United States, among other factors. As a result of the progress made in reaching the inflation target, interest rates should continue to go down in 2025, but many households will still have to renew their mortgage loans at a higher rate than their previous loans. Due to a tightening in immigration policies, demographic growth should slow down in Canada and contribute to limiting consumption growth. A decrease in demographic expansion should also contribute to reducing the unemployment rate, which should go back to close to 5% in Québec during 2025 before climbing slightly in 2026 due to the expected economic downturn. Despite the anticipated demographic trends, housing supply should remain insufficient, which will continue to support the housing market, with price increases of nearly 5% in 2025 in Québec. The rise in house prices should be somewhat weaker in subsequent years.

NOTE 7 – LOANS AND ALLOWANCE FOR CREDIT LOSSES *(continued)*

KEY DATA AND ASSUMPTIONS *(continued)*

Incorporation of forward-looking information *(continued)*

The downside scenario forecasts a hard landing for the economy, with a few quarters of real GDP decreases. Although interest rates began to decrease, the ease with which borrowers will renew their mortgages remains uncertain. The housing market could see unfavourable changes. Economic growth could remain penalized by weak investments and productivity. The change of U.S. president could bring more negative effects on investments and exports in Canada, especially if significant tariffs are applied. This scenario also considers the risk of a faster than expected slowdown in demographic expansion in Canada. The increase in unemployment rate would be more evident due to economic difficulties, exceeding 7% in Québec in 2025. The weaker economy would bring more disinflationary pressures, which would allow further cuts to the policy interest rate that could bring the discount rate to 1.25% in early 2026. An economic recovery would slowly start in 2026, also enabling the unemployment rate to stabilize and then begin a new downward trend. The downside scenario includes a house price correction of about 12% in Québec from the beginning of 2025 to the end of 2026. Higher unemployment and weaker demographic expansion would be some of the key factors behind this correction.

The upside scenario essentially assumes that the economy will be stronger than in the base scenario, helped by a sharper rebound in investments. Canada could avoid new tariffs and instead benefit from a greater integration with the U.S. economy. More significant productivity gains could also be experienced, which would help economic growth while limiting inflationary pressures. Other factors, such as a quick end to the conflicts in Ukraine and the Middle East, could also support the global economy. In this scenario, the unemployment rate could go back to close to 4% in Québec by early 2026 and gradually converge to 3% in the longer term. Inflation would still be more persistent than under the base scenario. The return to the 2% inflation target would take more time and incite the Bank of Canada to end its policy interest rate cuts. The discount rate would not be reduced below 3.50%, which corresponds to the high end of the neutral rate range estimated by the Bank of Canada. Slightly higher interest rates under this scenario would contribute to limiting the rise in house prices, which would still be a little stronger than under the base scenario.

The development of the economic outlook after December 31, 2024 will be considered in estimating the allowance for expected credit losses in future periods.

SENSITIVITY ANALYSIS OF THE ALLOWANCE FOR CREDIT LOSSES ON NON-CREDIT IMPAIRED LOANS

Scenarios

The amount of the allowance for expected credit losses depends on the probability of occurrence associated with each scenario. The following table compares the allowance for credit losses on non-credit impaired loans and off-balance sheet items at the reporting dates, which takes into account the probability weighting for the three scenarios, with the allowance for credit losses that would have been obtained if a weighting of 100% had been assigned to each scenario individually.

	Allowance for credit losses on non-credit impaired loans and off-balance sheet items	
	As at December 31, 2024	As at December 31, 2023
Under IFRS 9	**$ 805**	$ 778
Weighting of 100% assigned to the scenario:		
Base	**$ 718**	$ 649
Upside	**644**	544
Downside	**1,071**	1,097

Transfers between stages

The following table compares the allowance for credit losses on non-credit impaired loans and off-balance sheet items at the reporting dates with the allowance for credit losses that would have been obtained if all non-credit impaired loans had been included in Stage 1 of the impairment model.

	Allowance for credit losses on non-credit impaired loans and off-balance sheet items	
	As at December 31, 2024	As at December 31, 2023
Under IFRS 9	**$ 805**	$ 778
If all non-credit impaired loans and off-balance sheet items had been included in Stage 1	**$ 672**	$ 690

NOTE 8 – DERECOGNITION OF FINANCIAL ASSETS

FINANCIAL ASSETS TRANSFERRED BUT NOT DERECOGNIZED

Loan securitization

As part of its liquidity and capital management strategy, Desjardins Group participates in the *National Housing Act* (NHA) Mortgage-Backed Securities Program. Under this program, Desjardins Group creates pools of residential mortgage loans insured by Canada Mortgage and Housing Corporation (CMHC) that back mortgage-backed securities. These mortgage-backed securities are issued under the *National Housing Act* (NHA MBSs) and give their holders a property right on the pools of loans backing them. Desjardins Group originates from time to time such securities and retains them as holder or transfers them from time to time to the Canada Housing Trust (CHT). The CHT funds these purchases by issuing Canada Mortgage Bonds (CMBs) to investors.

The terms and conditions of the program giving rise to the transfer of NHA MBSs to the CHT require that interest rate swaps be entered into by the CHT and Desjardins Group under which we pay to the CHT an amount corresponding to the interest payable to investors and receive the interest on the NHA MBSs.

However, in these transactions, Desjardins Group retains substantially all the risks and rewards, including prepayment, credit and interest rate risks. These loans therefore continue to be recognized in the Combined Balance Sheets. Furthermore, Desjardins Group treats any transfers as collateralized financing transactions and recognizes a liability in that respect. Where applicable, this liability, which is equal to the consideration received for the sale of NHA MBSs that do not meet the derecognition criteria, is presented under "Deposits – Business and government" in the Combined Balance Sheets.

Securities lent or sold under repurchase agreements

As part of transactions involving securities lent or sold under repurchase agreements, Desjardins Group transfers financial assets under terms and conditions providing for their future repurchase. These financial assets remain recognized in the Combined Balance Sheets as Desjardins Group retains substantially all the risks and rewards related to these assets.

The following table presents the carrying amount and the fair value of financial assets transferred by Desjardins Group but not derecognized as well as the related liabilities recognized in the Combined Balance Sheets.

	As at December 31, 2024		As at December 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets transferred but not derecognized				
Financial assets transferred through securitization transactions	**$ 17,374**	**$ 17,503**	$ 14,440	$ 14,138
Securities sold under repurchase agreements	**1,050**	**1,050**	1,359	1,359
Securities lent	**2**	**2**	3	3
	$ 18,426	**$ 18,555**	$ 15,802	$ 15,500
Related liabilities	**$ 17,726**	**$ 17,341**	$ 15,239	$ 14,437

NOTE 9 – SEGREGATED FUNDS

Segregated fund net assets

The following table presents the carrying amount of segregated fund net assets.

	As at December 31, 2024	As at December 31, 2023
Investments		
Bonds	**$ 1,506**	$ 1,352
Equity securities	**27,466**	23,180
Money market securities	**197**	326
Derivative financial instruments	**(2)**	2
Securities borrowed or purchased under reverse repurchase agreements	**2**	3
Other assets	**145**	152
Commitments related to securities lent or sold under repurchase agreements	**(6)**	(13)
Liability to holders of redeemable units in an underlying fund	**(271)**	(148)
Other liabilities	**(78)**	(100)
Total segregated fund net assets	**$ 28,959**	$ 24,754

Fair value of financial instruments

Segregated fund net assets include financial instruments recognized at fair value. Desjardins Group classifies these instruments using a three-level hierarchy that reflects the significance of the inputs used to measure them. A description of the three hierarchy levels and guidance on inputs used in fair value measurements are presented in Note 4, "Fair value of financial instruments."

The carrying amount of certain financial instruments is a reasonable approximation of their fair value given their short-term maturity or their features. These financial instruments include the following items: "Securities borrowed or purchased under reverse repurchase agreements," "Other assets," "Commitments related to securities lent or sold under repurchase agreements," "Liability to holders of redeemable units in an underlying fund" and "Other liabilities."

The following tables present the financial instruments included in segregated fund net assets and recognized at fair value.

As at December 31, 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments				
Bonds	**$ 712**	**$ 794**	**$ —**	**$ 1,506**
Equity securities	**7,408**	**19,307**	**751**	**27,466**
Money market securities	**83**	**114**	**—**	**197**
Derivative financial instruments	**—**	**(2)**	**—**	**(2)**
Total financial instruments recognized at fair value	**$ 8,203**	**$ 20,213**	**$ 751**	**$ 29,167**

As at December 31, 2023	Level 1	Level 2	Level 3	Total
Investments				
Bonds	$ 694	$ 658	$ —	$ 1,352
Equity securities	7,150	15,375	655	23,180
Money market securities	109	217	—	326
Derivative financial instruments	—	2	—	2
Total financial instruments recognized at fair value	$ 7,953	$ 16,252	$ 655	$ 24,860

During the years ended December 31, 2024 and 2023, no material transfers attributable to changes in the observability of market data were made between levels of the hierarchy for instruments measured at fair value.

NOTE 9 – SEGREGATED FUNDS *(continued)*

Derecognition of financial assets

As part of transactions involving securities lent or sold under repurchase agreements, the segregated funds transfer financial assets under terms and conditions providing for their future repurchase. These assets remain recognized in the Combined Balance Sheets as the segregated funds retain substantially all the risks and rewards related to these assets.

As at December 31, 2024, the carrying amount of such transferred financial assets and related liabilities recognized in the Combined Balance Sheets was $6 million ($13 million as at December 31, 2023) and their fair value was the same.

Financial assets pledged and held as collateral

The carrying amount of financial assets pledged as collateral for liabilities or contingent liabilities in the normal course of operations for the segregated funds amounted to $6 million as at December 31, 2024 ($13 million as at December 31, 2023). The fair value of the financial assets held as collateral that the segregated funds are permitted to sell or repledge in the absence of default totalled $26 million ($3 million as at December 31, 2023). No material financial assets held as collateral had been sold or repledged in 2024 and 2023. These financial assets were received as collateral in transactions involving securities borrowed or purchased under reverse repurchase agreements.

Financial instrument risks

Desjardins Group is not exposed to the risks related to financial instruments included in the assets held for segregated fund contract holders since such holders assume the risks and obtain the benefits arising from these financial instruments.

Insurance risk

Additional information are presented in Note 16, "Insurance and reinsurance contracts".

Segregated fund net liabilities – Investment contracts

The following table presents the changes in segregated fund net liabilities – Investment contracts.

	As at December 31, 2024	As at December 31, 2023
Balance at beginning – Segregated fund net liabilities - Investment contracts	**$ 21,233**	$ 17,826
Additions		
Amounts received from contract holders	**4,683**	3,786
Net other investment income (loss)	**3,533**	2,245
Other	**—**	13
	8,216	6,044
Deductions		
Withdrawals and redemptions	**4,048**	2,575
Management fees	**72**	62
	4,120	2,637
Balance at end – Segregated fund net liabilities - Investment contracts	**$ 25,329**	$ 21,233

NOTE 10 – LEASES

LEASES – AS LESSEE

The following table presents the carrying amount of right-of-use assets by class of underlying asset.

	As at December 31, 2024	As at December 31, 2023
Buildings	**$ 443**	$ 469
Vehicles and other	**11**	7
	$ 454	$ 476

During fiscal 2024, Desjardins Group entered into leases that increased right-of-use assets by $31 million ($110 million in 2023).

The following table presents the depreciation of right-of-use assets by class of underlying asset.

	2024	2023
Buildings	**$ 68**	$ 72
Vehicles and other	**3**	2
	$ 71	$ 74

The following table presents amounts recognized in the Combined Statements of Income for the years ended December 31.

	2024	2023
Interest expense on lease liabilities	**$ 19**	$ 20
Short-term leases	**9**	18
Variable lease payments not included in the measurement of the lease liability	**52**	58

LEASES – AS LESSOR

Operating leases

Lease income is presented in Note 11, "Property, plant and equipment and investment property," and includes mainly fixed lease payments.

For the years ended December 31, lease payments to be received under non-cancellable operating leases for premises are as follows:

	2024	2023
Under 1 year	**$ 84**	$ 84
1 to 2 years	**67**	70
Over 2 to 3 years	**59**	63
Over 3 to 4 years	**52**	45
Over 4 to 5 years	**45**	35
Over 5 years	**226**	224
Total future lease payments	**$ 533**	$ 521

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

The following tables present the changes in property, plant and equipment and investment property.

	PROPERTY, PLANT AND EQUIPMENT						INVESTMENT PROPERTY		
	Land	Buildings	Computer equipment	Furniture, fixtures and other	Leasehold improvements	Total	Land	Buildings	Total
Cost									
As at December 31, 2022	$ 106	$ 1,469	$ 628	$ 469	$ 714	$ 3,386	$ 236	$ 1,065	$ 1,301
Additions	—	51	80	24	33	188	—	72	72
Disposals	—	(7)	(74)	(73)	(29)	(183)	—	—	—
Other	(5)	(35)	3	(1)	1	(37)	2	13	15
As at December 31, 2023	$ 101	$ 1,478	$ 637	$ 419	$ 719	$ 3,354	$ 238	$ 1,150	$ 1,388
Additions	**—**	**50**	**44**	**26**	**64**	**184**	**—**	**40**	**40**
Disposals	**(1)**	**(10)**	**(96)**	**(35)**	**(42)**	**(184)**	**(51)**	**(152)**	**(203)**
Other	**(6)**	**(63)**	**(3)**	**34**	**(11)**	**(49)**	**3**	**5**	**8**
As at December 31, 2024	**$ 94**	**$ 1,455**	**$ 582**	**$ 444**	**$ 730**	**$ 3,305**	**$ 190**	**$ 1,043**	**$ 1,233**

	PROPERTY, PLANT AND EQUIPMENT						INVESTMENT PROPERTY		
	Land	Buildings	Computer equipment	Furniture, fixtures and other	Leasehold improvements	Total	Land	Buildings	Total
Accumulated depreciation									
As at December 31, 2022	$ —	$ 728	$ 360	$ 352	$ 359	$ 1,799	$ —	$ 372	$ 372
Depreciation	—	41	93	22	48	204	—	35	35
Disposals	—	(36)	(70)	(40)	(26)	(172)	—	—	—
Other	—	(24)	(4)	2	—	(26)	—	7	7
As at December 31, 2023	$ —	$ 709	$ 379	$ 336	$ 381	$ 1,805	$ —	$ 414	$ 414
Depreciation	**—**	**46**	**83**	**23**	**48**	**200**	**—**	**32**	**32**
Disposals	**—**	**(10)**	**(90)**	**(32)**	**(31)**	**(163)**	**—**	**(38)**	**(38)**
Other	**—**	**(10)**	**(3)**	**3**	**(13)**	**(23)**	**—**	**8**	**8**
As at December 31, 2024	**$ —**	**$ 735**	**$ 369**	**$ 330**	**$ 385**	**$ 1,819**	**$ —**	**$ 416**	**$ 416**

	PROPERTY, PLANT AND EQUIPMENT						INVESTMENT PROPERTY		
	Land	Buildings	Computer equipment	Furniture, fixtures and other	Leasehold improvements	Total	Land	Buildings	Total
Net carrying amount									
As at December 31, 2024	**$ 94**	**$ 720**	**$ 213**	**$ 114**	**$ 345**	**$ 1,486**	**$ 190**	**$ 627**	**$ 817**
As at December 31, 2023	$ 101	$ 769	$ 258	$ 83	$ 338	$ 1,549	$ 238	$ 736	$ 974

As at December 31, 2024, an amount of $21 million ($24 million as at December 31, 2023) included in the buildings balance represented costs related to buildings under construction. In addition, Desjardins Group had commitments amounting to $116 million ($145 million as at December 31, 2023) related to buildings.

As at December 31, 2024, the fair value of investment property was $1,704 million ($1,935 million as at December 31, 2023). Investment property is categorized within Level 3 of the fair value hierarchy as defined in Note 4, "Fair value of financial instruments," as it is measured using techniques that are not primarily based on observable market inputs. The fair value of investment property is determined annually by management, mainly by using the work of independent real estate appraisers with recognized and relevant professional qualifications and any other significant information that may be deemed relevant. These appraisers use a range of valuation methods, including normalized net income direct discounting and cash flow discounting. These techniques, which are based on observable and unobservable inputs, involve estimating capitalization rates and adjusted net operating income, in the case of the normalized net income direct discounting method, and estimating discount and capitalization rates and applicable future cash flows, in the case of the cash flow discounting method.

For the year ended December 31, 2024, lease income from investment property amounted to $153 million ($152 million in 2023). Amounts recognized in profit or loss for operating expenses related to investment property that generated lease income during the year totalled $100 million ($99 million in 2023), while no amount has been recognized for those that did not generate lease income. These amounts are presented under "Net insurance investment income (loss)" and "Net other investment income (loss)" in the Combined Statements of Income.

During the year ended December 31, 2024, investment property with a value of $251 million was sold to a related party that is a fund managed by Desjardins Group.

NOTE 12 – GOODWILL AND INTANGIBLE ASSETS

GOODWILL

The following table presents goodwill allocated to groups of cash-generating units (CGU or groups of CGUs).

	Personal and Business Services segment	Property and Casualty Insurance segment	Wealth Management and Life and Health Insurance segment	Total
Cost				
As at December 31, 2022	$ 35	$ 100	$ 22	$ 157
Acquisitions / Additions	—	—	408	408
Disposals / Retirements	(2)	—	—	(2)
As at December 31, 2023	$ 33	$ 100	$ 430	$ 563
Acquisitions / Additions[1]	**—**	**33**	**—**	**33**
As at December 31, 2024	**$ 33**	**$ 133**	**$ 430**	**$ 596**

[1] For more information, refer to Note 21, "Significant transactions."

Impairment test results show that the recoverable amount of the groups of CGUs represented by each of these segments exceeds its carrying amount and, consequently, no goodwill impairment losses have been recognized for the year ended December 31, 2024, and prior years. Desjardins Group believes that no reasonably possible change in any of the key assumptions used in the impairment tests would cause the carrying amount of these groups of CGUs to exceed their recoverable amount.

For the Wealth Management and Life and Health Insurance segment, the recoverable amount of the group of CGUs has been determined based on a calculation of fair value less costs of disposal. For some CGUs in the group of CGUs, fair value has been determined using cash flow projections based on the budget and financial plan approved by the Board of Directors and covering a five-year period. The key assumptions used in the budget and financial plan are based on past performance and management's expectations of the evolution of the market. The growth rate used to extrapolate cash flow projections beyond the five-year period ranged from 2% to 3.5% (from 2% to 3.5% as at December 31, 2023). In addition, the discount rates used to discount projected cash flows ranged from 8.8% to 12% (from 8.8% to 12% as at December 31, 2023). The discount rate used to calculate the present value of future cash flows considers the risks specific to the segment being measured. To determine the fair value of other CGUs in the group of CGUs, Desjardins Group applied price/earnings ratios and price/book value ratios. Observable inputs from comparable insurance companies, price/book value ratios ranging from 1.8x to 2x (from 1.5x to 2x as at December 31, 2023) and a price/earnings ratio of 11x to 12.4x (9.3x as at December 31, 2023) have been used to determine this value. Fair value calculations were also based on a multiple of assets under administration ranging from 0.3% to 3.4% (from 1% to 3.7% as at December 31, 2023), which resulted from recent transactions. Fair value measurements are categorized within Level 3 of the fair value hierarchy.

NOTE 12 – GOODWILL AND INTANGIBLE ASSETS *(continued)*

INTANGIBLE ASSETS

The following tables show changes in intangible assets.

	Software[1]	Distribution network[2]	Other	Total
Cost				
As at December 31, 2022	$ 1,213	$ 65	$ 34	$ 1,312
Acquisitions / Additions	244	458	—	702
Disposals / Retirements	(65)	—	—	(65)
Other	3	(2)	—	1
As at December 31, 2023	$ 1,395	$ 521	$ 34	$ 1,950
Acquisitions / Additions	**251**	**14**	**7**	**272**
Disposals / Retirements	**(53)**	**—**	**—**	**(53)**
Other	**(1)**	**(15)**	**12**	**(4)**
As at December 31, 2024	**$ 1,592**	**$ 520**	**$ 53**	**$ 2,165**

	Software[1]	Distribution network[2]	Other	Total
Accumulated amortization				
As at December 31, 2022	$ 609	$ 32	$ 8	$ 649
Amortization	143	21	6	170
Disposals / Retirements	(56)	—	—	(56)
Other	1	—	—	1
As at December 31, 2023	$ 697	$ 53	$ 14	$ 764
Amortization	**169**	**25**	**2**	**196**
Disposals / Retirements	**(52)**	**—**	**—**	**(52)**
Other	**2**	**—**	**—**	**2**
As at December 31, 2024	**$ 816**	**$ 78**	**$ 16**	**$ 910**

	Software[1]	Distribution network[2]	Other	Total
Net carrying amount				
As at December 31, 2024	**$ 776**	**$ 442**	**$ 37**	**$ 1,255**
As at December 31, 2023	$ 698	$ 468	$ 20	$ 1,186

(1) The "Software" category includes purchased software amounting to $461 million ($457 million in 2023) and internally developed software amounting to $315 million ($241 million in 2023).

(2) The "Distribution network" category mainly includes the amount related to the acquisition of insurance contract portfolios and a distribution network.

NOTE 13 – INTERESTS IN OTHER ENTITIES

SUBSIDIARIES

The following table presents the main subsidiaries included in the Group scope of Desjardins Group. These subsidiaries have been incorporated in Canada and their principal place of business is in this country. Unless otherwise noted, Desjardins Group (or the immediate parent company of an entity) owns 100% of the entity and 100% of the outstanding voting shares of each of the entities listed.

	Nature of operations
Desjardins Financial Holding Inc.	Holding company
Desjardins Financial Corporation Inc.	Holding company
Desjardins Global Asset Management Inc.	Asset management
Desjardins General Insurance Group Inc. (90%)	Property and casualty insurance
Property and casualty insurance subsidiaries[1]	Property and casualty insurance
Desjardins Financial Security Life Assurance Company	Life and health insurance and financial services
Desjardins Investments Inc.	Design, administration and distribution of savings products
Worldsource Group of Companies Inc.	Independent insurance, mutual fund and securities distribution
Desjardins Trust Inc.	Asset custody and trust services
Desjardins Technology Group Inc.	Development and maintenance of Desjardins Group's technology
Desjardins Securities Inc.	Securities brokerage
9420-7404 Québec inc.	Real estate services

[1] Represents a group of seven property and casualty insurance subsidiaries (six in 2023).

Subsidiary that has material non-controlling interests

As at December 31, 2024 and 2023, Desjardins General Insurance Group Inc. is a subsidiary that has material non-controlling interests.

The following tables present summarized financial information about the subsidiary that has material non-controlling interests. This information is presented before eliminating intragroup accounts and transactions.

	As at December 31, 2024	As at December 31, 2023
Assets	$ 13,698	$ 13,454
Liabilities	8,694	8,330
Equity	$ 5,004	$ 5,124
Non-controlling interests	**$ 903**	$ 915

For the years ended December 31	2024	2023
Total net revenue	$ 1,884	$ 1,041
Net surplus earnings for the year after member dividends	1,101	485
Comprehensive income for the year	1,226	534
Share of net surplus earnings for the year after member dividends attributable to holders of non-controlling interests	**$ 133**	$ 71
Dividends / distributions paid to holders of non-controlling interests	$ 157	$ 56

For the years ended December 31	2024	2023
Cash flows from (used in) operating activities	$ 1,510	$ 920
Cash flows from (used in) financing activities	(1,505)	(192)
Cash flows from (used in) investing activities	118	(739)
Net increase (decrease) in cash and cash equivalents	**$ 123**	$ (11)

CONSOLIDATED STRUCTURED ENTITY

Covered bonds

Under its covered bond program, Desjardins Group issues debt securities guaranteed by a pool of mortgage loans. CCDQ Covered Bond (Legislative) Guarantor Limited Partnership, a structured entity, is in place to guarantee principal and interest payments owing to the holders of the covered bonds issued by Desjardins Group. The operations of this entity are included in the Combined Financial Statements of Desjardins Group as this entity is controlled by Desjardins Group. Desjardins Group sold residential mortgage loans to this entity and granted it financing to facilitate the acquisition of these assets. The financing granted by Desjardins Group may reach a maximum amount equal to the outstanding loans held by this entity for purposes of guaranteeing the covered bonds issued. Under the terms and conditions of each of the issuance agreements, Desjardins Group has limited access to the assets that are legally owned by this structured entity. The assets, totalling $20,931 million as at December 31, 2024 ($15,452 million as at December 31, 2023), are presented under "Loans – Residential mortgages" in the Combined Balance Sheets, and the covered bonds, amounting to $15,430 million as at December 31, 2024 ($12,922 million as at December 31, 2023), are presented under "Deposits – Business and government."

NOTE 13 – INTERESTS IN OTHER ENTITIES *(continued)*

IMMATERIAL JOINT VENTURES AND ASSOCIATES

The following table presents the carrying amount as well as the share of net income and other comprehensive income of joint ventures and associates that are considered individually immaterial.

As at and for the years ended December 31	**2024**		2023	
	Joint ventures	**Associates**	Joint ventures	Associates
Carrying amount	**$ 1,031**	**$ 210**	$ 1,241	$ 224
Share of net income	**62**	**15**	255	7
Share of other comprehensive income	**—**	**—**	3	—

UNCONSOLIDATED STRUCTURED ENTITIES

Mutual funds

Desjardins Group holds interests in mutual fund units. Even though it holds, in certain cases, a significant exposure to or has the right to a significant share of variable returns as a result of the units it holds in these funds, these units do not give Desjardins Group power over the relevant activities of these funds. Accordingly, Desjardins Group does not control these funds, which are considered as unconsolidated structured entities.

The investments of these funds are made pursuant to a diversified investment policy, and the nature of the operations of these funds and their characteristics are comparable to those that are found under normal market terms for these types of funds. Desjardins Group's maximum exposure to loss from its interests in these mutual funds is limited to the value of the investments in such funds.

NOTE 14 – OTHER ASSETS – OTHER

The following table presents the breakdown of "Other assets – Other."

	As at December 31, 2024	As at December 31, 2023
Interest receivable	**$ 1,318**	$ 1,195
Accounts receivable	**860**	927
Prepaid expenses	**495**	465
Taxes receivable	**40**	360
Other	**583**	421
	$ 3,296	$ 3,368

NOTE 15 – DEPOSITS

Deposits consist of demand deposits (payable on demand), notice deposits (payable upon notice) and term deposits (payable on a fixed date). Demand deposits are interest-bearing or non-interest-bearing deposits, primarily accounts with chequing privileges, for which Desjardins Group does not have the right to require notice prior to withdrawal. Notice deposits are interest-bearing deposits, primarily savings accounts, for which Desjardins Group has the legal right to require notice prior to withdrawal. Term deposits are interest-bearing deposits, primarily fixed-term deposit accounts, guaranteed investment certificates or other similar instruments, with a term that generally varies from one day to 10 years and mature on a predetermined date.

The following table presents the breakdown of deposits.

	As at December 31, 2024				As at December 31, 2023			
	Payable on demand	**Payable upon notice**	**Payable on a fixed date**	**Total**	Payable on demand	Payable upon notice	Payable on a fixed date	Total
Individuals	**$ 68,733**	**$ 4,156**	**$ 88,590**	**$ 161,479**	$ 65,675	$ 4,751	$ 81,093	$ 151,519
Business and government	**55,992**	**303**	**82,928**	**139,223**	51,259	281	75,679	127,219
Deposit-taking institutions	**236**	**—**	**8**	**244**	254	—	337	591
	$ 124,961	**$ 4,459**	**$ 171,526**	**$ 300,946**	$ 117,188	$ 5,032	$ 157,109	$ 279,329

NOTE 16 – INSURANCE AND REINSURANCE CONTRACTS

COMPOSITION OF BALANCE SHEET BALANCES

Balance sheet summary

The following table presents the composition of insurance contract liabilities as well as reinsurance contract assets and liabilities.

	As at December 31, 2024			As at December 31, 2023		
	Life and health insurance activities	Property and casualty insurance activities	Total	Life and health insurance activities	Property and casualty insurance activities	Total
Insurance contract liabilities						
Insurance contract liabilities, excluding the asset for insurance acquisition cash flows[1]	**$ 27,015**	**$ 7,576**	**$ 34,591**	$ 25,817	$ 7,194	$ 33,011
Asset for insurance acquisition cash flows	**(53)**	**—**	**(53)**	(50)	—	(50)
	$ 26,962	**$ 7,576**	**$ 34,538**	$ 25,767	$ 7,194	$ 32,961
Reinsurance contract liabilities	**$ 37**	**$ —**	**$ 37**	$ 38	$ —	$ 38
Reinsurance contract assets	**$ 989**	**$ 916**	**$ 1,905**	$ 923	$ 753	$ 1,676

(1) The balance for life and health insurance includes an amount of $3,569 million ($3,486 million as at December 31, 2023) corresponding to the obligation to segregated fund holders and an amount of $518 million ($602 million as at December 31, 2023) related to segregated fund guarantees.

Asset for insurance acquisition cash flows

The following table presents the changes in the asset for insurance acquisition cash flows during the years ended December 31.

	2024	2023
Balance at beginning of year	**$ 50**	$ 46
Insurance acquisition cash flows incurred	**24**	22
Insurance acquisition cash flows transferred[1]	**(21)**	(18)
Balance at end of year	**$ 53**	$ 50

(1) Insurance acquisition cash flows transferred are included under "Insurance acquisition cash outflows" in the cash flow section of the reconciliations of insurance contract liabilities.

NOTE 16 – INSURANCE AND REINSURANCE CONTRACTS *(continued)*

The following tables present when the life and health insurance subsidiary expects to transfer the asset for insurance acquisition cash flows to include it in the measurement of the group of insurance contracts to which it relates.

	Timing						
As at December 31, 2024	**Under 1 year**	**1 to 2 years**	**Over 2 to 3 years**	**Over 3 to 4 years**	**Over 4 to 5 years**	**Over 5 years**	**Total**
Asset for insurance acquisition cash flows	**$ 23**	**$ 12**	**$ 8**	**$ 4**	**$ 2**	**$ 4**	**$ 53**

	Timing						
As at December 31, 2023	Under 1 year	1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total
Asset for insurance acquisition cash flows	$ 21	$ 11	$ 8	$ 5	$ 2	$ 3	$ 50

Contracts initially recognized in the year – Life and health insurance activities

The following table presents the effect on insurance contract liabilities of the contracts issued other than those to which the premium allocation approach has been applied that were initially recognized in the years ended December 31.

	2024			2023		
	Profitable	**Onerous**	**Total**	Profitable	Onerous	Total
Estimates of the present value of future cash outflows						
Insurance acquisition cash flows	**$ 168**	**$ 63**	**$ 231**	$ 148	$ 79	$ 227
Claims, other insurance expenses and investment components	**813**	**789**	**1,602**	617	1,319	1,936
	$ 981	**$ 852**	**$ 1,833**	$ 765	$ 1,398	$ 2,163
Estimates of the present value of future cash inflows	**(1,077)**	**(855)**	**(1,932)**	(845)	(1,404)	(2,249)
Risk adjustment for non-financial risk	**28**	**24**	**52**	24	35	59
Contractual service margin	**68**	**—**	**68**	56	—	56
Increase in insurance contract liabilities resulting from onerous contracts	**$ —**	**$ 21**	**$ 21**	$ —	$ 29	$ 29

The following table presents the effect on reinsurance contract assets of the contracts held other than those to which the premium allocation approach has been applied that were initially recognized in the years ended December 31.

	2024			2023		
	Net profit	**Net cost**	**Total**	Net profit	Net cost	Total
Estimates of the present value of future cash inflows	**$ 68**	**$ 49**	**$ 117**	$ 62	$ 64	$ 126
Estimates of the present value of future cash outflows	**(64)**	**(45)**	**(109)**	(56)	(60)	(116)
Risk adjustment for non-financial risk	**(6)**	**(7)**	**(13)**	(6)	(8)	(14)
Contractual service margin	**2**	**—**	**2**	—	(2)	(2)
(Increase) in reinsurance contract assets	**$ —**	**$ (3)**	**$ (3)**	$ —	$ (6)	$ (6)

NOTE 16 – INSURANCE AND REINSURANCE CONTRACTS *(continued)*

INSURANCE AND REINSURANCE SERVICE RESULT

Insurance revenue

The following table presents the composition of insurance revenue recognized in the years ended December 31.

	2024			2023		
	Life and health insurance activities	**Property and casualty insurance activities**	**Total**	Life and health insurance activities	Property and casualty insurance activities	Total
Contracts other than those to which the premium allocation approach has been applied						
Amounts relating to the changes in the liability for remaining coverage						
Incurred claims and other expected insurance expenses	**$ 1,065**	**$ —**	**$ 1,065**	$ 929	$ —	$ 929
Change in the risk adjustment for non-financial risk for expired risks	**45**	**—**	**45**	43	—	43
Contractual service margin for services provided in the year	**244**	**—**	**244**	222	—	222
Recovery of insurance acquisition cash flows	**30**	**—**	**30**	19	—	19
	$ 1,384	**$ —**	**$ 1,384**	$ 1,213	$ —	$ 1,213
Contracts to which the premium allocation approach has been applied	**$ 2,766**	**$ 7,374**	**$ 10,140**	$ 2,620	$ 6,596	$ 9,216
Insurance revenue	**$ 4,150**	**$ 7,374**	**$ 11,524**	$ 3,833	$ 6,596	$ 10,429

Recognition in surplus earnings of the contractual service margin

The following tables present when the life and health insurance subsidiary expects to recognize in the Combined Statements of Income the remaining contractual service margin (CSM) at the reporting date.

	Timing							
As at December 31, 2024	**Under 1 year**	**1 to 2 years**	**Over 2 to 3 years**	**Over 3 to 4 years**	**Over 4 to 5 years**	**Over 5 to 10 years**	**Over 10 years**	**Total**
Contractual service margin								
Insurance contracts	**$ 209**	**$ 195**	**$ 181**	**$ 168**	**$ 156**	**$ 624**	**$ 1,305**	**$ 2,838**
Reinsurance contracts	**(20)**	**(19)**	**(18)**	**(17)**	**(15)**	**(61)**	**(103)**	**(253)**

	Timing							
As at December 31, 2023	Under 1 year	1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 to 10 years	Over 10 years	Total
Contractual service margin								
Insurance contracts	$ 209	$ 194	$ 181	$ 168	$ 156	$ 621	$ 1,284	$ 2,813
Reinsurance contracts	(17)	(16)	(15)	(14)	(13)	(53)	(90)	(218)

NOTE 16 – INSURANCE AND REINSURANCE CONTRACTS *(continued)*

INSURANCE FINANCE RESULT

Finance expenses and investment income

The following table presents insurance finance income (expenses) and the return on assets held in respect of insurance activities.

For the years ended December 31	2024 Life and health insurance activities	2024 Property and casualty insurance activities	2024 Total	2023 Life and health insurance activities	2023 Property and casualty insurance activities	2023 Total
Return on assets held in respect of insurance activities						
Net insurance investment income (loss)						
Insurance contracts	$ 1,083	$ 766	$ 1,849	$ 2,013	$ 560	$ 2,573
For segregated fund holders	514	—	514	398	—	398
	$ 1,597	$ 766	$ 2,363	$ 2,411	$ 560	$ 2,971
Net change in insurance investment gains and losses recognized in the Combined Statements of Comprehensive Income	298	143	441	176	155	331
	1,895	909	2,804	2,587	715	3,302
Net insurance and reinsurance finance income (expenses)						
Net insurance finance income (expenses)						
Capitalized interest	(869)	(321)	(1,190)	(814)	(300)	(1,114)
Effect related to changes in discount rates and other financial assumptions	295	(94)	201	(675)	(43)	(718)
Change in the fair value of underlying assets of insurance contracts with direct participation features:						
Insurance contracts	(134)	—	(134)	(129)	—	(129)
For segregated fund holders	(514)	—	(514)	(398)	—	(398)
Effect of financial risk mitigation	98	—	98	41	—	41
Other	(102)	—	(102)	(65)	—	(65)
	(1,226)	(415)	(1,641)	(2,040)	(343)	(2,383)
Net reinsurance finance income (expenses)						
Capitalized interest	31	33	64	31	28	59
Effect related to changes in discount rates and other financial assumptions	(13)	9	(4)	45	3	48
Other	13	—	13	(4)	—	(4)
	31	42	73	72	31	103
	$ (1,195)	$ (373)	$ (1,568)	$ (1,968)	$ (312)	$ (2,280)
Total	$ 700	$ 536	$ 1,236	$ 619	$ 403	$ 1,022
Composed of:						
Net insurance finance result in the Combined Statements of Income	$ 402	$ 393	$ 795	$ 443	$ 248	$ 691
Net insurance finance result in the Combined Statements of Comprehensive Income	298	143	441	176	155	331

NOTE 16 – INSURANCE AND REINSURANCE CONTRACTS *(continued)*

Net insurance investment income (loss), excluding that for segregated fund holders

The following tables present the breakdown of insurance investment income (loss), excluding that for segregated fund holders, in accordance with the classification of financial assets and liabilities.

For the years ended December 31	2024			2023		
	Net interest and dividend income	Change in fair value and other	Total	Net interest and dividend income	Change in fair value and other	Total
Net insurance investment income (loss) on financial assets and liabilities						
Classified as at fair value through profit or loss	**$ 177**	**$ 172**	**$ 349**	$ 204	$ 217	$ 421
Designated as at fair value through profit or loss	**903**	**(60)**	**843**	791	852	1,643
Classified as at fair value through other comprehensive income	**298**	**19**	**317**	244	(105)	139
Designated as at fair value through other comprehensive income	**61**	**—**	**61**	58	—	58
At amortized cost and other	**86**	**193**	**279**	52	260	312
	$ 1,525	**$ 324**	**$ 1,849**	$ 1,349	$ 1,224	$ 2,573

NOTE 16 – INSURANCE AND REINSURANCE CONTRACTS *(continued)*

RECONCILIATIONS OF INSURANCE CONTRACT ASSETS AND LIABILITIES

Reconciliations of insurance contract liabilities

The following tables present the reconciliation from the opening balance to the closing balance for the liability for remaining coverage and the liability for incurred claims.

Life and health insurance activities

	Remaining coverage		Incurred claims Contracts			
				To which the premium allocation approach has been applied		
As at December 31, 2024	Excluding the loss component	Loss component	Other than those to which the premium allocation approach has been applied	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Total
Liability balance at beginning of year	$ 20,994	$ 128	$ 338	$ 4,244	$ 113	$ 25,817
Insurance revenue						
Contracts to which the fair value approach has been applied	(1,104)	—	—	—	—	(1,104)
Other contracts	(3,046)	—	—	—	—	(3,046)
	(4,150)	—	—	—	—	(4,150)
Insurance service expenses						
Incurred claims and other incurred insurance service expenses	—	(47)	1,070	2,037	—	3,060
Amortization of insurance acquisition cash flows	380	—	—	—	—	380
Changes related to incurred claims	—	—	—	(20)	—	(20)
Losses and reversals of losses on onerous contracts	—	118	—	—	—	118
	380	71	1,070	2,017	—	3,538
Insurance service result	(3,770)	71	1,070	2,017	—	(612)
Net insurance finance expenses (income)	997	10	11	203	5	1,226
Total items recognized in the Combined Statements of Income	$ (2,773)	$ 81	$ 1,081	$ 2,220	$ 5	$ 614
Investment components	(2,014)	—	845	1,169	—	—
Cash flows						
Premiums and other amounts received	6,223	—	—	—	—	6,223
Insurance acquisition cash outflows	(531)	—	—	—	—	(531)
Claims and other insurance service expenses paid (including investment components)	—	—	(1,895)	(3,213)	—	(5,108)
Total cash flows	$ 5,692	$ —	$ (1,895)	$ (3,213)	$ —	$ 584
Liability balance at end of year	$ 21,899	$ 209	$ 369	$ 4,420	$ 118	$ 27,015

NOTE 16 – INSURANCE AND REINSURANCE CONTRACTS *(continued)*

Reconciliations of insurance contract liabilities *(continued)*

Life and health insurance activities *(continued)*

	Remaining coverage		Incurred claims Contracts			
				To which the premium allocation approach has been applied		
As at December 31, 2023	Excluding the loss component	Loss component	Other than those to which the premium allocation approach has been applied	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Total
Liability balance at beginning of year	$ 18,655	$ 94	$ 344	$ 4,032	$ 108	$ 23,233
Insurance revenue						
Contracts to which the fair value approach has been applied	(1,090)	—	—	—	—	(1,090)
Other contracts	(2,743)	—	—	—	—	(2,743)
	(3,833)	—	—	—	—	(3,833)
Insurance service expenses						
Incurred claims and other incurred insurance service expenses	—	(43)	904	1,931	(1)	2,791
Amortization of insurance acquisition cash flows	335	—	—	—	—	335
Changes related to incurred claims	—	—	—	9	(2)	7
Losses and reversals of losses on onerous contracts	—	74	—	—	—	74
	335	31	904	1,940	(3)	3,207
Insurance service result	(3,498)	31	904	1,940	(3)	(626)
Net insurance finance expenses (income)	1,786	3	13	230	8	2,040
Total items recognized in the Combined Statements of Income	$ (1,712)	$ 34	$ 917	$ 2,170	$ 5	$ 1,414
Investment components	(1,777)	—	700	1,077	—	—
Cash flows						
Premiums and other amounts received	6,341	—	—	—	—	6,341
Insurance acquisition cash outflows	(495)	—	—	—	—	(495)
Claims and other insurance service expenses paid (including investment components)	—	—	(1,623)	(3,045)	—	(4,668)
Total cash flows	$ 5,846	$ —	$ (1,623)	$ (3,045)	$ —	$ 1,178
Other changes	(18)	—	—	10	—	(8)
Liability balance at end of year	$ 20,994	$ 128	$ 338	$ 4,244	$ 113	$ 25,817

NOTE 16 – INSURANCE AND REINSURANCE CONTRACTS *(continued)*

Reconciliations of insurance contract liabilities *(continued)*

Property and casualty insurance activities

	Remaining coverage		Incurred claims		
As at December 31, 2024	**Excluding the loss component**	**Loss component**	**Estimates of the present value of future cash flows**	**Risk adjustment for non-financial risk**	**Total**
Liability balance at beginning of year	**$ 112**	**$ 224**	**$ 6,351**	**$ 507**	**$ 7,194**
Insurance revenue	**(7,374)**	**—**	**—**	**—**	**(7,374)**
Insurance service expenses					
Incurred claims and other incurred insurance service expenses	**—**	**(388)**	**5,843**	**153**	**5,608**
Amortization of insurance acquisition cash flows	**1,099**	**—**	**—**	**—**	**1,099**
Changes related to incurred claims[1]	**—**	**—**	**(450)**	**(186)**	**(636)**
Losses and reversals of losses on onerous contracts	**—**	**360**	**—**	**—**	**360**
	1,099	**(28)**	**5,393**	**(33)**	**6,431**
Insurance service result	**(6,275)**	**(28)**	**5,393**	**(33)**	**(943)**
Net insurance finance expenses (income)	**1**	**—**	**383**	**31**	**415**
Total items recognized in the Combined Statements of Income	**$ (6,274)**	**$ (28)**	**$ 5,776**	**$ (2)**	**$ (528)**
Cash flows					
Premiums and other amounts received	**7,540**	**—**	**—**	**—**	**7,540**
Insurance acquisition cash outflows	**(1,109)**	**—**	**—**	**—**	**(1,109)**
Claims and other insurance service expenses paid (including investment components)	**—**	**—**	**(5,521)**	**—**	**(5,521)**
Total cash flows	**$ 6,431**	**$ —**	**$ (5,521)**	**$ —**	**$ 910**
Liability balance at end of year	**$ 269**	**$ 196**	**$ 6,606**	**$ 505**	**$ 7,576**

	Remaining coverage		Incurred claims		
As at December 31, 2023	Excluding the loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Total
Liability balance at beginning of year	$ 65	$ 278	$ 6,193	$ 479	$ 7,015
Insurance revenue	(6,596)	—	—	—	(6,596)
Insurance service expenses					
Incurred claims and other incurred insurance service expenses	—	(527)	4,966	146	4,585
Amortization of insurance acquisition cash flows	1,077	—	—	—	1,077
Changes related to incurred claims[1]	—	—	(265)	(143)	(408)
Losses and reversals of losses on onerous contracts	—	473	—	—	473
	1,077	(54)	4,701	3	5,727
Insurance service result	(5,519)	(54)	4,701	3	(869)
Net insurance finance expenses (income)	—	—	318	25	343
Total items recognized in the Combined Statements of Income	$ (5,519)	$ (54)	$ 5,019	$ 28	$ (526)
Cash flows					
Premiums and other amounts received	6,627	—	—	—	6,627
Insurance acquisition cash outflows	(1,061)	—	—	—	(1,061)
Claims and other insurance service expenses paid (including investment components)	—	—	(4,861)	—	(4,861)
Total cash flows	$ 5,566	$ —	$ (4,861)	$ —	$ 705
Liability balance at end of year	$ 112	$ 224	$ 6,351	$ 507	$ 7,194

[1] Represents changes related to claims incurred in prior years.

NOTE 16 – INSURANCE AND REINSURANCE CONTRACTS *(continued)*

Reconciliations of insurance contract liabilities *(continued)*

The following tables present the reconciliation from the opening balance to the closing balance for the measurement components of the insurance contract liabilities for contracts other than those to which the premium allocation approach has been applied.

Life and health insurance activities

			Contractual service margin		
As at December 31, 2024	**Estimates of the present value of future cash flows**	**Risk adjustment for non-financial risk**	**Contracts to which the fair value approach has been applied**	**Other contracts**	**Total**
Liability balance at beginning of year	$ 18,034	$ 768	$ 2,720	$ 93	$ 21,615
Changes that relate to current service					
Amount of the contractual service margin	—	—	(236)	(8)	(244)
Change in the risk adjustment for non-financial risk for expired risks	—	(45)	—	—	(45)
Experience adjustments	5	—	—	—	5
	5	(45)	(236)	(8)	(284)
Changes that relate to future service					
Changes in estimates that adjust the contractual service margin	(131)	(14)	160	(15)	—
Changes in estimates that result in losses or reversal of losses on onerous contracts	35	1	—	—	36
Contracts initially recognized in the year	(99)	52	—	68	21
	(195)	39	160	53	57
Insurance service result	(190)	(6)	(76)	45	(227)
Net insurance finance expenses (income)	937	23	51	5	1,016
Total items recognized in the Combined Statements of Income	$ 747	$ 17	$ (25)	$ 50	$ 789
Cash flows					
Premiums and other amounts received	2,281	—	—	—	2,281
Insurance acquisition cash outflows	(169)	—	—	—	(169)
Claims and other insurance service expenses paid (including investment components)	(1,894)	—	—	—	(1,894)
Total cash flows	$ 218	$ —	$ —	$ —	$ 218
Liability balance at end of year	$ 18,999	$ 785	$ 2,695	$ 143	$ 22,622

NOTE 16 – INSURANCE AND REINSURANCE CONTRACTS *(continued)*

Reconciliations of insurance contract liabilities *(continued)*

Life and health insurance activities *(continued)*

			Contractual service margin		
As at December 31, 2023	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Contracts to which the fair value approach has been applied	Other contracts	Total
Liability balance at beginning of year	$ 15,658	$ 720	$ 2,846	$ 38	$ 19,262
Changes that relate to current service					
Amount of the contractual service margin	—	—	(218)	(4)	(222)
Change in the risk adjustment for non-financial risk for expired risks	—	(42)	—	—	(42)
Experience adjustments	(27)	—	—	—	(27)
	(27)	(42)	(218)	(4)	(291)
Changes that relate to future service					
Changes in estimates that adjust the contractual service margin	(1)	(44)	45	—	—
Changes in estimates that result in losses or reversal of losses on onerous contracts	(18)	(2)	—	—	(20)
Contracts initially recognized in the year	(86)	59	—	56	29
	(105)	13	45	56	9
Insurance service result	(132)	(29)	(173)	52	(282)
Net insurance finance expenses (income)	1,676	77	47	3	1,803
Total items recognized in the Combined Statements of Income	$ 1,544	$ 48	$ (126)	$ 55	$ 1,521
Cash flows					
Premiums and other amounts received	2,645	—	—	—	2,645
Insurance acquisition cash outflows	(182)	—	—	—	(182)
Claims and other insurance service expenses paid (including investment components)	(1,623)	—	—	—	(1,623)
Total cash flows	$ 840	$ —	$ —	$ —	$ 840
Other changes	(8)	—	—	—	(8)
Liability balance at end of year	$ 18,034	$ 768	$ 2,720	$ 93	$ 21,615

NOTE 16 – INSURANCE AND REINSURANCE CONTRACTS *(continued)*

Reconciliations of net reinsurance contract assets

The following tables present the reconciliation from the opening balance to the closing balance for the net asset for remaining coverage and the assets for amounts to be recovered on incurred claims.

Life and health insurance activities

	Remaining coverage		Incurred claims – Amounts to be recovered Contracts			
				To which the premium allocation approach has been applied		
As at December 31, 2024	Excluding the loss-recovery component	Loss-recovery component	Other than those to which the premium allocation approach has been applied	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Total
Balance at beginning of year						
Asset	$ 637	$ 19	$ 26	$ 235	$ 6	$ 923
Liability	(39)	—	1	—	—	(38)
Net balance at beginning of year	$ 598	$ 19	$ 27	$ 235	$ 6	$ 885
Allocation of premiums paid	(284)	0	0	0	0	(284)
Amounts to be recovered from reinsurers						
Amounts for incurred claims and other incurred insurance service expenses	—	5	130	139	2	276
Changes related to incurred claims	—	—	(1)	(1)	—	(2)
Losses and (reversal of losses) on underlying onerous contracts	—	1	—	—	—	1
	—	6	129	138	2	275
Net reinsurance service income (expenses)	(284)	6	129	138	2	(9)
Net reinsurance finance income (expenses)	17	1	1	12	—	31
Total items recognized in the Combined Statements of Income	$ (267)	$ 7	$ 130	$ 150	$ 2	$ 22
Investment components	(8)	—	8	—	—	—
Cash flows						
Premiums paid net of ceded commissions	265	—	—	—	—	265
Amounts recovered (including investment components)	—	—	(123)	(97)	—	(220)
Total cash flows	$ 265	$ —	$ (123)	$ (97)	$ —	$ 45
Net balance at end of year	$ 588	$ 26	$ 42	$ 288	$ 8	$ 952
Balance at end of year						
Asset	$ 626	$ 26	$ 41	$ 288	$ 8	$ 989
Liability	(38)	—	1	—	—	(37)
Net balance at end of year	$ 588	$ 26	$ 42	$ 288	$ 8	$ 952

NOTE 16 – INSURANCE AND REINSURANCE CONTRACTS *(continued)*

Reconciliations of net reinsurance contract assets *(continued)*

Life and health insurance activities *(continued)*

	Remaining coverage		Incurred claims – Amounts to be recovered Contracts			
				To which the premium allocation approach has been applied		
As at December 31, 2023	Excluding the loss-recovery component	Loss-recovery component	Other than those to which the premium allocation approach has been applied	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Total
Balance at beginning of year						
Asset	$ 610	$ 12	$ 19	$ 212	$ 6	$ 859
Liability	(38)	—	2	—	—	(36)
Net balance at beginning of year	$ 572	$ 12	$ 21	$ 212	$ 6	$ 823
Allocation of premiums paid	(263)	0	0	0	0	(263)
Amounts to be recovered from reinsurers						
Amounts for incurred claims and other incurred insurance service expenses	—	2	98	100	—	200
Changes related to incurred claims	—	—	—	(1)	—	(1)
Losses and (reversal of losses) on underlying onerous contracts	—	4	—	—	—	4
Impact of the change in the risk of non-performance by reinsurers	(2)	—	—	—	—	(2)
	(2)	6	98	99	—	201
Net reinsurance service income (expenses)	(265)	6	98	99	—	(62)
Net reinsurance finance income (expenses)	53	1	6	12	—	72
Total items recognized in the Combined Statements of Income	$ (212)	$ 7	$ 104	$ 111	$ —	$ 10
Investment components	(8)	—	8	—	—	—
Cash flows						
Premiums paid net of ceded commissions	246	—	—	—	—	246
Amounts recovered (including investment components)	—	—	(106)	(88)	—	(194)
Total cash flows	$ 246	$ —	$ (106)	$ (88)	$ —	$ 52
Net balance at end of year	$ 598	$ 19	$ 27	$ 235	$ 6	$ 885
Balance at end of year						
Asset	$ 637	$ 19	$ 26	$ 235	$ 6	$ 923
Liability	(39)	—	1	—	—	(38)
Net balance at end of year	$ 598	$ 19	$ 27	$ 235	$ 6	$ 885

NOTE 16 – INSURANCE AND REINSURANCE CONTRACTS *(continued)*

Reconciliations of net reinsurance contract assets *(continued)*

Property and casualty insurance activities

	Remaining coverage		Incurred claims – Amounts to be recovered		
As at December 31, 2024	**Excluding the loss-recovery component**	**Loss-recovery component**	**Estimates of the present value of future cash flows**	**Risk adjustment for non-financial risk**	**Total**
Asset balance at beginning of year	$ 107	$ 23	$ 579	$ 44	$ 753
Allocation of premiums paid	(363)	—	—	—	(363)
Amounts to be recovered from reinsurers					
Amounts for incurred claims and other incurred insurance service expenses	—	(37)	876	18	857
Changes related to incurred claims[1]	—	—	25	(14)	11
Losses and (reversal of losses) on underlying onerous contracts	—	36	—	—	36
	—	(1)	901	4	904
Net reinsurance service income (expenses)	(363)	(1)	901	4	541
Net reinsurance finance income (expenses)	—	—	38	4	42
Total items recognized in the Combined Statements of Income	$ (363)	$ (1)	$ 939	$ 8	$ 583
Cash flows					
Premiums paid net of ceded commissions	357	—	—	—	357
Amounts recovered	—	—	(777)	—	(777)
Total cash flows	$ 357	$ —	$ (777)	$ —	$ (420)
Asset balance at end of year	$ 101	$ 22	$ 741	$ 52	$ 916

	Remaining coverage		Incurred claims – Amounts to be recovered		
As at December 31, 2023	Excluding the loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Total
Asset balance at beginning of year	$ 78	$ 21	$ 618	$ 46	$ 763
Allocation of premiums paid	(306)	—	—	—	(306)
Amounts to be recovered from reinsurers					
Amounts for incurred claims and other incurred insurance service expenses	—	(53)	248	9	204
Changes related to incurred claims[1]	—	—	(7)	(13)	(20)
Losses and (reversal of losses) on underlying onerous contracts	—	55	—	—	55
	—	2	241	(4)	239
Net reinsurance service income (expenses)	(306)	2	241	(4)	(67)
Net reinsurance finance income (expenses)	—	—	29	2	31
Total items recognized in the Combined Statements of Income	$ (306)	$ 2	$ 270	$ (2)	$ (36)
Cash flows					
Premiums paid net of ceded commissions	335	—	—	—	335
Amounts recovered	—	—	(309)	—	(309)
Total cash flows	$ 335	$ —	$ (309)	$ —	$ 26
Asset balance at end of year	$ 107	$ 23	$ 579	$ 44	$ 753

[1] Represents changes related to claims incurred in prior years.

NOTE 16 – INSURANCE AND REINSURANCE CONTRACTS *(continued)*

Reconciliations of net reinsurance contract assets *(continued)*

The following tables present the reconciliation from the opening balance to the closing balance for the measurement components of the reinsurance contract assets for contracts other than those to which the premium allocation approach has been applied.

Life and health insurance activities

			Contractual service margin		
As at December 31, 2024	**Estimates of the present value of future cash flows**	**Risk adjustment for non-financial risk**	**Contracts to which the fair value approach has been applied**	**Other contracts**	**Total**
Balance at beginning of year					
Asset	$ 390	$ 134	$ 219	$ (1)	$ 742
Liability	(40)	3	1	(1)	(37)
Net balance at beginning of year	**$ 350**	**$ 137**	**$ 220**	**$ (2)**	**$ 705**
Changes that relate to current service					
Amount of the contractual service margin	—	—	(19)	—	(19)
Change in the risk adjustment for non-financial risk for expired risks	—	(8)	—	—	(8)
Experience adjustments	22	—	—	—	22
	22	(8)	(19)	—	(5)
Changes that relate to future service					
Changes in estimates that adjust the contractual service margin	(51)	—	48	3	—
Changes in estimates that result in losses or reversal of losses on underlying onerous contracts	(3)	—	—	—	(3)
Contracts initially recognized in the year	(8)	13	—	(2)	3
	(62)	13	48	1	—
Net reinsurance service income (expenses)	(40)	5	29	1	(5)
Net reinsurance finance income (expenses)	9	5	5	—	19
Total items recognized in the Combined Statements of Income	$ (31)	$ 10	$ 34	$ 1	$ 14
Cash flows					
Premiums paid net of ceded commissions	131	—	—	—	131
Amounts recovered (including investment components)	(124)	—	—	—	(124)
Total cash flows	$ 7	$ —	$ —	$ —	$ 7
Net balance at end of year	$ 326	$ 147	$ 254	$ (1)	$ 726
Balance at end of year					
Asset	$ 365	$ 144	$ 254	$ —	$ 763
Liability	(39)	3	—	(1)	(37)
Net balance at end of year	$ 326	$ 147	$ 254	$ (1)	$ 726

NOTE 16 – INSURANCE AND REINSURANCE CONTRACTS *(continued)*

Reconciliations of net reinsurance contract assets *(continued)*

Life and health insurance activities *(continued)*

As at December 31, 2023	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin: Contracts to which the fair value approach has been applied	Contractual service margin: Other contracts	Total
Balance at beginning of year					
Asset	$ 304	$ 125	$ 256	$ 3	$ 688
Liability	(35)	3	(2)	—	(34)
Net balance at beginning of year	$ 269	$ 128	$ 254	$ 3	$ 654
Changes that relate to current service					
Amount of the contractual service margin	—	—	(20)	—	(20)
Change in the risk adjustment for non-financial risk for expired risks	—	(7)	—	—	(7)
Experience adjustments	(4)	—	—	—	(4)
	(4)	(7)	(20)	—	(31)
Changes that relate to future service					
Changes in estimates that adjust the contractual service margin	39	(13)	(19)	(7)	—
Changes in estimates that result in losses or reversal of losses on underlying onerous contracts	(3)	—	—	—	(3)
Contracts initially recognized in the year	(10)	14	—	2	6
	26	1	(19)	(5)	3
Impact of the change in the risk of non-performance by reinsurers	(2)	—	—	—	(2)
Net reinsurance service income (expenses)	20	(6)	(39)	(5)	(30)
Net reinsurance finance income (expenses)	39	15	5	—	59
Total items recognized in the Combined Statements of Income	$ 59	$ 9	$ (34)	$ (5)	$ 29
Cash flows					
Premiums paid net of ceded commissions	127	—	—	—	127
Amounts recovered (including investment components)	(105)	—	—	—	(105)
Total cash flows	$ 22	$ —	$ —	$ —	$ 22
Net balance at end of year	$ 350	$ 137	$ 220	$ (2)	$ 705
Balance at end of year					
Asset	$ 390	$ 134	$ 219	$ (1)	$ 742
Liability	(40)	3	1	(1)	(37)
Net balance at end of year	$ 350	$ 137	$ 220	$ (2)	$ 705

NOTE 16 – INSURANCE AND REINSURANCE CONTRACTS *(continued)*

SIGNIFICANT JUDGMENTS, ASSUMPTIONS AND ESTIMATES

The measurement of insurance contract liabilities is based on estimates and assumptions. The main assumptions used are described in the following paragraphs.

Estimates of future cash flows – Life and health insurance activities

The assumptions used to determine the estimates of future cash flows are those that are the most likely in management's judgment. The model used considers that best estimate future cash flows give the same result as the probability-weighted mean of the full range of possible outcomes. Assumptions are determined from the perspective of the life and health insurance subsidiary based on situations existing at the reporting date.

The risks associated with the accuracy of the assumptions used to determine the estimates of future cash flows arise from the non-materialization of expected assumptions. The appointed actuary periodically carries out studies on the underwriting experience related to each assumption and modifies it, if appropriate, to take into account the current and future expected situation.

Mortality and longevity

The assumptions are determined based on the result of annual studies and recent underwriting experience. When the results cannot serve as the sole source of reference due to their insufficient credibility, the assumptions also take into account industry studies. The studies identify the factors applicable to the benchmark tables of the Canadian Institute of Actuaries (CIA), with tables ICA2014, GAC2012, CIP2014 and ICA 2004-2008 being the main tables used. Assumptions vary based on gender, risk category, type of contract, insurance bands, age and end of term. For individual life insurance and annuity products, a future mortality improvement assumption is taken into account in accordance with the standards of the CIA.

For renewable term life insurance products, mortality considers a deterioration in its experience following contract renewal. Selective lapse rates are therefore taken into consideration to modify mortality rates.

Morbidity

For morbidity assumptions, which relate to the occurrence of accidents and illnesses, the life and health insurance subsidiary uses industry-developed morbidity tables modified based on current data provided by its studies of its underwriting experience and those of the industry. These assumptions are mainly used for disability, critical illness and long-term care insurance products.

For disability and long-term care products, the assumption varies based on gender, risk category, type of contract, age and end of term. The life and health subsidiary uses assumptions to estimate the impact and the termination of the disability.

For critical illness, the assumption varies based on the illnesses covered, but also based on gender, age and end of term.

Contract cancellation rates

The life and health insurance subsidiary carries out an annual study of its underwriting experience with respect to individual insurance contract cancellation, as holders can cancel their contract before the expiry of their contractual coverage period by discontinuing premium payment without using the non-lapse options, if any. The contract cancellation rate assumptions are based on the recent underwriting experience of the life and health insurance subsidiary. These assumptions are adjusted on the basis of the industry's underwriting experience when the assumptions of the life and health insurance subsidiary are not sufficiently credible. The cancellation rate assumptions may vary based on the type of product, the duration of the contract, the age upon issuance and the premium payment method.

For lapse-supported products, such as term-to-100 life insurance and universal life insurance with level mortality costs, very low cancellation rates are used as a lower than expected experience could have an adverse impact on the life and health insurance subsidiary's underwriting experience. For lapse-sensitive products, such as renewable temporary insurance, the life and health subsidiary considers a significant increase in cancellation rate in certain periods to reflect the behaviour of insured persons observed after a significant premium increase or when certain contract options enable them to obtain benefits from cancelling the contract.

Expenses and taxes

The expense assumptions reflect the projected costs for managing and processing contracts in force, including indirect overhead expenses. The life and health insurance subsidiary carries out an annual study of expenses by major product family, and these expenses are projected using the expected rate of inflation and the expected development of blocks of business, when relevant.

Taxes reflect the assumptions relating to future premium taxes and taxes other than taxes on surplus earnings. The estimates of future cash flows do not take into account taxes on surplus earnings.

NOTE 16 – INSURANCE AND REINSURANCE CONTRACTS *(continued)*

Facts and circumstances indicating a group is onerous

Facts and circumstances indicating a group of insurance contracts is or becomes onerous are determined based on judgment and data analysis. Significant differences compared to budget, material changes in investments or pricing are indicators used by Desjardins Group.

Contract holder dividends

The estimates of future cash flows for life insurance contracts with participation features include estimated amounts representing future contract holder dividends. These estimated amounts are determined using the expected insurance results for this block of business, the expected returns on the underlying assets and the reasonable expectations of contract holders. Changes to the most likely assumptions would result in corresponding changes to contract holder dividends and an immaterial net change in the estimates for future cash flows related to individual life insurance contracts with participation features.

Estimates of future cash flows – Property and casualty insurance activities

Facts and circumstances indicating a group is onerous

For each portfolio and each geographic area, the facts and circumstances indicating that a group of insurance contracts is or becomes onerous are determined quantitatively and qualitatively. The quantitative analysis is based on estimated combined ratios, which represent the sum of the loss ratio and the other insurance service expense ratio. When these ratios exceed a predetermined threshold, this signals that there are facts and circumstances indicating that a group of insurance contracts might be onerous. Loss experience monitoring reports are also used to identify facts and circumstances when there are significant variances from budget. The qualitative analysis is based on the judgments made by the members of a committee coming from various sectors (pricing, actuarial services, finances) who meet quarterly to discuss observed trends.

Liability for remaining coverage

Expected claims are based on historical ratios by portfolio and geographic area, adjusted to reflect expected future conditions. Selecting adjustment factors for historical ratios is based on the items mentioned in the "Liability for incurred claims" below as well as other items also requiring judgment, such as considering catastrophes and seasonality. Some insurance service expenses that the property and casualty insurance subsidiaries will have to incur to settle claims are not included in expected claims. These costs are allocated between groups of insurance contracts based on the efforts required to settle claims.

Future premium receipts and expected other insurance service expenses, including insurance acquisition cash flows, if any, are also calculated by group of insurance contracts.

Liability for incurred claims

The liability for incurred claims includes the individual estimates of loss for each reported claim as well as a provision for claims incurred but not reported by the insured persons, for other insurance service expenses that will have to be incurred to settle those claims and for shortfalls in the estimates of losses for claims reported. The liability for incurred claims is estimated using appropriate actuarial techniques for loss prospective valuation in accordance with the CIA standards.

The main assumption underlying these methods is that past claims development can be used to project future claims development. An additional qualitative judgment is made to assess the extent by which past trends may not apply in the future and make the necessary adjustments or changes to adequately determine the liability for incurred claims that represents the probability-weighted mean of the possible outcomes for future claim payments. The assumptions used to develop this estimate are selected by risk category and geographic area. In addition, the estimates take into consideration various quantitative and qualitative factors, including the average settlement cost per claim, the average number of claims and claims severity and frequency trends, and other factors like inflation and changes in market factors, such as public behaviour towards claims and economic conditions, as well as internal factors, such as the composition of the portfolio of insurance contracts, the terms of those contracts and the claim handling procedures. A degree of judgment is also involved in assessing the extent to which external factors, such as court decisions and government legislation, can influence this estimate.

NOTE 16 – INSURANCE AND REINSURANCE CONTRACTS *(continued)*

Claims development

The following table provides information on the development of Desjardins Group's claims after risk mitigation using reinsurance contracts. It presents the estimated cash flows related to claims, including claims reported and claims incurred but not reported at the reporting date for each accident year.

	Accident years											
As at December 31, 2024	**2013 and prior**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2023**	**2024**	**Total**
Estimates of cash flows related to claims												
At the end of the accident year		$ 2,030	$ 2,242	$ 2,953	$ 3,512	$ 3,871	$ 3,444	$ 3,403	$ 4,503	$ 4,784	$ 5,008	
1 year later		2,039	2,252	2,967	3,492	3,839	3,231	3,339	4,489	4,675		
2 years later		2,057	2,249	2,935	3,496	3,784	3,182	3,337	4,416			
3 years later		2,024	2,239	2,936	3,424	3,765	3,089	3,226				
4 years later		1,999	2,234	2,876	3,367	3,760	3,000					
5 years later		1,955	2,195	2,837	3,326	3,718						
6 years later		1,954	2,198	2,817	3,303							
7 years later		1,941	2,177	2,803								
8 years later		1,938	2,175									
9 years later		1,934										
Current estimates		1,934	2,175	2,803	3,303	3,718	3,000	3,226	4,416	4,675	5,008	
Cumulative payments to date and net amounts payable	—	1,876	2,096	2,673	3,104	3,339	2,591	2,546	3,430	3,452	2,913	
Estimates of future cash flows related to outstanding claims	$ 237	$ 58	$ 79	$ 130	$ 199	$ 379	$ 409	$ 680	$ 986	$ 1,223	$ 2,095	$ 6,475
Net amounts payable												89
Adjustment to reflect the time value of money and risk adjustment for non-financial risk												(246)
Net liability for incurred claims												$ 6,318
of which:												
Insurance contract liabilities												$ 7,111
Reinsurance contract assets												793

NOTE 16 – INSURANCE AND REINSURANCE CONTRACTS *(continued)*

Adjustments to reflect the time value of money

The estimates of future cash flows have to be adjusted to reflect the time value of money and financial risks. The discount rates used to adjust future cash flows should be consistent with observable current market prices in active markets and reflect the characteristics of the cash flows of the insurance contract liabilities, in particular in terms of duration and liquidity. The discount rates used by the insurance subsidiaries for the vast majority of insurance contracts and reinsurance contracts are determined using the top-down approach. Under that approach, the appropriate discount rates are determined based on a yield curve that reflects the expected returns of a reference portfolio of assets, adjusted to eliminate the factors that are not relevant to the insurance contract liabilities.

The insurance subsidiaries use various reference portfolios of assets for their various families of products. The reference portfolios of assets comprise a combination of government and corporate bonds consistent with the proportions held by the insurance subsidiaries. These assets have been selected to appropriately reflect the characteristics of the insurance contract liabilities. The yield curves have been adjusted to eliminate the factors that are not relevant to insurance contracts, such as credit risk. Adjustments are also made to reflect the differences between the liquidity characteristics of the insurance contract liabilities and those of the reference portfolio of assets.

Judgment is required in determining the yield curves to be used, as a result of the determination of the assets held in the reference portfolios, the risk-free rates, the adjustments for credit risk and the adjustments for liquidity. The life and health insurance subsidiary has determined that information observable on the market to establish yield curves are available for up to 30 years. Beyond that point, yield curves are established using a linear interpolation technique between the final observable point and the ultimate rate, which was set at 70 years.

For its insurance contracts with direct participation features, the life and health insurance subsidiary uses the same yield curves to discount all the cash flows of these contracts and uses stochastic modelling to take into account the variability of the cash flows that fluctuate based on the return of the underlying items.

The following tables present the yield curves used by the life and health insurance subsidiary for its various products based on their liquidity characteristics.

	Maturities						
As at December 31, 2024	**1 year**	**5 years**	**10 years**	**15 years**	**20 years**	**30 years**	**70 years Ultimate rate**
Yield curve used to discount estimates of future cash flows							
Least illiquid	**3.3%**	**3.1%**	**3.3%**	**3.5%**	**3.6%**	**3.3%**	**4.0%**
Most illiquid	**3.7%**	**3.9%**	**4.6%**	**5.0%**	**5.1%**	**4.9%**	**5.2%**

	Maturities						
As at December 31, 2023	1 year	5 years	10 years	15 years	20 years	30 years	70 years Ultimate rate
Yield curve used to discount estimates of future cash flows							
Least illiquid	4.9%	3.4%	3.4%	3.5%	3.5%	3.2%	4.4%
Most illiquid	5.3%	4.3%	4.6%	4.8%	4.8%	4.7%	5.2%

The following tables present the yield curves determined using the top-down approach used by the property and casualty insurance subsidiaries.

	Maturities			
As at December 31, 2024	**1 year**	**3 years**	**5 years**	**10 years**
Yield curve to discount estimates of future cash flows				
Asset and liability for remaining coverage	**3.0%**	**3.0%**	**3.1%**	**3.7%**
Asset and liability for incurred claims	**3.3%**	**3.5%**	**3.8%**	**4.6%**

	Maturities			
As at December 31, 2023	1 year	3 years	5 years	10 years
Yield curve to discount estimates of future cash flows				
Asset and liability for remaining coverage	4.8%	3.8%	3.5%	3.7%
Asset and liability for incurred claims	5.0%	4.3%	4.1%	4.6%

NOTE 16 – INSURANCE AND REINSURANCE CONTRACTS *(continued)*

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk represents the compensation that the insurance subsidiaries require for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risks when they fulfill insurance contracts. The risks to which the risk adjustment for non-financial risk relate are insurance risk and other non-financial risks, such as lapse risk and expenditure risk, which is the risk of an unexpected increase in administration expenses related to managing the contract. This adjustment also reflects the degree of risk aversion of the insurance subsidiaries and a benefit to reflect the degree of diversification the insurance subsidiaries consider when determining this compensation.

The risk adjustment for non-financial risk is determined at the consolidated level for each insurance subsidiary, net of reinsurance, and then allocated to each group of insurance contracts and each group of reinsurance contracts held based of their risk profile.

The risk adjustment for non-financial risk is discounted using the discount rates described in the "Adjustments to reflect the time value of money" section.

Life and health insurance activities

The risk adjustment for non-financial risk for life and health insurance contracts is determined using the quantile technique. This technique determines the risk adjustment for non-financial risk in such a way that the probability that the fulfilment cash flows are sufficient to meet the obligations relating to the fulfilment of insurance contracts is in an acceptable confidence interval for bearing the uncertainty. This approach requires the use of a model to generate a distribution of cash flow risks. The model used assumes that the uncertainty about future cash flows arising from insurance risks has a normal probability distribution and that the mean of the distribution represents to best estimate future cash flows. The overall solvency buffer calculated in accordance with regulatory capital requirements is used in the model as a point of reference for benchmarking the confidence level corresponding to the risk adjustment for non-financial risk. The intra-risk diversification and inter-risk diversification based on the risk characteristics associated with products are considered in applying the model. The life and health insurance subsidiary uses a confidence level of 79% (81% as at December 31, 2023).

Property and casualty insurance activities

The risk adjustment for non-financial risk is determined using the cost of capital method. Under this method, the development of the liability, the allocated capital and the cost of capital are individually projected by line of business. The capital allocated to lines of business to bear the risk corresponds to the aggregate of the operational target level of capital and the capital excluded from available capital by regulatory authorities. For a line of business, the risk adjustment for non-financial risk is calculated as the present value of the cost of capital of such line. The inter-line of business diversification and interinsurance risk diversification for the property and casualty insurance subsidiaries is considered in applying the cost of capital method. It is estimated that the result of the cost of capital method is equivalent to a confidence level of 90% (90% as at December 31, 2023) for all insurance contracts and reinsurance contracts held.

Contractual service margin

At the end of each period, the life and health insurance subsidiary recognizes in the Combined Statements of Income an amount of the CSM based on coverage units allocated to services provided. To determine this amount, the CSM at the reporting date is allocated equally to each remaining coverage unit.

Management has to make judgments to determine the appropriate coverage units that adequately reflect the quantity of insurance contract services provided over the insurance contract coverage period. The quantity of insurance contract services should consider the services arising from the insurance coverage as well as any investment-return services for insurance contracts without direct participation features and any investment-related services for insurance contracts with direct participation features. To determine the quantity of insurance contract services for the insurance coverage, the life and health insurance subsidiary uses the amount it expects the contract holder could claim if an insured event occurs.

The quantity of insurance contract services is determined based on:
- insured capital for individual insurance contracts;
- annuity payments for annuity contracts;
- guaranteed amounts for segregated fund contracts.

For investment-return services and investment-related services, the value of the holders' funds is used to determine the quantity of services provided.

NOTE 16 – INSURANCE AND REINSURANCE CONTRACTS *(continued)*

The coverage period of an insurance contract is defined as the period in which services are provided to the insurance contract holder. The life and health insurance subsidiary considers the likelihood of occurrence of events only to the extent that they affect the expected coverage duration for the contracts. The coverage period is determined based on the expiration date of the contract adjusted for the likelihood of survival of a contract.

The life and health insurance subsidiary recognizes the CSM of reinsurance contracts held related to its individual insurance contracts in the Combined Statements of Income as services are received from the reinsurer. The quantity of services received is determined based on the insured capital of the insurance contracts ceded to the reinsurer and the duration of the reinsurance contract. The coverage units for proportional reinsurance contracts are based on the insurance coverage provided by the reinsurer. The life and health insurance subsidiary determines the quantity of services received using the nominal value of the insurance contracts ceded. The coverage period of these contracts is determined based on the coverage period of the underlying insurance contracts whose cash flows are within the boundary of the reinsurance contracts held.

RISK MANAGEMENT

Insurance risk

Insurance risk refers to the risk that events may turn out differently from the assumptions used when designing, pricing or measuring insurance product liabilities, and that profitability of these products may be affected.

The life and health insurance subsidiary is exposed to insurance risk through the products it sells. Depending on the nature of the product, this subsidiary may be exposed to mortality risk, longevity risk, morbidity risk and contract holder behaviour risk. All products sold expose this subsidiary to expenditure risk.

The property and casualty insurance subsidiaries underwrite automobile, home and commercial property insurance contracts to individuals and businesses. In the normal course of their operations, these subsidiaries are exposed to insurance risk, which includes several components: underwriting risk, catastrophe risk and reserve risk.

To manage insurance risk, the insurance subsidiaries apply stringent policies and criteria with respect to product and service development and pricing, and regularly carry out analyses to compare forecasts with actual results and revise pricing assumptions if needed.

In addition, for the life and health insurance subsidiary, certain products allow for price adjustments depending on whether assumptions materialize or not, which enables better risk control.

Furthermore, for property and casualty insurance subsidiaries, insurance risk is also managed through various aspects, including by actively and rigorously managing risk segmentation (through underwriting and pricing) and claims. With respect to catastrophes, the property and casualty insurance subsidiaries have established a governance structure to monitor the various risks caused by such events and use sophisticated tools to simulate the related financial losses and operational impact. Given the unpredictable nature of large-scale catastrophic events, the property and casualty insurance subsidiaries have a catastrophe reinsurance treaty, which is reviewed at least annually.

The life and health insurance subsidiary defines its concentration risks by determining where it mainly carries out its business activities, which are almost exclusively concentrated in Canada. It also defines its concentration risks by identifying its insurance products that are exposed to significant financial components. Financial guarantees represent 2% (2% as at December 31, 2023) of the insurance liabilities of the life and health insurance subsidiary.

Use of reinsurance

To manage their risks, the life and health insurance and property and casualty insurance subsidiaries enter into reinsurance contracts for contracts with coverage in excess of certain maximum amounts that vary based on the nature of the activities. This reinsurance structure takes into account their respective risk profile and appetite. In addition, the property and casualty insurance subsidiaries purchase additional reinsurance protection with respect to large-scale catastrophic events. The retention and limit amounts selected for the property and casualty insurance subsidiaries' catastrophe treaty are subject to a detailed annual review based on these subsidiaries' various catastrophe models and the positioning of their competitors in the industry.

In order to reduce reinsurance risk, the insurance subsidiaries do business with many reinsurers that meet financial strength criteria, most of which are governed by the same regulatory authorities as the subsidiaries. In addition, the solvency of the companies to which they cede a portion of their risks is periodically examined. As at December 31, 2024 and 2023, all reinsurers assessed by rating agencies had a rating of at least A-. As at December 31, 2024 and 2023, the maximum exposure to credit risk arising from reinsurance contracts approximated the carrying amount of reinsurance contract assets appearing on the Combined Balance Sheets.

The reinsurance contracts do not release these subsidiaries from their obligations toward their policyholders, but they mitigate the risks to which they are exposed.

NOTE 16 – INSURANCE AND REINSURANCE CONTRACTS *(continued)*

Sensitivity of insurance contract liabilities to changes in assumptions – Life and health insurance activities

The following tables present, for the years ended December 31, the impact on the CSM, net surplus earnings for the year after member dividends and equity of the sensitivity of the life and health insurance contract liabilities to changes in best estimate underlying non-economic assumptions having an overall adverse impact.

	2024			
	CSM		Net surplus earnings and equity	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
2% increase in future mortality rates for insurance products	**$ (99)**	**$ (64)**	**$ 5**	**$ 2**
2% decrease in future mortality rates for annuity products	**(32)**	**(32)**	**(10)**	**(10)**
5% increase in future morbidity rates	**(72)**	**(45)**	**(33)**	**(33)**
10% adverse change in future contract cancellation rates	**(186)**	**(186)**	**21**	**19**
5% increase in future insurance service expenses	**(41)**	**(41)**	**(4)**	**(4)**

	2023			
	CSM		Net surplus earnings and equity	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
2% increase in future mortality rates for insurance products	$ (99)	$ (65)	$ 8	$ 4
2% decrease in future mortality rates for annuity products	(32)	(32)	(8)	(8)
5% increase in future morbidity rates	(71)	(45)	(29)	(30)
10% adverse change in future contract cancellation rates	(184)	(186)	28	27
5% increase in future insurance service expenses	(43)	(43)	(3)	(3)

Sensitivity of insurance contract liabilities to changes in assumptions – Property and casualty insurance activities

The following tables present, for the years ended December 31, the impact on net surplus earnings for the year after member dividends and equity of the sensitivity of the property and casualty insurance contract liabilities to changes in certain key assumptions.

		Impact on			
		Net surplus earnings after member dividends		Equity	
2024	Changes in assumptions	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Future cash flows related to outstanding claims	**+5%**	**$ (261)**	**$ (240)**	**$ (261)**	**$ (240)**
Remaining coverage – Future cash flows related to expected claims	**+5%**	**(66)**	**(59)**	**(66)**	**(59)**

		Impact on			
		Net surplus earnings after member dividends		Equity	
2023	Changes in assumptions	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Future cash flows related to outstanding claims	+5%	$ (252)	$ (231)	$ (252)	$ (231)
Remaining coverage – Future cash flows related to expected claims	+5%	(63)	(58)	(63)	(58)

NOTE 16 – INSURANCE AND REINSURANCE CONTRACTS *(continued)*

Interest rate risk

The insurance subsidiaries are exposed to interest rate risk, which represents the potential impact of interest rate fluctuations on the Combined Statements of Income and equity. This risk arises from the net insurance and reinsurance contract liabilities of these subsidiaries and the portfolios of fixed-income assets they hold. The interest rate risk to which the insurance subsidiaries are exposed is mainly explained by fluctuations in the risk-free rate and gaps in asset-liability matching. Sound and prudent management is applied to minimize the negative impact of interest rate movements.

The interest rate risk management policy describes the techniques used to measure interest rate risk, the tolerated limits and the monitoring procedures to use in managing this risk. The policy sets out, in particular, the limit of the impact on surplus earnings of a change in interest rates. Management is responsible for applying the policy and ensures that there are practices in place to administer and monitor interest rate risk. If needed, it may apply rebalancing techniques to correct of improve the matching status.

In addition, a hedging program was implemented by the life and health insurance subsidiary to minimize the impact of interest rate fluctuations on guarantees under segregated fund contracts and minimum interest rate guarantees offered for some universal life insurance contracts.

As the life and health insurance subsidiary manages interest risk by examining insurance contracts in conjunction with financial assets held in respect of insurance activities, it analyzes and discloses its sensitivities on net basis.

The following table presents the estimated impact of a change in interest rates on net insurance and reinsurance contract liabilities and financial assets held in respect of the insurance activities of the life and health subsidiary.

	As at December 31, 2024			As at December 31, 2023		
	CSM	**Net surplus earnings after member dividends**	**Equity**	CSM	Net surplus earnings after member dividends	Equity
Impact of a 1% increase in interest rates	**$ 6**	**$ (24)**	**$ (55)**	$ 29	$ (2)	$ (37)
Impact of a 1% decrease in interest rates	**(32)**	**18**	**51**	(48)	(7)	30

For the financial instruments of the life and health insurance subsidiary that are not held in respect of insurance activities, a 1% increase in interest rates would have an unfavourable impact of $1 million on net surplus earnings as at December 31, 2024 (unfavourable impact of $1 million as at December 31, 2023) as well as an unfavourable impact of $14 million on equity as at December 31, 2024 (unfavourable impact of $13 million as at December 31, 2023), while a 1% decrease in interest rates would have no impact million on net surplus earnings as at December 31, 2024 (no impact as at December 31, 2023) as well as a favourable impact of $13 million on equity as at December 31, 2024 (favourable impact of $12 million as at December 31, 2023).

The following table presents the estimated impact of a change in interest rates on net insurance and reinsurance contract liabilities and financial assets held in respect of insurance activities of the property and casualty insurance subsidiaries.

	As at December 31, 2024		As at December 31, 2023	
	Net surplus earnings after member dividends	**Equity**	Net surplus earnings after member dividends	Equity
Impact of a 1% increase in interest rates				
Net insurance and reinsurance contract liabilities	**$ 142**	**$ 142**	$ 138	$ 138
Financial assets held in respect of insurance activities	**(122)**	**(200)**	(114)	(196)
Impact of a 1% decrease in interest rates				
Net insurance and reinsurance contract liabilities	**(150)**	**(150)**	(147)	(147)
Financial assets held in respect of insurance activities	**133**	**216**	121	210

As at December 31, 2024 and December 31, 2023, the financial instruments of the property and casualty insurance subsidiaries were all held in respect of insurance activities.

NOTE 16 – INSURANCE AND REINSURANCE CONTRACTS *(continued)*

Price risk

Price risk is the risk of potential loss resulting from a change in the fair value of assets that is not resulting from a change in interest or foreign exchange rates or in the credit quality of the counterparty.

The insurance subsidiaries are directly exposed to price risk through the investment portfolios they own, which include equity securities and derivative financial instruments. The life and health insurance subsidiary is also exposed through its insurance activities as the value of the liabilities for individual segregated fund insurance contracts and the liabilities for life insurance contracts with participation features is affected by market fluctuations.

This risk is managed through policies that define exposure limits for each type of investment as well as limits by issuer and diversification limits such as geographic limits. These limits are monitored by compliance officers under the supervision of the governance committee.

The risk arising from changes in the fair value of underlying elements, which affect the value of the liabilities for individual segregated fund insurance contracts and the liabilities for life insurance contracts with participation features of the life and health insurance subsidiary, is fully offset by changes in the fair value of the assets held, as this subsidiary's policy is to hold these specific investments.

For the risks related to minimum guarantees offered under individual segregated fund contracts, the life and health insurance subsidiary implemented a hedging program to minimize the impact of changes in markets on net surplus earnings after member dividends and the CSM.

As the life and health insurance subsidiary manages price risk by examining insurance contracts in conjunction with financial assets held in respect of insurance activities, it analyzes and discloses its sensitivities on net basis.

The following tables present the estimated impact of a change in stock markets and other markets on the CSM, net surplus earnings after member dividends and equity. This analysis assumes that all other assumptions remain unchanged.

Sensitivity – Life and health insurance activities – Market risks: Price risk

	As at December 31, 2024			As at December 31, 2023		
	CSM	**Net surplus earnings after member dividends**	**Equity**	CSM	Net surplus earnings after member dividends	Equity
Stock markets						
Impact of a 15% increase	**$ 9**	**$ 40**	**$ 171**	$ 10	$ 43	$ 162
Impact of a 15% decrease	**(31)**	**(41)**	**(171)**	(33)	(43)	(162)
Other markets						
Impact of a 10% increase	**(4)**	**97**	**97**	(4)	76	76
Impact of a 10% decrease	**4**	**(97)**	**(97)**	4	(76)	(76)

Sensitivity – Property and casualty insurance activities – Market risks: Price risk

	As at December 31, 2024		As at December 31, 2023	
	Net surplus earnings after member dividends	**Equity**	Net surplus earnings after member dividends	Equity
Impact of a 15% increase	**$ 208**	**$ 208**	$ 215	$ 215
Impact of a 15% decrease	**(208)**	**(208)**	(215)	(215)

NOTE 16 – INSURANCE AND REINSURANCE CONTRACTS *(continued)*

Liquidity risk

The life and health insurance subsidiary manages liquidity risk in order to ensure that they have timely and cost-effective access to the funds needed to meet its financial obligations as they become due, in both routine and crisis situations. For this subsidiary, managing this risk involves maintaining a sufficient level of liquid securities, monitoring indicators and adopting a contingency plan to implement in the event of a liquidity crisis.

For the property and casualty insurance subsidiaries, managing this risk involves maintaining a sufficient level of liquid securities and spreading the collection of insurance premiums throughout the year, which generally supports a large portion of the cash outflows associated with claims and other expenses.

The liquidity risk management policy describes the principles and mechanisms that apply to liquidity risk management. The life and health insurance and property and casualty insurance subsidiaries have to, among other things, measure, monitor and control the main liquidity indicators that apply to them. This responsibility involves quarterly liquidity monitoring to identify a potential or actual lack of liquidity within the insurance subsidiaries.

The following table presents an analysis of future cash flows by estimated timing. The liability for remaining coverage for insurance contracts to which the premium allocation approach has been applied is excluded from this analysis.

	As at December 31, 2024			As at December 31, 2023		
	Insurance contracts	Reinsurance contracts	Total	Insurance contracts	Reinsurance contracts	Total
Under 1 year	**$ 2,613**	**$ 12**	**$ 2,625**	$ 2,462	$ 10	$ 2,472
1 to 2 years	**1,632**	**14**	**1,646**	1,532	12	1,544
Over 2 to 3 years	**1,444**	**16**	**1,460**	1,368	14	1,382
Over 3 to 4 years	**1,278**	**18**	**1,296**	1,175	15	1,190
Over 4 to 5 years	**1,111**	**20**	**1,131**	1,023	18	1,041
Over 5 years	**50,663**	**1,865**	**52,528**	45,248	1,732	46,980
Total	**$ 58,741**	**$ 1,945**	**$ 60,686**	$ 52,808	$ 1,801	$ 54,609

The following table presents the amounts that may be demanded by contract holders without notice and the carrying amount of the related portfolios.

	As at December 31, 2024		As at December 31, 2023	
	Amounts repayable on demand	Carrying amount	Amounts repayable on demand	Carrying amount
Insurance and reinsurance contract liabilities				
Life and health insurance activities	**$ 5,544**	**$ 15,030**	$ 5,233	$ 14,758
Total	**$ 5,544**	**$ 15,030**	$ 5,233	$ 14,758

Amounts repayable on demand include amounts in deposits, surrender values and values of the contract holders' account for universal life insurance funds, less redemption fees applicable at the reporting date. The net liabilities for segregated fund insurance contracts was excluded from this table as the repayable amount on demand is equal to its carrying amount.

NOTE 17 – EMPLOYEE BENEFITS – PENSION AND POST-RETIREMENT BENEFIT PLANS

CHARACTERISTICS OF THE DEFINED BENEFIT PLANS

Group pension plans

Group pension plans are plans whose risks are shared by entities under common control. Desjardins Group offers a majority of its employees group pension plans and group supplemental pension plans, which provide pension benefits in excess of statutory limits. The main group pension plan offered, the Desjardins Group Pension Plan (DGPP), is a funded defined benefit group plan. Participants and employers share the risks and costs related to the DGPP, including any deficit, on a prorata basis of 35% and 65%, respectively.

For the DGPP, benefits are determined on the basis of the number of years of membership and take into consideration the average salary of the employee's five most highly paid years, for years of service accumulated before 2013, and the eight most highly paid years, for years of service accumulated subsequently. Benefits are indexed annually using the consumer price index, up to a maximum of 3% for years of service accumulated before 2013 and 1% for a period of 10 years starting at age 65 for years of service accumulated subsequently.

The DGPP is governed by the *Supplemental Pension Plans Act* (SPPA). The SPPA requires that a retirement committee that assumes the role of administrator and trustee for the plan be formed. The Federation, through its Board of Directors, assumes the responsibilities of the DGPP's sponsor and ensures that the plan is well administered in accordance with the laws and regulations in effect. In addition, the Federation guarantees the obligations resulting from the participation in the plan of all the Desjardins Group employers. The Federation's Board of Directors, acting as the representative for all Desjardins Group employers, is the only governing body with the authority to amend or terminate the plan.

Group post-retirement benefit plan

For employees meeting certain criteria based on age and the number of years of participation in the plan, Desjardins Group also offers a post-retirement benefit plan that provides medical, dental and life insurance to retiring employees and their dependents through an unfunded defined benefit group plan.

Other plans

The other defined benefit plans offered are pension plans as well as another post-retirement benefit plan that provides medical, dental and life insurance plans whose risks are not shared by entities under common control.

NOTE 17 – EMPLOYEE BENEFITS – PENSION AND POST-RETIREMENT BENEFIT PLANS *(continued)*

CHARACTERISTICS OF THE DEFINED BENEFIT PLANS *(continued)*

Pension and post-retirement benefit plan risks

Defined benefit pension plans are plans for which Desjardins Group has formally committed to a level of benefits and therefore assumes actuarial and, when the plans are funded, investment risks. Since the terms of the pension plans are such that changes in salary levels will have an impact on the amount of future benefits, the cost of the benefits and the value of the defined benefit plan obligation are generally actuarially determined using various assumptions. Although management believes that the assumptions used in the actuarial valuation process are reasonable, there remains a degree of risk and uncertainty that may cause future actual results to materially differ from these assumptions, which could give rise to actuarial gains or losses.

Actuarial calculations are made based on management's best estimate assumptions primarily concerning the plan obligation discount rate, and also, but to a lesser extent, salary increases, the retirement age of employees, the mortality rate, the rate of increase in pension benefits and the members' future contributions that will be used to make up the deficit. The participants' estimated discounted contributions required to make up the deficit decrease the defined benefit plan obligation. A complete actuarial valuation is performed each year by a qualified actuary. The discount rates used have been determined by reference to the rates of high quality corporate bonds whose terms are consistent with those of the plans' cash flows.

The terms of the post-retirement benefit plans are such that changes in salary levels or healthcare costs will have an impact on the amount of future benefits. The cost of these benefits is accrued over a portion of the service lives of employees using accounting policies comparable to those used for defined benefit pension plans.

Risk management

To properly manage the DGPP's risks, the retirement Committee adopted a risk management policy to formalize the framework within which the DGPP's risks are managed and clarify the roles and responsibilities of the parties involved. In addition, delegated to its Investment Management Committee ("IMC") certain powers and responsibilities. The content and accuracy of the risk register is reviewed at least once a year and presented to the IMC and the Retirement Committee, which make comments on them where applicable. The indicators included in the DGPP's risk register are subject to an ongoing oversight and quarterly disclosure through the risk management dashboard, which enables the IMC and the Retirement Committee to ensure that risks are effectively managed and controlled.

The IMC is also responsible for reviewing the investment policy and recommending any changes to it to the Retirement Committee, as well as for adopting any specific investment frameworks. It ensures that such frameworks, including the investment policy, are complied with. Each year, the IMC recommends the asset allocation strategy, adopts the corresponding investment plan and monitors it. It also analyzes investment opportunities presented to it and the related risks. The asset allocation strategy is developed based on strategic indicators representing risk factors, including interest rate risk. A risk factor-based allocation enables complying with risk tolerance in the short term, ensuring adequate risk taking considering the target return and satisfying systematically the plan's obligations.

The investment policy may be amended based on the long-term risk/return relationship on the markets, the DGPP's commitments and financial position, risk tolerance or the legislative environment. This policy provides for market risk mitigation mechanisms. Among other things, the policy establishes limits for each type of investments and limits for the allocation of assets between the various classes, as well as risk parameters for asset allocation. The actual mix of asset portfolios is regularly reviewed, and the rebalancing rules of the investment policy are applied when the actual allocation is outside the allowed limits. Foreign exchange risk is also controlled by the investment policy, which specifies hedging rules.

Funding requirements

The DGPP is funded by both employee and employer contributions, which are determined based on the financial position and the funding policy of the plan. Employers' contributions must be equal to the amount that, added to the employees' contributions, is sufficient to cover the value of the obligations that currently accrue in the plan, including fees paid by the plan as well as special contributions required to amortize any deficit and cover the stabilization provision. Employers' contributions are determined using a percentage of the assessable payroll for their employees participating in the plan. The plan's annual cost comprises contributions for current service, administrative management fees and special contributions required to fund the plans' stabilization provision and deficit, if any.

Pursuant to the SPPA requirements, the DGPP's minimum funding is determined on a going-concern basis. A stabilization provision must be funded through special current service contributions and special amortization payments. Funding and stabilization deficits must be funded over a maximum period of 10 years.

NOTE 17 – EMPLOYEE BENEFITS – PENSION AND POST-RETIREMENT BENEFIT PLANS *(continued)*

RECOGNIZED AMOUNTS

Change in net defined benefit plan assets and liabilities

Net defined benefit plan assets and liabilities are as follows:

	Group pension plans			Group post-retirement benefit plan	Other plans			
	Obligation	Fair value of assets	Total	Obligation	Obligation	Fair value of assets	Total	Total
As at December 31, 2022	$ 14,714	$ 15,306	$ (592)	$ 552	$ 804	$ 789	$ 15	$ (25)
Amounts recognized in the Combined Statements of Income								
Current service cost	261	—	261	2	24	—	24	287
Net interest expense/income	781	806	(25)	28	43	41	2	5
Past service cost	—	—	—	—	1	—	1	1
	1,042	806	236	30	68	41	27	293
Amounts recognized in the Combined Statements of Comprehensive Income								
Difference between the actual return on assets and interest income	—	544	(544)	—	—	35	(35)	(579)
Actuarial losses (gains) arising from changes in demographic assumptions	85	—	85	12	—	—	—	97
Actuarial losses (gains) arising from changes in financial assumptions	1,450	—	1,450	31	75	—	75	1,556
Experience (gains) losses	32	—	32	2	—	—	—	34
	1,567	544	1,023	45	75	35	40	1,108
Other changes								
Participants' contributions	289	289	—	—	—	—	—	—
Employers' contributions	—	539	(539)	—	—	15	(15)	(554)
Benefits paid	(667)	(667)	—	(25)	(32)	(29)	(3)	(28)
Other changes	4	(21)	25	—	—	(2)	2	27
	(374)	140	(514)	(25)	(32)	(16)	(16)	(555)
As at December 31, 2023	$ 16,949	$ 16,796	$ 153	$ 602	$ 915	$ 849	$ 66	$ 821
Amounts recognized in the Combined Statements of Income								
Current service cost	**338**	**—**	**338**	**1**	**27**	**—**	**27**	**366**
Net interest expense/income	**798**	**781**	**17**	**27**	**43**	**39**	**4**	**48**
Past service cost	**(1)**	**—**	**(1)**	**—**	**1**	**—**	**1**	**—**
	1,135	**781**	**354**	**28**	**71**	**39**	**32**	**414**
Amounts recognized in the Combined Statements of Comprehensive Income								
Difference between the actual return on assets and interest income	**—**	**431**	**(431)**	**—**	**—**	**(3)**	**3**	**(428)**
Actuarial losses (gains) arising from changes in demographic assumptions	**(18)**	**—**	**(18)**	**(21)**	**3**	**—**	**3**	**(36)**
Actuarial losses (gains) arising from changes in financial assumptions	**(235)**	**—**	**(235)**	**(10)**	**(11)**	**—**	**(11)**	**(256)**
Experience (gains) losses	**26**	**—**	**26**	**6**	**2**	**—**	**2**	**34**
	(227)	**431**	**(658)**	**(25)**	**(6)**	**(3)**	**(3)**	**(686)**
Other changes								
Participants' contributions	**281**	**281**	**—**	**—**	**—**	**—**	**—**	**—**
Employers' contributions	**—**	**523**	**(523)**	**—**	**—**	**20**	**(20)**	**(543)**
Benefits paid	**(721)**	**(721)**	**—**	**(26)**	**(34)**	**(31)**	**(3)**	**(29)**
Other changes	**(13)**	**(21)**	**8**	**—**	**2**	**(2)**	**4**	**12**
	(453)	**62**	**(515)**	**(26)**	**(32)**	**(13)**	**(19)**	**(560)**
As at December 31, 2024	**$ 17,404**	**$ 18,070**	**$ (666)**	**$ 579**	**$ 948**	**$ 872**	**$ 76**	**$ (11)**

NOTE 17 – EMPLOYEE BENEFITS – PENSION AND POST-RETIREMENT BENEFIT PLANS *(continued)*

RECOGNIZED AMOUNTS *(continued)*

For purposes of reporting on the balance sheet, net defined benefit plan assets and liabilities are presented separately.

	As at December 31, 2024	As at December 31, 2023
Net defined benefit plan assets	$ 724	$ 46
Net defined benefit plan liabilities	713	867
	$ (11)	$ 821

Allocation of the main group pension plan assets

The fair value of the main group pension plan assets is detailed as follows:

	As at December 31, 2024[1]		As at December 31, 2023[1]	
	Non-quoted in an active market	Quoted in an active market	Non-quoted in an active market	Quoted in an active market
Bonds				
Government of Canada	$ —	$ 87	$ —	$ 64
Provinces, municipal corporations and other public administrations	158	6,654	132	6,451
Other issuers	4,825	3	3,531	—
Shares	175	3,822	218	3,451
Real estate investments	1,767	—	2,078	—
Infrastructure investments	2,607	—	2,458	—
Cash and money market securities	595	249	178	171
Other	2,894	31	3,179	25
Total	$ 13,021	$ 10,846	$ 11,774	$ 10,162

(1) Commitments related to securities lent or sold under repurchase agreements deducted from the main group pension plan assets are excluded from the table.

As at December 31, 2024, the DGPP held eligible investments in money market securities issued by Desjardins Group entities and foreign exchange contracts whose counterparty is a Desjardins Group entity, having a total fair value of $157 million ($123 million as at December 31, 2023).

IMPACT ON CASH FLOWS

Principal actuarial assumptions

The principal actuarial assumptions used to measure the defined benefit plan obligation and cost are as follows:

	As at December 31, 2024		As at December 31, 2023	
	Main group pension plan	Group post-retirement benefit plan	Main group pension plan	Group post-retirement benefit plan
Discount rate for the obligation	4.75 %	4.70 %	4.65 %	4.65 %
Discount rate for service cost	4.80	4.75	4.65	4.60
Expected rate of salary increases	3.00	3.00	3.00	3.00
Rate used to calculate interest expense on the obligation and assets	4.64	4.63	5.24	5.22
Rate used to calculate interest expense on service cost	4.62	4.60	5.24	5.21
Estimated annual growth rate for covered healthcare cost	—	3.50	—	3.50

NOTE 17 – EMPLOYEE BENEFITS – PENSION AND POST-RETIREMENT BENEFIT PLANS *(continued)*

Sensitivity of key assumptions

Because of the long-term nature of employee benefits, there are significant uncertainties related to the recognition of balances surrounding the assumptions used. The following table shows the impact of a one percentage point change in key assumptions on the defined benefit plan obligation and cost, with all other assumptions remaining constant. In reality, there may be correlations between these assumptions. However, to show the impact of changes in assumptions, they have been modified on an individual basis.

	As at December 31, 2024		As at December 31, 2023	
	Change in obligation	Change in cost recognized	Change in obligation	Change in cost recognized
Main group pension plan				
Discount rate				
1% increase	**$ (2,295)**	**$ (226)**	$ (2,225)	$ (175)
1% decrease	**3,058**	**279**	2,972	280
Expected rate of salary increases				
1% increase	**608**	**101**	594	95
1% decrease	**(516)**	**(69)**	(504)	(41)
Group post-retirement benefit plan				
Discount rate				
1% increase	**(64)**	**2**	(67)	1
1% decrease	**79**	**(3)**	83	(2)
Healthcare costs				
1% increase	**31**	**2**	36	2
1% decrease	**(26)**	**(2)**	(31)	(1)

Expected contributions for 2025

Desjardins Group expects to contribute $316 million to its defined benefit pension plans in the next year.

Pension plan obligation maturity profile

For fiscal 2024, the weighted average financial duration was approximately 16 years (16 years in 2023) for the main group pension plan and approximately 12 years (13 years in 2023) for the group post-retirement benefit plan.

NOTE 18 – OTHER LIABILITIES – OTHER

The following table presents the breakdown of "Other liabilities – Other."

	As at December 31, 2024	As at December 31, 2023
Accounts payable and other accrued liabilities	**$ 4,165**	$ 4,181
Interest payable	**2,495**	1,925
Investment contract liabilities	**1,778**	1,762
Client contract liabilities	**547**	543
Member dividends payable	**441**	418
Taxes payable	**383**	278
Provisions for risks and expenses	**111**	103
Borrowings from financial institutions	**14**	1
Other	**1,616**	1,458
	$ 11,550	$ 10,669

NOTE 19 – SUBORDINATED NOTES

The subordinated notes presented in Desjardins Group's Combined Balance Sheets comprise subordinated notes issued by the Federation. The subordinated notes of the Federation are direct unsecured obligations and are subordinated in right of payment to the claims of depositors and certain other creditors of the Federation. These claims extend to other entities included in the Desjardins Cooperative Group (as defined in the Act) in the event of the dissolution, insolvency, bankruptcy or liquidation of the Federation in accordance with applicable law.

Redemptions and cancellations of the notes are subject to the consent and approval of the applicable regulatory authorities. These notes comprise the following items:

	As at December 31, 2024[(1)]	As at December 31, 2023[(1)]
Subordinated notes of the Federation (par value of $1 billion) maturing issued on May 26, 2020 maturing in May 2030, bearing interest at an annual rate of 2.856% for the first 5 years, and for the following 5 years, at an annual rate equal to the 3-month bankers' acceptance[(2)] plus 2.11%, redeemable at the option of the issuer starting in 2025[(3)]	**$ 977**	$ 977
Subordinated notes of the Federation (par value of $1 billion) issued on May 28, 2021 maturing in May 2031, bearing interest at an annual rate of 1.992% for the first 5 years, and for the following 5 years, at an annual rate equal to the 3-month bankers' acceptance[(2)] plus 0.60%, redeemable at the option of the issuer starting in 2026[(3)]	**967**	998
Subordinated notes of the Federation (par value of $1 billion) issued on August 23, 2022 maturing in August 2032, bearing interest at an annual rate of 5.035% for the first 5 years, and for the following 5 years, at an annual rate equal to the Canadian Overnight Repo Rate Average (CORRA), compounded daily, plus 2.29%, redeemable at the option of the issuer starting in 2027[(3)]	**998**	979
Subordinated notes of the Federation (par value of $1 billion) issued on May 15, 2024 maturing in May 2034, bearing interest at an annual rate of 5.279% for the first 5 years, and for the following 5 years, at an annual rate equal to CORRA, compounded daily, plus 1.56%, redeemable at the option of the holder starting in 2029[(3)]	**1,020**	—
	$ 3,962	$ 2,954

(1) The carrying amount of subordinated notes includes fair value adjustments when hedge accounting is applied.

(2) On May 16, 2022, Refinitiv Benchmark Services (UK) Limited (RBSL), the administrator of the Canadian Dealer Offered Rate (CDOR), announced that it would cease publishing all tenors of CDOR after June 28, 2024. CDOR was the rate used to establish the interest rate for bankers' acceptances (BAs). The vast majority of financial products referencing CDOR or BA rates are now based on the Canadian Overnight Repo Rate Average, or CORRA, administered by the Bank of Canada, or Term CORRA, administered by CanDeal Benchmark Solutions and TMX Datalinx. As a result, the rate that will replace the bankers' acceptance rate mentioned will be CORRA.

(3) These subordinated notes qualify as Non-Viability Contingent Capital (NVCC). Upon the occurrence of a trigger event, as defined in the regulations governing capital, these notes are automatically and immediately convertible into Class Z-Contingent capital shares of the Federation, the number of which will be equal to (i) the note value multiplied by 1.50 divided by (ii) the conversion price.

NOTE 20 – DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

DERIVATIVE FINANCIAL INSTRUMENTS

Desjardins Group's derivative financial instruments include the following types of contracts:

Interest rate contracts

Interest rate contracts include swaps, forward rate agreements and futures. Interest rate swaps are transactions in which two parties exchange interest flows on a specified notional amount for a predetermined period based on agreed-upon fixed and floating rates. Principal amounts are not exchanged. Forward rate agreements are forward transactions on interest rates, based on a notional amount, which call for cash settlement at a future date for the difference between the contractual interest rate and the market rate. Futures represent a future commitment to purchase or deliver financial instruments on a later specified date at a specified price. Futures are traded in predetermined amounts on organized exchanges and are subject to daily cash margining. Desjardins Group uses interest rate contracts primarily for asset and liability management purposes.

Foreign exchange contracts

Foreign exchange contracts include forward contracts, spot transactions and currency swaps. Forward exchange contracts are commitments to exchange, at a future date, two currencies based on a rate agreed by both parties at the inception of the contract. Spot transactions are similar to forward exchange contracts, except that delivery must be made within two business days following the contract date. Currency swaps and cross-currency interest rate swaps are transactions in which the parties exchange interest payments on notional amounts in different currencies. Principal notional amounts are exchanged upon entering into the transaction and upon maturity. Desjardins Group uses currency swaps and cross-currency interest rate swaps to manage its foreign-currency denominated asset and liability exposures.

NOTE 20 – DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES *(continued)*

Other financial derivative contracts

Other derivative financial contracts used by Desjardins Group include total return swaps and stock index options, which are related to financial index transactions, as well as credit default swaps, which are used to manage the credit risk associated with assets and liabilities. Total return swaps are transactions in which one party agrees to pay to or receive from the other party the rate of return on an underlying asset, group of assets or index in exchange for a remuneration specified in the contract. Credit default swaps are transactions in which one of the parties agrees to pay interest to the other party who, in turn, undertakes to make a payment if a predetermined credit incident occurs.

Options

Options are contractual agreements under which the seller grants the purchaser the right but not the obligation to buy (call option) or sell (put option) a specified amount of a financial instrument at a predetermined price, on or before a specified date. The seller receives a premium from the purchaser in exchange for this right. Desjardins Group enters into various options, such as interest rate and stock index options, primarily to meet the needs of its members and clients and to manage its own asset-liability exposures.

MATURITIES AND FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

The following table presents the maturities of the notional amounts and the fair value of derivative financial instruments recognized in the Combined Balance Sheets.

As at December 31, 2024	Terms to maturity: Under 1 year	1 to 3 years	Over 3 to 5 years	Over 5 years	Notional amount	Carrying amount of derivative financial instruments: Assets	Liabilities
Designated as hedging instruments[1]							
Fair value hedges							
Interest rate contracts / Interest rate risk							
Interest rate swaps traded through a clearing house	$ —	$ 6,110	$ 14,772	$ 16,688	$ 37,570	$ —	$ —
Average rate	— %	*2.0* %	*2.6* %	*2.7* %			
	—	6,110	14,772	16,688	37,570	—	—
Foreign exchange contracts / Currency risk							
Over-the-counter currency swaps	—	4,295	—	—	4,295	125	12
CAD-EUR average rate	—	*1.4893*	—	—			
CAD-GBP average rate	—	*1.8000*	—	—			
CAD-AUD average rate	—	*0.8900*	—	—			
	—	4,295	—	—	4,295	125	12
Total — Fair value hedges	—	10,405	14,772	16,688	41,865	125	12
Cash flow hedges							
Interest rate contracts / Interest rate risk							
Interest rate swaps traded through a clearing house	—	8,259	26,770	8,637	43,666	—	—
Average rate	— %	*4.0* %	*3.9* %	*3.5* %			
	—	8,259	26,770	8,637	43,666	—	—
Foreign exchange contracts / Currency risk							
Over-the-counter currency swaps	10,796	11,200	11,695	783	34,474	977	192
CAD-USD average rate	*1.4378*	*1.4378*	*1.4378*	—			
CAD-EUR average rate	*1.4893*	*1.4893*	*1.4893*	—			
CAD-CHF average rate	—	*1.5844*	*1.5844*	*1.5844*			
CAD-JPY average rate	—	—	*0.0091*	—			
CAD-NOK average rate	—	—	—	*0.1267*			
CAD-AUD average rate	—	*0.8900*	—	—			
	10,796	11,200	11,695	783	34,474	977	192
Total — Cash flow hedges	10,796	19,459	38,465	9,420	78,140	977	192
Total — Designated as hedging instruments	$ 10,796	$ 29,864	$ 53,237	$ 26,108	$ 120,005	$ 1,102	$ 204

[1] Hedging instruments are presented under "Derivative financial instruments" in the Combined Balance Sheets.

NOTE 20 – DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES *(continued)*

MATURITIES AND FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

The following table presents the maturities of the notional amounts and the fair value of derivative financial instruments recognized in the Combined Balance Sheets *(continued)*.

	Terms to maturity					Carrying amount of derivative financial instruments	
As at December 31, 2024	**Under 1 year**	**1 to 3 years**	**Over 3 to 5 years**	**Over 5 years**	**Notional amount**	**Assets**	**Liabilities**
Trading purposes							
Interest rate contracts							
Over-the-counter contracts							
Interest rate swaps	$ 4,346	$ 6,040	$ 4,503	$ 5,053	$ 19,942	$ 302	$ 398
Forward rate agreements	4,063	—	—	—	4,063	11	9
Options purchased	869	460	413	33	1,775	17	—
Options written	520	746	433	34	1,733	—	14
Contracts traded through a clearing house							
Interest rate swaps	93,884	107,621	62,737	33,005	297,247	—	—
Exchange-traded contracts							
Futures	12,691	2,504	—	—	15,195	—	—
Options purchased	51,773	359	—	—	52,132	15	—
Options written	39,331	359	—	—	39,690	—	12
	207,477	118,089	68,086	38,125	431,777	345	433
Foreign exchange contracts							
Over-the-counter contracts							
Forward contracts	43,104	2,455	215	—	45,774	712	340
Currency swaps	1,159	5,417	6,312	1,390	14,278	47	32
Options purchased	2,475	928	183	—	3,586	112	—
Options written	2,579	753	238	118	3,688	—	86
Exchange-traded contracts							
Futures	9	—	—	—	9	—	—
	49,326	9,553	6,948	1,508	67,335	871	458
Other contracts[1]							
Over-the-counter contracts							
Swaps	—	60	—	79	139	—	—
Options purchased	10,248	18,603	14,518	303	43,672	5,261	—
Options written	9,912	17,811	13,582	125	41,430	—	5,017
Contracts traded through a clearing house							
Swaps	45	—	1,186	—	1,231	—	—
Exchange-traded-contracts							
Futures	794	—	—	—	794	—	—
	20,999	36,474	29,286	507	87,266	5,261	5,017
Total – Trading purposes	$ 277,802	$ 164,116	$ 104,320	$ 40,140	$ 586,378	$ 6,477	$ 5,908
Total derivative financial instruments before impact of master netting agreements	$ 288,598	$ 193,980	$ 157,557	$ 66,248	$ 706,383	$ 7,579	$ 6,112
Less:							
Impact of master netting agreements[2]	—	—	—	—	—	594	594
Total derivative financial instruments after impact of master netting agreements	$ 288,598	$ 193,980	$ 157,557	$ 66,248	$ 706,383	$ 6,985	$ 5,518

(1) Include contracts related to indexed term savings products.
(2) Impact of offsetting credit exposure when Desjardins Group holds master netting agreements without the intention of settling on a net basis or simultaneously.

NOTE 20 – DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES *(continued)*

MATURITIES AND FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

The following table presents the maturities of the notional amounts and the fair value of derivative financial instruments recognized in the Combined Balance Sheets *(continued)*.

	Terms to maturity					Carrying amount of derivative financial instruments	
As at December 31, 2023	Under 1 year	1 to 3 years	Over 3 to 5 years	Over 5 years	Notional amount	Assets	Liabilities
Designated as hedging instruments[1]							
Fair value hedges							
Interest rate contracts / Interest rate risk							
Over-the counter interest rate swaps	$ 694	$ 204	$ 366	$ 141	$ 1,405	$ 21	$ 31
Interest rate swaps traded through a clearing house	3,437	4,926	14,569	15,251	38,183	—	—
Average rate	*3.7 %*	*2.1 %*	*3.0 %*	*2.2 %*			
	4,131	5,130	14,935	15,392	39,588	21	31
Foreign exchange contracts / Currency risk							
Over-the-counter currency swaps	—	844	—	261	1,105	23	21
CAD-GBP average rate	—	*1.6886*	—	—			
CAD-NOK average rate	—	—	—	*0.1304*			
	—	844	—	261	1,105	23	21
Total — Fair value hedges	4,131	5,974	14,935	15,653	40,693	44	52
Cash flow hedges							
Interest rate contracts / Interest rate risk							
Over-the-counter interest rate swaps	828	—	22	30	880	4	19
Interest rate swaps traded through a clearing house	4,910	7,622	23,921	6,113	42,566	—	—
Average rate	*2.0 %*	*4.0 %*	*3.7 %*	*3.8 %*			
	5,738	7,622	23,943	6,143	43,446	4	19
Foreign exchange contracts / Currency risk							
Over-the-counter currency swaps	4,372	15,884	11,036	—	31,292	250	579
CAD-USD average rate	—	*1.3248*	*1.3248*	—			
CAD-EUR average rate	*1.4629*	*1.4629*	*1.4629*	—			
CAD-CHF average rate	—	—	*1.5749*	—			
CAD-JPY average rate	—	—	*0.0094*	—			
	4,372	15,884	11,036	—	31,292	250	579
Total — Cash flow hedges	10,110	23,506	34,979	6,143	74,738	254	598
Total — Designated as hedging instruments	$ 14,241	$ 29,480	$ 49,914	$ 21,796	$ 115,431	$ 298	$ 650

[1] Hedging instruments are presented under "Derivative financial instruments" in the Combined Balance Sheets.

NOTE 20 – DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES *(continued)*

MATURITIES AND FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

The following table presents the maturities of the notional amounts and the fair value of derivative financial instruments recognized in the Combined Balance Sheets *(continued)*.

	Terms to maturity					Carrying amount of derivative financial instruments	
As at December 31, 2023	Under 1 year	1 to 3 years	Over 3 to 5 years	Over 5 years	Notional amount	Assets	Liabilities
Trading purposes							
Interest rate contracts							
Over-the-counter contracts							
Interest rate swaps	$ 16,355	$ 5,825	$ 3,860	$ 4,415	$ 30,455	$ 351	$ 665
Forward rate agreements	1,977	—	—	—	1,977	48	33
Options purchased	271	432	281	15	999	21	—
Options written	243	364	222	15	844	—	23
Contracts traded through a clearing house							
Interest rate swaps	129,879	154,767	73,155	25,761	383,562	—	—
Exchange-traded contracts							
Futures	12,620	2,885	—	—	15,505	—	—
Options purchased	30,615	—	—	—	30,615	30	—
Options written	23,991	—	—	—	23,991	—	26
	215,951	164,273	77,518	30,206	487,948	450	747
Foreign exchange contracts							
Over-the-counter contracts							
Forward contracts	66,497	2,745	158	—	69,400	460	717
Currency swaps	3,892	—	313	422	4,627	76	54
Options purchased	1,476	553	39	—	2,068	22	—
Options written	1,790	510	279	—	2,579	—	50
Exchange-traded contracts							
Futures	3	—	—	—	3	—	—
	73,658	3,808	789	422	78,677	558	821
Other contracts(1)							
Over-the-counter contracts							
Swaps	—	60	—	73	133	—	—
Options purchased	10,662	17,723	13,507	129	42,021	4,555	—
Options written	9,568	18,474	12,238	160	40,440	—	4,408
Contracts traded through a clearing house							
Swaps	—	—	676	—	676	—	—
Exchange-traded-contracts							
Futures	988	—	—	—	988	—	—
Options purchased	1	—	—	—	1	—	—
	21,219	36,257	26,421	362	84,259	4,555	4,408
Total — Trading purposes	$ 310,828	$ 204,338	$ 104,728	$ 30,990	$ 650,884	$ 5,563	$ 5,976
Total derivative financial instruments before impact of master netting agreements	$ 325,069	$ 233,818	$ 154,642	$ 52,786	$ 766,315	$ 5,861	$ 6,626
Less:							
Impact of master netting agreements(2)	—	—	—	—	—	1,345	1,345
Total derivative financial instruments after impact of master netting agreements	$ 325,069	$ 233,818	$ 154,642	$ 52,786	$ 766,315	$ 4,516	$ 5,281

(1) Include contracts related to indexed term savings products.
(2) Impact of offsetting credit exposure when Desjardins Group holds master netting agreements without the intention of settling on a net basis or simultaneously.

NOTE 20 – DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES *(continued)*

HEDGING ACTIVITIES

The manner in which Desjardins Group assesses market risks as well as the objectives, policies and methods it uses to manage them are presented in Section 4.0, "Risk Management," of the Management's Discussion and Analysis.

Fair value hedges

Fair value hedge transactions involve mostly the use of interest rate swaps to hedge the changes in fair value of a fixed-rate financial instrument caused by a change in interest rates on the market. In addition, when a financial instrument is denominated in a foreign currency, Desjardins Group may enter into fair value hedges by using currency swaps or cross-currency interest rate swaps. The change in fair value of hedging derivative financial instruments offsets the change in fair value of hedged items. Desjardins Group uses fair value hedge strategies for its loan, deposit and securities portfolios.

Cash flow hedges

Cash flow hedge transactions involve mostly the use of interest rate swaps to hedge the changes in future cash flows from a floating-rate financial instrument. Hedging derivative financial instruments reduce the variability of future cash flows from the hedged item. Desjardins Group uses cash flow hedge strategies for its loan, deposit and securities portfolios.

Effectiveness assessment and sources of hedging relationship ineffectiveness

Desjardins Group assesses the effectiveness of a hedging relationship by comparing the change in fair value or cash flows of the hedging instrument with that of the hedged item attributable to the hedged risk to demonstrate the existence of a highly effective correlation between the two instruments. When derivative financial instruments are designated as hedging instruments for a currency risk, only the change in currency risk is taken into account to assess hedge effectiveness.

There is ineffectiveness when the change in fair value of the hedged item attributable to the hedged risk differs from the change in fair value of the hedging instrument. The main sources of ineffectiveness are a difference between the actual and expected repricing dates, a difference between the discounting factors used and a difference between the payment dates for the hedging instrument and the hedged item.

The following table presents information on the ineffectiveness of fair value hedges.

	As at December 31, 2024		As at December 31, 2023	
	Gains (losses) on hedging instruments used as the basis for calculating hedge ineffectiveness	**Hedge ineffectiveness recognized in the Combined Statement of Income[1]**	Gains (losses) on hedging instruments used as the basis for calculating hedge ineffectiveness	Hedge ineffectiveness recognized in the Combined Statement of Income[1]
Fair value hedges				
Interest rate contracts / Interest rate risk				
Over-the-counter interest rate swaps	**$ 211**	**$ —**	$ 19	$ —
Interest rate swaps traded through a clearing house	**(260)**	**(62)**	(420)	(17)
Foreign exchange contracts / Currency risk				
Over-the-counter currency swaps	**(20)**	**(2)**	32	(7)
Total – Fair value hedges	**$ (69)**	**$ (64)**	$ (369)	$ (24)

[1] The hedge ineffectiveness is recognized under "Net other investment income (loss)."

NOTE 20 – DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES *(continued)*

HEDGING ACTIVITIES *(continued)*

Effectiveness assessment and sources of hedging relationship ineffectiveness *(continued)*

The following tables present information on the ineffectiveness of cash flow hedges for the years ended December 31.

2024	**Gains (losses) on hedging instruments used as the basis for calculating hedge ineffectiveness**	**Hedge ineffectiveness recognized in the Combined Statement of Income[1]**	**Hedging gains (losses) recognized in other comprehensive income**	**Gains (losses) reclassified from the cash flow hedge reserve into the Combined Statement of Income – Active hedges[2]**
Cash flow hedges				
Interest rate contracts / Interest rate risk				
Over-the-counter interest rate swaps	**$ (53)**	**$ —**	**$ (134)**	**$ (270)**
Interest rate swaps traded through a clearing house	**494**	**—**	**570**	**625**
Foreign exchange contracts / Currency risk				
Over-the-counter currency swaps	**(233)**	**1**	**(229)**	**—**
Total – Cash flow hedges	**$ 208**	**$ 1**	**$ 207**	**$ 355**

2023	Gains (losses) on hedging instruments used as the basis for calculating hedge ineffectiveness	Hedge ineffectiveness recognized in the Combined Statement of Income[1]	Hedging gains (losses) recognized in other comprehensive income	Gains (losses) reclassified from the cash flow hedge reserve into the Combined Statement of Income – Active hedges[2]
Cash flow hedges				
Interest rate contracts / Interest rate risk				
Over-the-counter interest rate swaps	$ 40	$ —	$ 40	$ 3
Interest rate swaps traded through a clearing house	364	—	359	202
Foreign exchange contracts / Currency risk				
Over-the-counter currency swaps	116	(2)	124	—
Total – Cash flow hedges	$ 520	$ (2)	$ 523	$ 205

[1] The hedge ineffectiveness and reclassification adjustment are recognized under "Net other investment income (loss)" in the Combined Statements of Income.
[2] The reclassification adjustment is included under "Interest income – Loans" and "Interest expense – Deposits" in the Combined Statements of Income.

NOTE 20 – DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES *(continued)*

HEDGING ACTIVITIES *(continued)*

Effectiveness assessment and sources of hedging relationship ineffectiveness *(continued)*

The following tables present the impact of hedge accounting on balances recognized in the Combined Balance Sheets and in accumulated other comprehensive income.

	Cash flow hedges			Fair value hedges			
As at December 31, 2024	**Balance of the cash flow hedge reserve**	**Balance of the reserve for discontinued hedges**	**Gains (losses) on hedged items used as the basis for calculating hedge ineffectiveness for the year**	**Carrying amount of the hedged item**	**Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item**	**Accumulated amount of fair value hedge adjustments for any hedged items that have ceased to be adjusted**	**Gains (losses) on hedged items used as the basis for calculating hedge ineffectiveness for the year**
Interest rate risk							
Assets							
Securities	**$ —**	**$ —**	**$ —**	**$ 21,634**	**$ —**	**$ —**	**$ 417**
Loans	**1,309**	**(961)**	**(522)**	**—**	**—**	**(29)**	**(4)**
Liabilities							
Deposits	**$ (142)**	**$ 318**	**$ 82**	**$ 14,766**	**$ (573)**	**$ 424**	**$ (338)**
Subordinated notes	**—**	**—**	**—**	**1,035**	**(71)**	**35**	**(29)**
Currency risk							
Liabilities							
Deposits	**$ (340)**	**$ —**	**$ 229**	**$ 4,296**	**$ —**	**$ —**	**$ 22**

	Cash flow hedges			Fair value hedges			
As at December 31, 2023	Balance of the cash flow hedge reserve	Balance of the reserve for discontinued hedges	Gains (losses) on hedged items used as the basis for calculating hedge ineffectiveness for the year	Carrying amount of the hedged item	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item	Accumulated amount of fair value hedge adjustments for any hedged items that have ceased to be adjusted	Gains (losses) on hedged items used as the basis for calculating hedge ineffectiveness for the year
Interest rate risk							
Assets							
Securities	$ —	$ (2)	$ (1)	$ 22,375	$ —	$ —	$ 730
Loans	439	(1,126)	(527)	840	(36)	—	19
Liabilities							
Deposits	$ (9)	$ 430	$ 122	$ 15,199	$ 3	$ 237	$ (244)
Subordinated notes	—	—	—	1,401	38	2	(23)
Currency risk							
Liabilities							
Deposits	$ (110)	$ —	$ (124)	$ 1,105	$ (22)	$ (7)	$ (39)

NOTE 20 – DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES *(continued)*

DERIVATIVE FINANCIAL INSTRUMENTS – CREDIT RISK

The credit risk associated with derivative financial instruments refers to the risk that a counterparty will fail to honour its contractual obligations toward Desjardins Group at a time when the fair value of the instrument is positive for Desjardins Group. The manner in which Desjardins Group assesses this risk as well as the objectives, policies and methods it uses to manage it are presented in Section 4.0, "Risk Management," of the Management's Discussion and Analysis. The shaded areas containing text and tables presented in that section are an integral part of these Combined Financial Statements.

Notional amount	Contract amount to which a rate or price is applied in order to calculate the exchange of cash flows.
Replacement cost	The cost of replacing, at current market rates, all contracts with a positive fair value, without taking into consideration the impact of netting agreements or any collateral which may be obtained.
Credit risk equivalent	The total of the replacement cost and future credit exposure, which is represented by the change in value determined using a formula prescribed by Basel III.
Risk-weighted balance	The balance weighted by the risks related to the creditworthiness of counterparties, determined using methods prescribed by Basel III.

The following table gives an overview of Desjardins Group's derivative financial instruments portfolio and related credit risk, before and after the impact of master netting agreements.

	As at December 31, 2024				As at December 31, 2023			
	Notional amount	**Replacement cost**	**Credit risk equivalent**	**Risk-weighted balance**	Notional amount	Replacement cost	Credit risk equivalent	Risk-weighted balance
Interest rate contracts								
Interest rate swaps	**$ 398,425**	**$ 302**	**$ 701**	**$ 1,453**	$ 497,051	$ 376	$ 553	$ 1,817
Forward rate agreements	**4,063**	**11**	**61**	**35**	1,977	48	80	57
Futures	**15,195**	**—**	**1**	**—**	15,505	—	—	—
Options purchased	**53,907**	**32**	**12**	**22**	31,614	51	14	35
Options written	**41,423**	**—**	**—**	**—**	24,835	—	—	—
	513,013	**345**	**775**	**1,510**	570,982	475	647	1,909
Foreign exchange contracts								
Forward agreements	**45,774**	**712**	**827**	**821**	69,400	460	706	617
Futures	**9**	**—**	**—**	**—**	3	—	—	—
Currency swaps	**53,047**	**1,149**	**633**	**402**	37,024	349	454	335
Options purchased	**3,586**	**112**	**196**	**284**	2,068	22	143	318
Options written	**3,688**	**—**	**—**	**—**	2,579	—	—	—
	106,104	**1,973**	**1,656**	**1,507**	111,074	831	1,303	1,270
Other contracts								
Swaps	**1,370**	**—**	**87**	**3**	809	—	57	26
Futures	**794**	**—**	**—**	**—**	988	—	—	—
Options purchased	**43,672**	**5,261**	**4,744**	**3,004**	42,022	4,555	4,321	2,513
Options written	**41,430**	**—**	**—**	**—**	40,440	—	—	—
	87,266	**5,261**	**4,831**	**3,007**	84,259	4,555	4,378	2,539
Total derivative financial instruments before impact of master netting agreements	**$ 706,383**	**$ 7,579**	**$ 7,262**	**$ 6,024**	$ 766,315	$ 5,861	$ 6,328	$ 5,718
Less:								
Impact of master netting agreements[1]	**—**	**594**	**—**	**38**	—	1,345	—	39
Total derivative financial instruments after impact of master netting agreements	**$ 706,383**	**$ 6,985**	**$ 7,262**	**$ 5,986**	$ 766,315	$ 4,516	$ 6,328	$ 5,679

[1] Impact of offsetting credit exposure when Desjardins Group holds master netting agreements without the intention of settling on a net basis or simultaneously.

NOTE 20 – DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES *(continued)*

DERIVATIVE FINANCIAL INSTRUMENTS – CREDIT RISK *(continued)*

The following table presents derivative financial instruments by credit risk rating and type of counterparty.

	As at December 31, 2024		As at December 31, 2023	
	Replacement cost	Risk-weighted balance	Replacement cost	Risk-weighted balance
Credit risk rating[1]				
AAA, AA+, AA, AA-	$ 4,165	$ 1,515	$ 2,448	$ 1,102
A+, A, A-	2,673	1,830	2,894	1,549
BBB, B, BB-, BBB-	259	301	221	414
Not rated	482	2,378	298	2,653
	7,579	6,024	5,861	5,718
Less:				
Impact of master netting agreements[2]	594	38	1,345	39
Total after impact of master netting agreements	$ 6,985	$ 5,986	$ 4,516	$ 5,679
Type of counterparty				
Financial institutions	$ 6,816	$ 3,438	$ 5,279	$ 2,675
Other	763	2,586	582	3,043
	7,579	6,024	5,861	5,718
Less:				
Impact of master netting agreements[2]	594	38	1,345	39
Total after impact of master netting agreements	$ 6,985	$ 5,986	$ 4,516	$ 5,679

(1) Credit risk ratings are established by recognized credit agencies. Non-rated counterparties are mainly members or clients of Desjardins Group. Although the table presents information by external rating, risk-weighted assets have been calculated using internal ratings.
(2) Impact of offsetting credit exposure when Desjardins Group holds master netting agreements without the intention of settling on a net basis or simultaneously.

NOTE 21 – SIGNIFICANT TRANSACTIONS

Year ended December 31, 2024

On May 31, 2024, Desjardins Group, through Desjardins General Insurance Group Inc., a subsidiary of the Federation, acquired all of the issued and outstanding shares of The Insurance Company of Prince Edward Island (ICPEI). Desjardins Group had held a minority interest in ICPEI since February 2023. ICPEI is a Canadian insurer providing commercial and personal lines of insurance exclusively through a broker channel. With this acquisition, Desjardins Group intends to strengthen its position across Canada and expand the footprint of its property and casualty insurance activities, and more specifically its offer for businesses.

The determination of the fair value of identifiable assets acquired and liabilities assumed as well as the transferred consideration was completed during the year ended December 31, 2024. The transaction gave rise to the recognition of insurance contract liabilities of $85 million and goodwill of $33 million.

Goodwill is attributable to the synergies that should result from the acquisition of ICPEI by Desjardins Group. Goodwill is not tax deductible.

NOTE 22 – CAPITAL STOCK

AUTHORIZED

Capital stock comprises qualifying shares and capital shares.

The caisses may issue an unlimited number of qualifying shares with a par value of $5, redeemable at the option of the caisses in the cases set forth in the Act. Qualifying shares give their member holder one vote for the caisse that issued them, regardless of the number of qualifying shares of such caisse held.

The Federation may issue an unlimited number of F capital shares and contingent Z-capital shares (Z capital shares) with a par value of $10. These shares do not carry any voting rights. F capital shares may be issued only to members of Desjardins caisses in Québec, including their auxiliary members. Z capital shares may be issued to any person in accordance with the Act, but only for converting non-viability contingent capital instruments of the Federation or at the discretion of the Federation after such conversion. The Federation has the right, by resolution of the Board of Directors and with the authorization of the AMF, to redeem unilaterally, in whole or in part, F and Z capital shares if any, at any time. The Federation may also purchase, in whole or in part, F and Z capital shares, if any, by private agreement, at any time, with the authorization of the AMF. The interest rate on F and Z capital shares, if any, is determined by the Federation's Board of Directors, which approves annually the surplus earnings that may be allocated to the payment of interest on these capital shares. Interest is recognized under "Remuneration on capital stock" in the Combined Statements of Changes in Equity after approval. The repayment of principal and payment of interest are subject to compliance with certain conditions.

ISSUED AND PAID SHARES

	As at December 31, 2024	As at December 31, 2023
Qualifying shares	$ 26	$ 26
F capital shares	4,705	4,705
	$ 4,731	$ 4,731

NOTE 23 – SHARE CAPITAL

AUTHORIZED

There is an unlimited number of Class A preferred shares, offered only to members of CDO, non-voting, without par value, redeemable at the option of the issuer, i.e. CDO, at the paid-up amount plus declared and unpaid dividends, non-participating and non-cumulative.

There is an unlimited number of Class B preferred shares, non-voting, without par value, redeemable at the option of the issuer, i.e. CDO, at the paid-up amount plus declared and unpaid dividends, non-participating and non-cumulative. These shares may be issued in one or more series.

NOTE 24 – ACCUMULATED OTHER COMPREHENSIVE INCOME

The following table presents the main components of "Accumulated other comprehensive income" (net of taxes).

	As at December 31, 2024		As at December 31, 2023	
	Group's share	Non-controlling interests' share	Group's share	Non-controlling interests' share
Items that will be reclassified subsequently to the Combined Statements of Income				
Net unrealized gains (losses) on debt securities classified as at fair value through other comprehensive income[1]	$ 117	$ 4	$ (428)	$ (1)
Net unrealized gains (losses) on derivative financial instruments designated as cash flow hedges	139	—	(280)	—
Accumulated other comprehensive income	$ 256	$ 4	$ (708)	$ (1)

[1] Reflects an allowance for credit losses of $16 million as at December 31, 2024 ($18 million as at December 31, 2023) on securities classified as at fair value through other comprehensive income.

NOTE 25 – CAPITAL MANAGEMENT

The goal of capital management at Desjardins Group is to ensure the financial health and sustainability of the Desjardins Cooperative Group. To support maintaining a capital level and structure that enables preserving the trust of members and clients and optimizing the financial cost of capital, the organization has a target capital structure that considers the banking industry regulatory requirements, Desjardins Group's ambitions with respect to maintaining its credit ratings as well as the risk profile of the organization and its components. The target structure is subject to change and is updated annually by the Federation's Board of Directors based on the evolution of the previously-mentioned factors.

DESJARDINS GROUP'S INTEGRATED CAPITAL MANAGEMENT FRAMEWORK

The regulatory capital adequacy and composition of Desjardins Group as a whole are evaluated using the Capital Adequacy Guideline issued by the AMF and applicable in particular to financial services cooperatives. This guideline, which reflects the normative framework developed by the Basel Committee on Banking Supervision, requires that a minimum amount of capital be maintained on a combined basis by all the Desjardins Group components. The holding company Desjardins Financial Corporation Inc. is subject to the guideline on capital adequacy requirements for life and health insurers issued by the AMF. Consequently, for purposes of calculating capital, the holding company Desjardins Financial Corporation Inc., which mainly holds the insurance companies, is deconsolidated and partly deducted from capital, in accordance with the significant investments rules set out in the Capital Adequacy Guideline applicable to financial services cooperatives.

Some subsidiaries included in the scope of Desjardins Group are subject to regulatory requirements issued by the AMF or other regulatory authorities. Most of these subsidiaries must comply with minimum capital requirements. Desjardins Group monitors and manages these entities' capital requirements to ensure capital is effectively used and regulations are complied with on an ongoing basis.

Desjardins Group's capital ratios are calculated according to the Capital Adequacy Guideline and are expressed as regulatory capital as a percentage of risk-weighted assets (RWA).

As it was designated by the AMF as a domestic systemically important financial institution, Desjardins Group is subject to an additional capital surcharge of 1.0% and must maintain a minimum Tier 1A capital ratio of 8.0%. Its Tier 1 capital ratio and total capital ratio must be above 9.5% and 11.5%, respectively. These ratios include a 2.5% capital conservation buffer. Desjardins Group is also subject to an RWA floor. When modeled RWA is less that RWA calculated using the Standardized Approach multiplied by a factor determined by the AMF, the difference is added to the denominator for regulatory capital ratios.

Desjardins Group is also required by the AMF to meet a minimum leverage ratio of 3.5%. This ratio is determined by dividing Tier 1 capital by the exposure measure. The exposure measure is independent from risk and includes: 1) on-balance sheet exposures; 2) securities financing transaction exposures; 3) derivative exposures; and 4) off-balance sheet exposures.

Furthermore, Desjardins Group has to meet the requirements of the Total Loss Absorbing Capacity (TLAC) Guideline issued by the AMF. The TLAC ratio and TLAC leverage ratio are calculated in accordance with this guideline. The guideline applies to a resolution group deemed to be Desjardins Group excluding CDO. Desjardins Group is required to maintain a TLAC ratio of at least 21.5% and a TLAC leverage ratio of at least 6.75%.

NOTE 25 – CAPITAL MANAGEMENT *(continued)*

REGULATORY CAPITAL

The regulatory capital of Desjardins Group differs from the equity disclosed in the Combined Balance Sheets. It comprises the following components:

(i) Tier 1 capital, which is designed to ensure going concern. It comprises two categories: Tier 1A (core capital) and Tier 1B (additional capital). Tier 1A capital consists, among other items, of eligible capital shares, reserves, undistributed surplus earnings and accumulated other comprehensive income. Tier 1B capital consists of non-controlling interests. Non-controlling interests are determined, in particular, based on the nature of the operations and the capitalization of the investee.

(ii) Tier 2 capital, which is designed to absorb losses in the event of a liquidation. It comprises subordinated notes qualified as Non-Viability Contingent Capital (NVCC), eligible qualifying shares and the eligible portion of the allowance for credit losses.

The following table presents the regulatory capital and available total loss absorbing capital (TLAC) balances, risk-weighted assets and regulatory ratios.

(in millions of dollars and as a percentage)	**As at December 31, 2024**	As at December 31, 2023
Capital and TLAC		
Tier 1A capital	**$ 33,157**	$ 28,678
Tier 1 capital	**33,157**	28,678
Total capital	**36,269**	30,745
Available total loss absorbing capacity (TLAC)[1]	**47,797**	40,137
Risk-weighted assets		
Credit risk[2]	**121,845**	115,313
Market risk[2]	**4,901**	2,881
Operational risk	**22,875**	22,287
Total risk-weighted assets	**$ 149,621**	$ 140,481
Total risk-weighted assets for TLAC ratio purposes[1]	**145,372**	136,311
Leverage ratio exposure	**434,089**	390,563
TLAC leverage ratio exposure[1]	**$ 427,337**	$ 383,474
Ratios		
Tier 1A capital	**22.2%**	20.4%
Tier 1 capital	**22.2**	20.4
Total capital	**24.2**	21.9
TLAC[1]	**32.9**	29.4
Leverage	**7.6**	7.3
TLAC leverage[1]	**11.2**	10.5

(1) Data calculated at the resolution group level that is deemed to be Desjardins Group excluding CDO.

(2) Data as at December 31, 2024, reflect the provisions relating to the revised market risk and credit valuation adjustment (CVA) frameworks that became effective on January 1, 2024.

COMPLIANCE WITH REQUIREMENTS

Desjardins Group and all its components that are subject to regulatory requirements with respect to minimum capital were in compliance with said requirements as at December 31, 2024. As at December 31, 2023, Desjardins Group and all its components were in compliance with these requirements, except for Desjardins Trust Inc. The TLAC instruments held by Desjardins Trust Inc. caused its capital ratios to be below regulatory requirements. The Office of the Superintendent of Financial Institutions (OSFI) was informed of the situation, and the issue was resolved quickly through the sale of such instruments.

NOTE 26 – NET INTEREST INCOME AND NET OTHER INVESTMENT INCOME (LOSS)

NET INTEREST INCOME

The following table presents the breakdown of net interest income according to the classification of financial assets and liabilities.

For the years ended December 31	2024	2023[(1)]
Interest income on financial assets		
At amortized cost	**$ 15,522**	$ 13,066
At fair value through other comprehensive income	**1,842**	1,764
At fair value through profit or loss	**401**	386
	17,765	15,216
Interest expense on financial liabilities		
At amortized cost	**9,866**	8,266
At fair value through profit or loss	**428**	331
	10,294	8,597
	$ 7,471	$ 6,619

(1) Data have been restated to conform with the presentation for the current year.

NET OTHER INVESTMENT INCOME (LOSS)

The following table presents the breakdown of investment income and loss by classification of financial assets and liabilities.

For the years ended December 31	2024			2023[(1)]		
	Net Interest and dividend income	**Change in fair value and other**	**Total**	Net interest and dividend income	Change in fair value and other	Total
Net other investment income (loss) on financial assets and liabilities						
Classified as at fair value through profit or loss	**$ (524)**	**$ 596**	**$ 72**	$ (321)	$ 364	$ 43
Designated as at fair value through profit or loss	**—**	**(93)**	**(93)**	—	(45)	(45)
Classified as at fair value through other comprehensive income	**45**	**(184)**	**(139)**	33	(82)	(49)
At amortized cost and other	**(45)**	**—**	**(45)**	(21)	—	(21)
	$ (524)	**$ 319**	**$ (205)**	$ (309)	$ 237	$ (72)

(1) Data have been restated to conform with the presentation for the current year.

NOTE 27 – INCOME TAXES ON SURPLUS EARNINGS

INCOME TAXES ON SURPLUS EARNINGS FOR THE YEAR

The income tax expense recognized in the Combined Financial Statements for the years ended December 31 is detailed as follows:

		2024		2023
Combined Statements of Income				
Current income taxes				
Current income tax expense on surplus earnings after member dividends	**$**	**743**	$	600
Adjustments for current tax of prior years		**(27)**		(46)
Current tax recovery on remuneration on capital stock		**(70)**		(78)
		646		476
Deferred income taxes				
Origination and reversal of temporary differences		**241**		(54)
Adjustments for deferred tax of prior years		**5**		27
		246		(27)
	$	**892**	$	449
Combined Statements of Comprehensive Income				
Current income taxes	**$**	**356**	$	134
Deferred income taxes		**210**		8
		566		142
Total income tax expense	**$**	**1,458**	$	591

Income taxes on surplus earnings presented in the Combined Statements of Income for the years ended December 31 are detailed as follows:

		2024		2023
Income taxes on operating surplus earnings	**$**	**1,001**	$	557
Tax recovery on member dividends		**(109)**		(108)
Income taxes on surplus earnings after member dividends	**$**	**892**	$	449

TAX RATE RECONCILIATION

The income tax expense on surplus earnings recognized in the Combined Statements of Income for the years ended December 31 differs from the income tax expense determined using the Canadian statutory rate for the following reasons:

		2024			2023	
Operating surplus earnings	**$**	**4,357**		$	2,816	
Member dividends		**(437)**			(412)	
Surplus earnings after member dividends	**$**	**3,920**		$	2,404	
Income taxes at the combined Canadian federal and provincial statutory rate	**$**	**1,040**	**26.5%**	$	643	26.7 %
Small business deduction		**(10)**	**(0.3)**		(7)	(0.3)
Non-taxable investment income and other items		**(80)**	**(2.0)**		(116)	(4.8)
Non-deductible expenses		**29**	**0.8**		17	0.7
Adjustment for current and deferred tax of prior years		**(22)**	**(0.5)**		(19)	(0.8)
Current tax recovery on remuneration on capital stock		**(70)**	**(1.8)**		(78)	(3.2)
Other		**5**	**0.1**		9	0.4
	$	**892**	**22.8%**	$	449	18.7 %

NOTE 27 – INCOME TAXES ON SURPLUS EARNINGS *(continued)*

DEFERRED INCOME TAXES

The deferred income tax sources are as follows:

	Combined Balance Sheets		Combined Statements of Income	
	As at December 31, 2024	As at December 31, 2023	**2024**	2023
Deferred tax assets				
Lease liabilities	**$ 141**	$ 146	**$ 5**	$ 16
Insurance and reinsurance contract assets / liabilities	**273**	100	**(173)**	(145)
Allowance for credit losses	**218**	196	**(22)**	4
Net defined benefit plan liabilities	**169**	228	**36**	69
Tax losses[1]	**153**	434	**282**	(22)
Securities and other financial instruments	**53**	174	**92**	9
Investment contract liabilities	**—**	—	**—**	33
Other	**89**	125	**36**	21
	$ 1,096	$ 1,403	**$ 256**	$ (15)
Deferred tax liabilities				
Property, plant and equipment, intangible assets and investment property	**$ 265**	$ 265	**$ (4)**	$ 5
Right-of-use assets	**128**	135	**(7)**	(17)
Net defined benefit plan assets	**171**	11	**1**	—
	564	411	**(10)**	(12)
Net deferred income tax assets (liabilities)	**$ 532**	$ 992	**$ 246**	$ (27)

[1] The recognition of the deferred tax asset arising from tax losses is supported by sufficient future taxable income against which such losses can be used.

For the purposes of presenting the Combined Balance Sheets, deferred tax assets and liabilities are measured by legal entities and presented as follows:

	As at December 31, 2024	As at December 31, 2023
Deferred tax assets[1]	**$ 986**	$ 1,244
Deferred tax liabilities[1]	**454**	252
	$ 532	$ 992

[1] Deferred income taxes will reverse mainly in the long term.

The amount of tax losses without expiry dates for which no deferred tax assets have been recognized in the Combined Balance Sheets was $107 million ($108 million as at December 31, 2023).

NOTE 28 – COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES

COMMITMENTS AND GUARANTEES

In the normal course of operations, Desjardins Group uses credit instruments and off-balance sheet guarantees to meet the financing needs of its members and clients. The following table shows the contractual amount of commitments as well as the maximum potential amount of future payments under the guarantees that Desjardins Group granted to third parties. The maximum credit risk associated with commitments corresponds to the full amount of additional credit that Desjardins Group could be required to grant if commitments were entirely used. The maximum credit risk associated with guarantees corresponds to the maximum cash outflows that Desjardins Group could be required to make in the event of a complete default by the parties to the guarantees, without taking into account the amounts it could possibly recover through collateral held, insurance policies or other credit risk mitigation methods. These commitments and guarantees do not necessarily represent future cash requirements since many of these instruments will expire or terminate without being funded. In both cases, the maximum risk of loss is substantially greater than the amount recognized in the Combined Balance Sheets.

The amounts shown in the following table represent the maximum exposure to credit risk for financial instruments whose maximum risk differs from the value recognized. Other financial instruments presented in the Combined Balance Sheets expose Desjardins Group to a credit risk. For such instruments, the maximum exposure to credit risk is equal to their carrying amount.

	As at December 31, 2024	As at December 31, 2023
Commitments		
Credit commitments	**$ 143,071**	$ 131,048
Indemnification commitments related to securities lending	**—**	2,875
Documentary letters of credit	**9**	17
Guarantees		
Guarantees and standby letters of credit	**2,760**	2,281

Credit commitments

Credit commitments represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. The primary purpose of these instruments is to ensure that members and clients have funds available, when necessary, for variable maturity terms and under specific conditions.

Indemnification commitments related to securities lending

As part of its asset custody operations, Desjardins Group enters into securities lending agreements with clients. Desjardins Group makes indemnification commitments to certain clients who lend securities to ensure that the fair value of the securities lent will be reimbursed in the event that the borrower does not return the borrowed securities and the fair value of assets held as collateral is insufficient to cover the fair value of the securities lent. These commitments usually mature before being used.

Documentary letters of credit

Documentary letters of credit are instruments issued for a member or a client and represent Desjardins Group's agreement to honour drafts presented by a third party upon completion of certain activities, up to a set maximum amount. Desjardins Group is exposed to the risk that the client does not ultimately pay the amount of the drafts. However, the amounts used are secured by the related goods.

Guarantees and standby letters of credit

Guarantees and standby letters of credit represent irrevocable commitments by Desjardins Group to make payments in the event that a member or client cannot meet financial or performance obligations to third parties. Desjardins Group's policy with respect to collateral received for these instruments is generally the same as for loans. Guarantees and standby letters of credit for which payment depends on meeting a performance obligation are considered non-financial guarantees as the payment does not depend on a credit default on a debt security. Other guarantees and standby letters of credit are financial guarantees.

Other indemnification agreements

In the normal course of its operations, Desjardins Group enters into agreements containing indemnification provisions. These indemnifications are normally related to acquisition, disposal, service and lease contracts, clearing agreements and contracts entered into with directors or officers. Under these agreements, Desjardins Group may be liable for indemnifying a counterparty if certain events occur, such as amendments to statutes and regulations (including tax rules) as well as to disclosed financial positions, the existence of undisclosed liabilities, and losses resulting from third-party activities or as a result of third-party litigation. The indemnification provisions vary from one contract to the next. In several cases, no predetermined amount or limit is stated in the contract, and future events that would trigger a payment are difficult to foresee. Therefore, the maximum amount that Desjardins Group could be required to pay counterparties cannot be estimated. In the past, payments made under these indemnification agreements have been immaterial.

NOTE 28 – COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES *(continued)*

ASSETS PLEDGED AND HELD AS COLLATERAL

In the normal course of its operations, Desjardins Group enters into asset pledge agreements and receives from its members and clients assets as collateral that it is permitted to sell or repledge in the absence of default in accordance with the standardized terms and conditions for these types of transactions. Following are examples of terms and conditions for assets pledged as collateral:

- The risks and rewards of the assets pledged as collateral accrue to the borrower;
- Additional collateral is required when the market value of the transaction exceeds the threshold agreed upon with the borrower;
- The creditor's right to sell the assets or repledge them depends on the agreement under which the assets have been pledged as collateral;
- The assets pledged as collateral are returned to the borrower when mandatory terms and conditions are met. When the creditor is permitted to sell or repledge an asset held as collateral, a comparable asset is returned to the borrower.

The following table shows the carrying amount of Desjardins Group's financial assets pledged as collateral for liabilities or contingent liabilities as well as the fair value of assets from third parties held as collateral or repledged.

	As at December 31, 2024	As at December 31, 2023
Desjardins Group's financial assets pledged as collateral:		
Cash and deposits with financial institutions	**$ 469**	$ 458
Securities	**15,456**	12,625
Loans	**38,076**	29,601
	54,001	42,684
Assets from third parties:		
Assets held as collateral that may be sold or repledged	**30,024**	23,176
Less: Assets not sold or not repledged	**3,034**	451
	26,990	22,725
	$ 80,991	$ 65,409
Use of assets:		
Transactions involving commitments related to securities sold under repurchase agreements and securities lent and borrowed	**$ 26,767**	$ 20,851
Transactions involving commitments related to securities sold short	**12,667**	11,716
Securitization transactions	**17,374**	14,440
Covered bonds	**20,931**	15,452
Transactions on derivative financial instruments	**1,440**	1,107
Clearing systems, payment systems and depositories[1]	**1,328**	1,263
Transactions related to insurance contract liabilities	**295**	394
Caisse network money supply from the Bank of Canada	**189**	186
	$ 80,991	$ 65,409

(1) In the normal course of its operations, Desjardins Group must pledge intraday collateral to the Bank of Canada for the use of the Large Value Transfer System. Such collateral is excluded as it is released back at the end of the daily settlement cycle.

LITIGATION

In the normal course of its business, Desjardins Group is involved in various litigation matters and legal proceedings. It is not currently possible to predict the outcome of certain of these litigation matters and legal proceedings, the timing of such outcomes, or the potential impact on Desjardins Group's financial position. In management's opinion, the fair value of the contingent liabilities resulting from such litigation matters and legal proceedings, to the extent that it can be measured, could have an impact on Desjardins Group's profit or loss for a specific period, but would not have a significant adverse impact on its financial position.

NOTE 29 – FINANCIAL INSTRUMENT RISK MANAGEMENT

Desjardins Group is exposed to different types of financial instrument risks in the normal course of operations, such as credit risk, market risk and liquidity risk. The manner in which Desjardins Group assesses these risks as well as the objectives, policies and methods it uses to manage them are presented in Section 4.0, "Risk Management," of the Management's Discussion and Analysis. The shaded areas and tables marked with an asterisk (*) presented in that section are an integral part of these Combined Financial Statements. In addition, information on credit risk related to the recognition and measurement of expected credit losses are presented in these Combined Financial Statements, mainly in Note 2, "Accounting policies," and in Note 7, "Loans and allowance for credit losses."

CONTRACTUAL MATURITIES OF ON-BALANCE SHEET ITEMS AND OFF-BALANCE SHEET COMMITMENTS

The following tables present assets and liabilities recorded on the Combined Balance Sheets and off-balance sheet commitments at their carrying amount and classified according to their residual contractual maturities. The classification of maturities is an information source with regard to liquidity and financing risk, but it differs from the analysis performed by Desjardins Group to determine the expected maturity of the items for liquidity risk management purposes. Many factors other than contractual maturity are taken into consideration to measure expected future cash flows and liquidity risk.

The value of credit commitments presented in these tables represents the maximum amount of additional credit that Desjardins Group could be required to grant if the commitments were fully used. The value of guarantees and standby letters of credit correspond to the maximum cash outflows that Desjardins Group could be required to make in the event of complete default of the parties to guarantees, without taking any possible recovery into account. These commitments and guarantees do not necessarily represent future liquidity needs, because a large portion of these instruments will expire or be cancelled without giving rise to any cash outflows.

Note 16, "Insurance and reinsurance contracts," provides additional information on the contractual maturities of reinsurance contract assets and insurance contract liabilities.

As at December 31, 2024	Less than 1 month	1 to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	No stated maturity	Total
Assets										
Cash and deposits with financial institutions	$ 5,579	$ 391	$ 2	$ —	$ —	$ —	$ —	$ —	$ 5	$ 5,977
Securities										
Securities at fair value through profit or loss[1]	287	1,050	2,716	895	1,844	2,674	6,111	21,105	5,279	41,961
Securities at fair value through other comprehensive income[1]	705	1,636	2,065	3,139	1,408	11,204	23,322	12,089	1,734	57,302
Securities at amortized cost	—	—	—	—	2	1	6	36	—	45
Securities borrowed or purchased under reverse repurchase agreements	18,464	1,206	3,136	445	196	—	—	—	219	23,666
Loans										
Residential mortgages[2]	3,159	5,005	10,277	10,698	11,844	46,284	81,483	3,794	7,376	179,920
Consumer, credit card and other personal loans[2]	36	69	147	163	215	1,049	4,797	8,531	9,676	24,683
Business and government[2]	26,744	9,030	7,155	5,938	7,990	9,400	9,497	1,684	8,876	86,314
Allowance for credit losses	—	—	—	—	—	—	—	—	(1,320)	(1,320)
Segregated fund net assets	—	—	—	—	—	—	—	—	28,959	28,959
Derivative financial instruments	485	551	732	374	401	1,325	3,465	246	—	7,579
Amounts receivable from clients, brokers and financial institutions	2,309	13	—	—	—	—	—	—	774	3,096
Reinsurance contract assets	42	88	76	63	59	183	375	890	129	1,905
Right-of-use assets	—	—	—	—	—	—	—	—	454	454
Investment property	—	—	—	—	—	—	—	—	817	817
Property, plant and equipment	—	—	—	—	—	—	—	—	1,486	1,486
Goodwill	—	—	—	—	—	—	—	—	596	596
Intangible assets	—	—	—	—	—	—	—	—	1,255	1,255
Investments in companies accounted for using the equity method	—	—	—	—	—	—	—	—	1,241	1,241
Net defined benefit plan assets	—	—	—	—	—	—	—	—	724	724
Deferred tax assets	—	—	—	—	—	—	—	—	986	986
Other assets – Other	1,245	200	287	41	19	20	62	12	1,410	3,296
Total assets	**$ 59,055**	**$ 19,239**	**$ 26,593**	**$ 21,756**	**$ 23,978**	**$ 72,140**	**$ 129,118**	**$ 48,387**	**$ 70,676**	**$470,942**

For footnotes see next page.

NOTE 29 – FINANCIAL INSTRUMENT RISK MANAGEMENT *(continued)*

CONTRACTUAL MATURITIES OF ON-BALANCE SHEET ITEMS AND OFF-BALANCE SHEET COMMITMENTS *(continued)*

As at December 31, 2024	Less than 1 month	1 to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	No stated maturity	Total
Liabilities and equity										
Deposits										
Individuals[3]	$ 5,956	$ 4,781	$ 13,730	$ 15,097	$ 12,029	$ 15,878	$ 20,486	$ 642	$ 72,880	$ 161,479
Business and government[3]	18,584	10,070	3,635	3,186	4,592	9,654	24,233	8,942	56,327	139,223
Deposit-taking institutions[3]	2	1	—	2	1	1	1	—	236	244
Insurance contract liabilities	887	854	846	734	717	2,275	5,035	19,312	3,878	34,538
Commitments related to securities sold short[4]	90	213	653	287	201	1,169	3,452	7,160	24	13,249
Commitments related to securities lent or sold under repurchase agreements	20,617	10	—	—	—	—	—	—	6	20,633
Derivative financial instruments	109	355	691	307	332	1,050	2,965	303	—	6,112
Amounts payable to clients, brokers and financial institutions	4,499	5	—	—	—	—	—	—	9,691	14,195
Lease liabilities	6	11	17	19	17	65	162	237	—	534
Reinsurance contract liabilities	—	—	1	—	1	2	4	29	—	37
Segregated fund net liabilities – Investment contracts	—	—	—	—	—	—	—	—	25,329	25,329
Net defined benefit plan liabilities	—	—	—	—	—	—	—	—	713	713
Deferred tax liabilities	—	—	—	—	—	—	—	—	454	454
Other liabilities	3,796	1,820	1,393	543	360	561	984	159	1,934	11,550
Subordinated notes	—	—	—	—	—	—	—	3,962	—	3,962
Total equity – Other	—	—	—	—	—	—	—	—	38,690	38,690
Total liabilities and equity	$ 54,546	$ 18,120	$ 20,966	$ 20,175	$ 18,250	$ 30,655	$ 57,322	$ 40,746	$ 210,162	$ 470,942
Off-balance sheet commitments										
Credit commitments[5]	$ 1,580	$ 782	$ 1,321	$ 1,845	$ 1,594	$ 7,728	$ 16,133	$ 519	$ 111,569	$ 143,071
Documentary letters of credit	5	1	2	1	—	—	—	—	—	9
Guarantees and standby letters of credit	195	105	571	719	521	547	57	42	3	2,760

(1) Equity securities are classified under "No stated maturity."
(2) Amounts repayable on demand are classified under "No stated maturity."
(3) Deposits payable on demand or upon notice are considered as having "No stated maturity."
(4) Amounts are presented by remaining contractual maturity of the underlying security.
(5) Includes personal lines of credit, lines of credit secured by real or immovable property and credit card lines for which the amounts committed are unconditionally revocable at any time at Desjardins Group's discretion. These items are classified in the "No stated maturity" column.

NOTE 29 – FINANCIAL INSTRUMENT RISK MANAGEMENT *(continued)*

CONTRACTUAL MATURITIES OF ON-BALANCE SHEET ITEMS AND OFF-BALANCE SHEET COMMITMENTS *(continued)*

As at December 31, 2023	Less than 1 month	1 to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	No stated maturity	Total
Assets										
Cash and deposits with financial institutions	$ 7,388	$ 1,593	$ —	$ —	$ —	$ —	$ —	$ —	$ 6	$ 8,987
Securities										
Securities at fair value through profit or loss[1]	214	372	1,139	1,256	1,207	2,860	5,509	19,223	4,847	36,627
Securities at fair value through other comprehensive income[1]	867	1,658	1,682	1,473	1,468	8,221	22,192	12,619	1,512	51,692
Securities at amortized cost	1	—	—	—	1	1	6	37	—	46
Securities borrowed or purchased under reverse repurchase agreements	10,613	1,689	1,376	—	—	—	—	—	—	13,678
Loans										
Residential mortgages[2]	3,207	4,698	7,864	4,991	6,530	34,523	93,329	3,693	7,023	165,858
Consumer, credit card and other personal loans[2]	39	72	163	161	205	1,069	4,646	8,499	9,385	24,239
Business and government[2]	22,160	6,613	5,726	4,609	6,493	8,547	12,831	2,255	7,784	77,018
Allowance for credit losses	—	—	—	—	—	—	—	—	(1,180)	(1,180)
Segregated fund net assets	—	—	—	—	—	—	—	—	24,754	24,754
Derivative financial										
Derivative financial instruments	249	364	649	349	434	1,229	2,386	201	—	5,861
Amounts receivable from clients, brokers and financial institutions	1,760	19	—	—	—	—	—	—	1,022	2,801
Reinsurance contract assets	7	70	60	49	46	152	319	834	139	1,676
Right-of-use assets	—	—	—	—	—	—	—	—	476	476
Investment property	—	—	—	—	—	—	—	—	974	974
Property, plant and equipment	—	—	—	—	—	—	—	—	1,549	1,549
Goodwill	—	—	—	—	—	—	—	—	563	563
Intangible assets	—	—	—	—	—	—	—	—	1,186	1,186
Investments in companies accounted for using the equity method	—	—	—	—	—	—	—	—	1,477	1,477
Net defined benefit plan assets	—	—	—	—	—	—	—	—	46	46
Deferred tax assets	—	—	—	—	—	—	—	—	1,244	1,244
Other assets - Other	1,079	438	277	38	31	12	35	3	1,455	3,368
Total assets	$ 47,584	$ 17,586	$ 18,936	$ 12,926	$ 16,415	$ 56,614	$ 141,253	$ 47,364	$ 64,262	$ 422,940

For footnotes see next page.

NOTE 29 – FINANCIAL INSTRUMENT RISK MANAGEMENT *(continued)*

CONTRACTUAL MATURITIES OF ON-BALANCE SHEET ITEMS AND OFF-BALANCE SHEET COMMITMENTS *(continued)*

As at December 31, 2023	Less than 1 month	1 to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	No stated maturity	Total
Liabilities and equity										
Deposits										
Individuals(3)	$ 4,911	$ 6,288	$ 17,222	$ 6,685	$ 9,348	$ 19,596	$ 16,631	$ 422	$ 70,416	$ 151,519
Business and government(3)	19,455	8,816	4,469	2,587	4,254	9,712	21,016	5,585	51,325	127,219
Deposit-taking institutions(3)	314	1	5	7	7	3	—	—	254	591
Insurance contract liabilities	869	803	812	692	665	2,159	4,771	18,508	3,682	32,961
Commitments related to securities sold short(4)	69	72	623	99	66	817	3,691	6,229	20	11,686
Commitments related to securities lent or sold under repurchase agreements	11,681	351	—	—	—	—	—	—	—	12,032
Derivative financial instruments	510	480	653	393	441	1,422	2,487	240	—	6,626
Amounts payable to clients, brokers and financial institutions	5,056	2	—	—	—	—	—	—	4,292	9,350
Lease liabilities	7	12	17	20	18	66	169	244	—	553
Reinsurance contract liabilities	—	—	1	1	1	1	4	30	—	38
Segregated fund net liabilities – Investment contracts	—	—	—	—	—	—	—	—	21,233	21,233
Net defined benefit plan liabilities	—	—	—	—	—	—	—	—	867	867
Deferred tax liabilities	—	—	—	—	—	—	—	—	252	252
Other liabilities	3,461	1,766	1,181	427	333	488	837	156	2,020	10,669
Subordinated notes	—	—	—	—	—	—	—	2,954	—	2,954
Total equity	—	—	—	—	—	—	—	—	34,390	34,390
Total liabilities and equity	$ 46,333	$ 18,591	$ 24,983	$ 10,911	$ 15,133	$ 34,264	$ 49,606	$ 34,368	$ 188,751	$ 422,940
Off-balance sheet commitments										
Credit commitments(5)	$ 1,050	$ 1,046	$ 1,580	$ 1,739	$ 1,133	$ 4,886	$ 13,375	$ 774	$ 105,465	$ 131,048
Indemnification commitments related to securities lending	—	—	—	—	—	—	—	—	2,875	2,875
Documentary letters of credit	3	2	9	1	1	1	—	—	—	17
Guarantees and standby letters of credit	199	259	483	754	444	58	40	40	4	2,281

(1) Equity securities are classified under "No stated maturity."
(2) Amounts repayable on demand are classified under "No stated maturity."
(3) Deposits payable on demand or upon notice are considered as having "No stated maturity."
(4) Amounts are presented by remaining contractual maturity of the underlying security.
(5) Includes personal lines of credit, lines of credit secured by real or immovable property and credit card lines for which the amounts committed are unconditionally revocable at any time at Desjardins Group's discretion. These items are classified in the "No stated maturity" column.

NOTE 30 – SEGMENTED INFORMATION

Desjardins Group’s financial reporting is grouped by activities, which are defined based on the needs of its members and clients and the markets in which Desjardins Group operates and reflect Desjardins Group’s internal management method. Accordingly, Desjardins Group’s financial results are grouped in three business segments, namely Personal and Business Services, Wealth Management and Life and Health Insurance, and Property and Casualty insurance, plus an "Other" category.

The Personal and Business Services segment offers Desjardins Group members and clients a comprehensive, integrated offering designed to meet the needs of individuals, businesses, institutions, not-for-profit organizations and cooperatives. Desjardins Group operates in the financial services market in Québec and is a player in financial services markets outside Québec. This offering meets a range of needs including financial management, savings, payments, financing, specialty services, access to capital markets, development and venture capital, business ownership transfers and advice and, through its distribution network, life and health and property and casualty insurance products. This segment offers its services through the caisse network and their Desjardins Business Centres, in person, by phone or online, as well as via applications for mobile devices and at ATMs.

The Wealth Management and Life and Health Insurance segment plays a role in developing the financial autonomy of Desjardins Group members and clients, helping them to develop healthy financial habits. This segment supports members and clients, individuals and businesses, through various networks and designs life and health insurance product lines, and investment solutions. It also includes asset management and trust services. Its products and services are distributed through the Desjardins caisse network, the Desjardins specialized networks (Signature Service, Private Wealth Management, Securities and Online Brokerage), the Desjardins agent networks, the Desjardins Financial Security Life Assurance Company partner networks, the Worldsource subsidiaries, external insurance and investment solutions networks, actuarial consulting firms and brokers, as well as Client Relations Centres and digital channels.

The Property and Casualty Insurance segment offers insurance products to protect Desjardins Group members and clients to protect their assets and protect themselves against damage and loss. It includes the business of Desjardins General Insurance Group Inc. and its subsidiaries, and offers, across Canada, a line of property and automobile insurance products to individuals, as well as insurance products to businesses. Its products are offered through the Desjardins caisse network in Québec, CDO and the Desjardins Business Centres, and are distributed through property and casualty insurance agents (damage insurance agents in Québec) in several client contact centres, and through an exclusive agents network. In addition, the insurance products of ICPEI, which was recently acquired, are distributed through a network of independent brokers across Canada. The segment also provides advisory services as well as loss prevention services to members and clients to help them protect their assets and guard against the impacts of weather or climate events. Members and clients also have access to a variety of services available on digital and mobile applications.

The "Other" category includes financial information that is not specific to any particular business segment. It primarily includes treasury activities and activities related to financial intermediation between surplus liquidity and the liquidity needs of the caisses. This category also includes the results of the support functions provided by the Federation to Desjardins Group. It also includes all of Desjardins Group’s IT operations. In addition to various adjustments necessary to prepare the Combined Financial Statements, the intersegment balance eliminations are classified in this category.

Various estimation and allocation methods are used in preparing the financial information of the business segments. Intersegment transactions are generally recognized based on the agreements in effect between the segments. During the year, Desjardins Group updated its calculation method for the internal funding rate. This new internal funding rate, which is market-based, takes into account Desjardins Group’s risk management objectives and costs related to capital. For non-interest expense not directly allocatable to one of the business segments, a financial performance framework including assumptions and methods for allocating overhead costs to the various business segments was established. Segmented information is usually prepared using the same accounting policies as those described in Note 2, "Accounting policies," to Desjardins Group’s Combined Financial Statements.

In 2024, some changes were made to business segments to reflect management’s decisions on how each segment is managed. This presentation reflects the revision of the method used to allocate non-interest expense to segments. As a result, some non-interest expense items were moved from the Other category to the Personal and Business Services segment. In addition, certain wealth management activities of the caisse network previously reported in the Personal and Business Services segment are now reported in the Wealth Management and Life and Health Insurance segment. Furthermore, some trading activities involving interest rate and currency financial instruments were transferred from the Other category to the Personal and Business Services segment. Comparative figures have been restated to conform with the presentation for the current year.

NOTE 30 – SEGMENTED INFORMATION *(continued)*

RESULTS BY BUSINESS SEGMENT

The following table provides a summary of Desjardins Group's financial results by business segment for the years ended December 31.

	Personal and Business Services		Wealth Management and Life and Health Insurance		Property and Casualty Insurance		Other		Combined	
	2024	2023[(1)]	**2024**	2023[(1)]	**2024**	2023	**2024**	2023[(1)]	**2024**	2023[(1)]
Net interest income	**$ 7,134**	$ 6,375	**$ 231**	$ 205	**$ —**	$ —	**$ 106**	$ 39	**$ 7,471**	$ 6,619
Net insurance service income	**—**	—	**947**	1,000	**1,872**	1,049	**63**	8	**2,882**	2,057
Other income	**2,543**	2,359	**2,616**	2,274	**16**	(26)	**(868)**	(706)	**4,307**	3,901
Total net revenue	**9,677**	8,734	**3,794**	3,479	**1,888**	1,023	**(699)**	(659)	**14,660**	12,577
Provision for credit losses	**599**	520	**4**	6	**(6)**	5	**—**	(2)	**597**	529
Non-interest expense	**6,757**	6,846	**3,049**	2,748	**413**	374	**(513)**	(736)	**9,706**	9,232
Operating surplus earnings	**2,321**	1,368	**741**	725	**1,481**	644	**(186)**	79	**4,357**	2,816
Income taxes on surplus earnings	**602**	349	**140**	124	**380**	150	**(121)**	(66)	**1,001**	557
Surplus earnings before member dividends	**1,719**	1,019	**601**	601	**1,101**	494	**(65)**	145	**3,356**	2,259
Member dividends, net of income tax recovery	**328**	304	**—**	—	**—**	—	**—**	—	**328**	304
Net surplus earnings for the year after member dividends	**$ 1,391**	$ 715	**$ 601**	$ 601	**$ 1,101**	$ 494	**$ (65)**	$ 145	**$ 3,028**	$ 1,955
of which:										
Group's share	**$ 1,391**	$ 715	**$ 601**	$ 601	**$ 968**	$ 423	**$ (65)**	$ 145	**$ 2,895**	$ 1,884
Non-controlling interests' share	**—**	—	**—**	—	**133**	71	**—**	—	**133**	71

(1) Data have been restated to conform with the presentation for the current year.

SEGMENT ASSETS

	Personal and Business Services	Wealth Management and Life and Health Insurance	Property and Casualty Insurance	Other	Combined
As at December 31, 2024	**$ 356,416**	**$ 75,365**	**$ 13,803**	**$ 25,358**	**$ 470,942**
As at December 31, 2023[(1)]	$ 327,738	$ 68,993	$ 13,548	$ 12,661	$ 422,940

(1) Data have been restated to conform with the presentation for the current year.

NOTE 31 – RELATED PARTY DISCLOSURES

Desjardins Group's related parties mainly include associates, joint ventures and employee benefit plans, as well as certain entities for which the substance of the relationship indicates that they are related to Desjardins Group, including the Desjardins Funds and other funds under management. They also include Desjardins Group's key management personnel and close members of their family, as well as entities over which these persons exercise, directly or indirectly, control, joint control or significant influence.

TRANSACTIONS WITH DESJARDINS GROUP'S RELATED PARTIES

Transactions with Desjardins Group's related parties were entered into under terms and conditions that are similar to those offered to unrelated parties.

The main transactions are associated with fund management and custody fees. They are also associated with management income from pension plans and interest expense paid to the Desjardins Group Pension Plan.

These transactions and balances as at the reporting dates are as follows:

	2024			2023		
	Associates / Joint ventures	**Other related parties**	**Total**	Associates / Joint ventures	Other related parties	Total
Combined Statements of Income						
Net insurance investment income (loss)	**$ 2**	**$ 25**	**$ 27**	$ 1	$ 39	$ 40
Brokerage and investment fund services	**1**	**627**	**628**	1	607	608
Net other investment income (loss)	**3**	**9**	**12**	—	20	20
Other income	**18**	**232**	**250**	15	62	77
Other expenses	**(5)**	**(10)**	**(15)**	(5)	(12)	(17)
Combined Balance Sheets						
Securities	**$ —**	**$ 20**	**$ 20**	$ —	$ 178	$ 178
Securities borrowed or purchased under reverse repurchase agreements	**—**	**1,604**	**1,604**	—	188	188
Loans	**172**	**—**	**172**	151	31	182
Segregated fund net assets	**—**	**2,900**	**2,900**	—	2,997	2,997
Other assets – Other	**25**	**107**	**132**	8	46	54
Deposits	**127**	**1,084**	**1,211**	116	1,129	1,245
Commitments related to securities lent or sold under repurchase agreements	**—**	**—**	**—**	—	3	3
Other liabilities – Other	**4**	**60**	**64**	256	129	385
Other						
Commitments given	**$ 113**	**$ 802**	**$ 915**	$ 117	$ 793	$ 910
Guarantees given	**—**	**530**	**530**	34	154	188
Guarantees received	**—**	**1,562**	**1,562**	—	187	187

KEY MANAGEMENT PERSONNEL COMPENSATION

Desjardins Group's key management personnel comprises the members of its Board of Directors and its Management Committee. These individuals have the authority and responsibility for planning, directing and controlling the activities of Desjardins Group. In the normal course of operations, Desjardins Group carries out financial transactions with its management personnel. In addition to the compensation paid to key management personnel, the main financial transactions also include routine financial intermediation transactions as well as wealth management, life and health insurance, and property and casualty insurance transactions with the various Desjardins Group entities. These transactions were entered into under terms and conditions that are similar to those offered to unrelated parties.

For the years ended December 31, the compensation of Desjardins Group's key management personnel was as follows:

	2024	2023
Short-term benefits	**$ 19**	$ 26
Other long-term and post-employment benefits	**9**	12
	$ 28	$ 38

Governance that drives value creation for members and clients

The values and democratic structure of Desjardins Group (Desjardins) are central to the organization's strategic vision and initiatives to create value for our members and clients through an exceptional product and service lineup that contributes to their financial empowerment. Representatives acting on behalf of caisse members contribute to the organization's governance. The rules for electing and appointing directors are set out in the *Bylaws of the Groupe coopératif Desjardins* (group bylaws) or the *Policy on the Composition of Boards of Directors of Subsidiaries and Components*. Directors from the caisse network sit on the boards of directors of the Fédération des caisses Desjardins du Québec (the Federation) and some of its subsidiaries. Representatives chosen from among the members of the caisse directors attend the Federation's general meetings. The Federation's Board of Directors (Board) also has six co-opted members who are not elected caisse directors (but who are caisse members) to enrich the decision-making process with new perspectives and experiences.

To prepare for their decision-making responsibilities, caisse directors regularly participate in team-building exercises and they attend the Congress, which is generally held every four years. As representatives of their caisse, these directors delve into the local needs of their members and communities and make sure we're always doing what's best for them. The boards of the Federation and our subsidiaries are also always responsible for doing what's best for Desjardins members and clients and other stakeholders.

We incorporate environmental, social and governance (ESG) factors into our governance and business practices. This aspect has become essential in the financial sector. We also pursued our commitments to fight and adapt to climate change, and we began reflecting on biodiversity conservation—topics that are increasingly important for our boards. Our goals to be everyone's #1 choice and to enrich the lives of people and communities depend on collective efforts to protect resources and the environment. We work with other key players in the civil sector and in government to contribute to a sustainable, responsible economy.

Governance highlights

In 2024, the Federation made changes to the Board's governance practices to address its needs and to continue to align with regulatory guidelines and sound governance practices.

The main highlights are:

1. **Separation of the duties of the Chair of the Board and the President and CEO of Desjardins Group**

Following the Federation's last Annual General Meeting held on March 22 and 23, 2024, the new governance model based on the separation of the roles of chair of the board from the role of president and CEO of Desjardins Group came into effect. This change, which was voted for by the caisse delegates at the 2023 Annual General Meeting, marks a shift to best governance practices, while also meeting Desjardins Group's current and future needs for agility and stable governance in particular.

On May 15, 2024, the Federation's Board of Directors elected Louis Babineau as Chair of the Board of Directors while Guy Cormier will continue to lead and develop Desjardins Group until no later than March 2026, with the full powers granted to him as President and CEO.

The Board of Directors agreed in 2023 to implement this new governance model over a period of no more than 24 months, using an orderly, prudent approach. To this end, the Board of Directors has formed two committees:

- A special committee, formed in 2023, is responsible for overseeing the execution of the transformation plan and the separation of the roles of Chair of the Board of Directors and President and CEO. This committee is responsible for implementing mechanisms to ensure sound governance and adequate management of the risks involved in the change.
- A selection committee, formed in 2024, composed of independent Board members and overseen by the Chair, which is responsible for proposing and implementing the process for the Board to select the next President and CEO of Desjardins. Guy Cormier will not be eligible for this position.

2. **Changes to Desjardins's leadership structure**

Changes to the leadership structure with a focus on governance best practices came into effect on October 4, 2024. The main changes are:

- The President and CEO will now oversee the five executive divisions that help our members and clients become financially empowered and that are closely linked to the organization's growth objectives, and the two executive divisions that manage risk, ensure compliance, and monitor our financial performance. These executive divisions are:
  - Property and Casualty Insurance
  - Finance
  - Wealth Management and Life and Health Insurance
  - Risk Management
  - Marketing, Communications, Cooperation and President's Office
  - Business Services
  - Personal Services
- The Senior Executive Vice-President and Chief Operating Officer will continue to work with the President and CEO and the organization to ensure Desjardins maintains focus on operational rigour and on executing our strategic plan. They will continue to directly oversee the Operations Executive Division, the Technology and Projects Executive Division, the Human Resources Executive Division, the Desjardins Group Security Office, the Desjardins Group Sustainable Development Office, the Legal Affairs Division, the Government and Regulatory Affairs Division and the Desjardins International Development Division.

3. **Caisse and Federation annual general meetings**

Between March 25 and April 30, 2024, 202 Desjardins caisses in Quebec and Ontario successfully held online, hybrid or in-person annual general meetings. Since we introduced deferred voting in 2020, member participation in decision-making has climbed sharply. This year, over 15,800 members attended their caisse's annual general meeting live or listened to the recording, and nearly 127,004 members voted on the proposed allocation of surplus earnings and, if applicable, the election of members to their board of directors. For the Federation, 1,051 registered voting delegates from Desjardins caisses across Quebec and Ontario attended the annual general meeting on March 22 and 23, 2024.

Governance structure

Our governance structure is designed to help us achieve our mission: As a cooperative financial group contributing to the development of communities, we give our members and clients the support they need to be financially empowered. The Federation oversees the development and application of the Desjardins-wide governance framework, which takes into account our cooperative nature, our sustainable development and responsible finance objectives, the complexity of our operations, the Autorité des marchés financiers (AMF)'s guidelines and other regulatory requirements. This framework covers the activities of the Federation, the Desjardins Security Fund, our subsidiaries, Quebec caisses and Caisse Desjardins Ontario Credit Union Inc. As certain components are subject to specific laws and regulations, the framework is designed to comply with all applicable rules, including those of the Canadian Securities Administrators and the Office of the Superintendent of Financial Institutions, as well as industry best practices.

1. Mandate of the Board of Directors

Administration of the Federation

Pursuant to the *Act respecting financial services cooperatives* (ARFSC), the Board is responsible for managing the affairs of the Federation, with support from its commissions and committees. It ensures that the necessary mechanisms and structures are in place for the Federation to fulfill its role as the organization that guides, plans, coordinates, monitors and controls all Desjardins operations. As part of its responsibilities, it makes the necessary decisions and coordinates the components' actions to support our organization over the long term. The organizational structure, which is built around the business sectors and support functions, serves to optimize overall performance, streamline the organization and improve financial and risk management. The Board's responsibilities include the following:

a. Corporate culture

The Board is responsible for promoting the corporate culture based on Desjardins's values: money at the service of human development, democratic action, personal commitment, integrity and rigour in the cooperative enterprise, solidarity with the community and intercooperation, with a view to earning the trust of the public and ensuring members and clients have confidence in their financial services cooperative.

At the heart of this ever-evolving culture is the strategic framework defined by the Board, which is based on Desjardins's mission. All our decision-making and actions regarding our strategic priorities are guided by our goal of becoming everyone's #1 choice by always doing what's best for our members and clients.

The Federation has a Board of Ethics and Professional Conduct (BEPC) whose members are independent from management and from the Board. The BEPC's role includes ensuring compliance with rules of professional conduct. We have also adopted a policy for reporting violations of regulations and of the *Desjardins Code of Professional Conduct*. This policy is combined with a confidential reporting mechanism that protects the anonymity of those who use it. We regularly remind directors and employees of the existence of this governance mechanism.

The *Desjardins Code of Professional Conduct*, which is available on Desjardins.com, applies to all Desjardins components. It includes a section on ethics and Desjardins's mission and values, and a section that describes the principles and all the rules of professional conduct. Regarding the first principle of the *Desjardins Code of Professional Conduct*, the public can find information about human rights in the Social and Cooperative Responsibility Report. All employees and directors must sign an annual acknowledgement that they have read and agree to uphold the *Desjardins Code of Professional Conduct*. The BEPC obtains a report and follows up on this.

b. Strategic and financial planning process

The Board has an ongoing strategic and financial planning process for Desjardins that includes a financial plan, crisis scenarios, a funding plan and a capitalization plan. This process is the basis for all other plans for Desjardins components and focuses on maintaining continuity, setting priorities and fostering commitment. The Board adopts a strategic plan that is updated periodically. For this process, it requests the participation of the caisses, Desjardins Group's democratic bodies and business sectors, as well as the governing bodies of its subsidiaries.

The strategic planning process periodically calls on the Congress, which is an assembly of more than 1,000 caisse delegates. Mechanisms are in place to ensure that all components are aligned with key strategic directions. For example, the general incentive plan is used to set shared objectives that revolve around always doing what's best for members and clients and promoting unity, equity and synergy within the organization. These shared objectives encourage all managers and employees to make the right choices.

The Board plays a supervisory, monitoring and control role in this process, with support from the Desjardins Group Management Committee (DGMC). The DGMC produces regular reports using a variety of mechanisms and tools such as the performance review so the Board can monitor the progress made on Desjardins's strategic plan and business plans, and make changes as needed.

c. Identification and management of main risks

The Board is responsible for identifying the main risks facing Desjardins, approving the organization's risk appetite framework and ensuring that management sets up the required systems to manage these risks in a sound and prudent manner. The Board is supported in these tasks by the Risk Management and Chief Risk Officer Executive Division and the Desjardins Group Monitoring Office. Backed by the Risk Management Commission (RMC), the Board works with the Audit and Inspection Commission (AIC), which is responsible for risks related to the financial reporting process. The DGMC also supports the Board in carrying out its responsibilities in this area. All RMC sessions include closed-door meetings with the Risk Management and Chief Risk Officer Executive Division, as well as closed-door meetings which are not attended by management.

A detailed presentation of the risk management principles applied at Desjardins can be found in the "Risk management" section of the Management's Discussion and Analysis on page 52. A report (in French only) detailing the annual highlights of the Risk Management Commission regarding its mandate and operations is also available at Desjardins.com.

d. Succession planning

The Board oversees the senior management succession and development program with the support of the Human Resources Commission (HRC), which is chaired by an independent director, and the Human Resources Executive Division. The HRC runs the program and reports to the Board, making recommendations as needed. This program is an important tool for the DGMC, as it promotes personal development, supports succession planning and helps protect the organization against human resources-related risks.

Talent development, succession planning and hiring processes promote professional competency and diversity among Desjardins staff.

President and CEO

Previously, the President and CEO of Desjardins was chosen by an electoral college made up of representatives from all Quebec and Ontario caisses. The maximum tenure was eight years (two four-year terms). The Board of Directors and its CEO Total Compensation and Succession Planning Committee play a role in compensation, working conditions, annual objectives and the assessment of annual objectives. Following the separation of the duties of the Chair of the Board and the President and CEO of Desjardins Group, the CEO Total Compensation and Succession Planning Committee was abolished and its responsibilities transferred to the Human Resources Commission.

The new governance model separating the role of Chair of the Board from the role of President and CEO will be fully implemented by March 2026. At that point, the Board will select a new President and CEO to succeed Guy Cormier and serve a maximum term of 10 years.

The Board of Directors will, in conjunction with the special committee tasked with selecting the next President and CEO and the Human Resources Commission, implement the necessary measures and support to ensure a smooth transition between presidents, taking into account the related risk management.

e. Integrity of internal control and management reporting systems

The Board, backed by the AIC, ensures the implementation of effective control systems and processes and obtains the required reporting information from management. The Board is supported in this responsibility by Desjardins's Chief Monitoring Officer, whose internal audit charter and audit plan are approved by the AIC. A rigorous financial governance process is applied throughout Desjardins to properly support the Executive Vice-President of Finance and CFO who, together with Desjardins's President and CEO, is responsible for certifying Desjardins's Combined Financial Statements.

Desjardins discloses financial information in compliance with CSA *National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109). However, unlike the Federation, Desjardins is not, on a combined basis, a reporting issuer according to the National Instrument or any other applicable securities regulations. In accordance with decision 2021-FS-0091 issued by the AMF on April 23, 2021, Desjardins Group's Combined Financial Statements and Management's Discussion and Analysis are submitted by the Federation instead of the Federation's Consolidated Financial Statements and Management's Discussion and Analysis in order to satisfy the financial disclosure obligations that apply to the Federation as a reporting issuer pursuant to National Instrument 51-102. Further, the Federation maintains controls and procedures for Desjardins Group's Combined Financial Statements and Management's Discussion and Analysis in accordance with NI 52-109. Since April 23, 2021, in accordance with the decisions of the AMF and the CSA, the Federation has been using Desjardins Group's financial statements and Management's Discussion and Analysis for all relevant purposes as set out in the applicable securities regulations. Information about the controls and procedures for Desjardins Group's Combined Financial Statements and Management's Discussion and Analysis is presented in section 5.0 "Additional information" of the2024 Management's Discussion and Analysis.

We continuously monitor our internal control system to make sure it's effective, efficient and tailored to our organization's needs. This system is designed to provide the boards of directors of the Federation and Desjardins subsidiaries and components with reasonable assurance that the subsidiaries and components are achieving their business objectives in compliance with regulatory requirements.

The Board of Directors ensures that the DGMC provides the Board and its commissions and committees with information that is accurate, timely and adapted to the specific needs of its members.

The Board benefits from the information used by each business sector to effectively monitor key performance indicators, meaning the Board can quickly obtain strategic information pertinent to the decision-making process.

At least once a quarter, Board members receive financial reports and operating reports so they can assess Desjardins's situation and status reports on the Federation's projects. The Board ensures that appropriate policies and procedures are in place to facilitate the production and presentation of these reports.

To effectively carry out its duties, the Board holds regular meetings on a predetermined schedule. Board members receive the meeting agenda in advance, along with any relevant documentation, to ensure productive discussions and to facilitate the decision-making process. The Board constantly seeks to increase its efficiency and focus its efforts on strategic issues by optimizing meeting agendas and by delegating certain operational responsibilities to the DGMC. The DGMC's mandate, which clarifies how responsibilities are divided between the Board and senior management, is reviewed annually.

Board members have access to technological tools so they can easily and securely access all meeting-related documentation and frameworks governing Desjardins's operations. They are required to comply with the *Desjardins Group Information Security Policy*.

f. Strategic communications

The Board adopts the *Desjardins Group Communications Policy* and strategic communications priorities for Desjardins, in line with Desjardins Group's strategic and financial plans, including actions to be taken and targets. The Federation also draws up an integrated Desjardins-wide communications plan in order to better manage relations with the caisses and their members; the business sectors and their clients; employees; socioeconomic, community and non-governmental organizations; opinion makers; the public; the media; rating agencies; governments; and regulatory authorities. It ensures consistent, quality communications across Desjardins, helps promote Desjardins's cooperative nature, contributes to the promotion, development and growth of the Desjardins brand; and listens to internal and external audiences.

The Federation oversees the financial reporting process and the disclosure of any major changes that may affect Desjardins's financial position. It uses different teams and various channels to communicate effectively with its stakeholders.

These teams and channels include: the compliance team, the Desjardins ethics and professional conduct support team and the caisse complaint-handling procedure; as well as, within Desjardins: the annual general meetings, the Collaboration Forum, the disclosure of quarterly and annual financial results, publications (including our annual report and the Social and Cooperative Responsibility Report), toll-free telephone numbers, intranet portals for employees and for caisse directors, the website (which includes information on education, cooperation and dialogue with our members and clients, as well as an Investor Relations section), the Federation's member services team, the procedure for reporting violations of regulations and of the *Desjardins Code of Professional Conduct*, newsletters and social media.

In addition, the Federation maintains relations with international rating agencies and coordinates Desjardins's relationships with the different levels of government in compliance with applicable lobbying legislation. Regarding this last point, the Federation has created a *Policy on the management of regulatory findings and action plans*. Because of the complexity of its operations, Desjardins works with over 80 regulatory authorities. The purpose of this unit is to help build effective and efficient relationships between Desjardins and regulators.

g. ESG governance

The Board is responsible for overseeing Desjardins's ESG strategy and approach. The Board relies on its commissions and the expertise of their respective members, including:

- The Audit and Inspection Commission, which supervises internal processes and controls to ensure the integrity, accuracy and reliability of ESG-related data and indicators;
- The Corporate Governance and Responsible Finance Commission, which oversees the integration of ESG factors in Desjardins's business model;
- The Risk Management Commission, which incorporates and monitors ESG-related risks in accordance with Desjardins's risk appetite and integrated risk management frameworks;
- The Human Resources Commission, which oversees equity, diversity and inclusion strategies as well as employee health and wellness strategies and their integration into HR management practices.

The Board and ESG Steering Committee play a supervisory, monitoring and control role in this process, with support from the Desjardins Group Management Committee (DGMC).

h. Subsidiary governance

The Federation Board of Directors adopts the *Governance Policy* that establishes the distribution of responsibilities between the Federation's board and subsidiaries' boards. This governance structure serves to define and implement the best possible coordination between the directions set for Desjardins, its subsidiaries and their respective activities.

The *Policy on the Composition of Boards of Directors of Subsidiaries and Components* promotes sound governance because it brings together the skills, expertise and professional qualifications required to make decisions in the best interest of the subsidiary or component and Desjardins. The chairs of the boards of directors of the two insurance subsidiaries—Desjardins General Insurance Group Inc. and its subsidiaries and Desjardins Financial Security Life Assurance Company Inc.—are chosen from among the members of the Federation's board of directors. On an exceptional basis, these chairs can also be chosen from among the directors from the caisse network who sit on these boards. In that case, a member of the Federation's Board will serve as vice-chair.

To ensure effective supervision of subsidiaries by the Federation's Board of Directors, representatives of the boards of directors of two Desjardins Group insurance subsidiaries attend the Audit and Inspection Commission and the Risk Management Commission meetings, which provide these boards with an integrated view of Desjardins's operations. In addition, the chairs or vice-chairs of the subsidiaries' boards of directors report to the Federation's Board of Directors on the work and potential issues of their respective boards.

2. Composition and nomination of the Federation's Board of Directors and Board of Ethics and Professional Conduct

The ARFSC requires the Federation to set out the number of directors, which must not be less than five, in its bylaws. In 2024, the Federation's Board of Directors consisted of 19 members, 18 of whom are independent directors. The final member is the President and CEO of Desjardins Group, who is non-independent. Of the 18 independent members:

- 12 are caisse directors who were elected by the delegates of the Federation member caisses during the annual general meeting or who were co-opted by the Board during the year in the event of a vacancy. These directors represent our cooperative foundations and have in-depth knowledge of their community and the activities of Desjardins.
- 6 are not caisse directors, but caisse members co-opted by the Board of Directors with complementary and diverse skills and experiences. A co-opted director position is vacant since August 12, 2024, following the resignation of a Board member.

There are also two caisse general managers who have observer status and the right to speak, but not the right to vote. They help the Board assess strategies and objectives and make sure they reflect members' and clients' needs.

Additionally, the following members of management support the Board with its roles and responsibilities by attending its meetings: the Senior Executive Vice-President and COO; the Executive Vice-President, Finance and CFO; the Executive Vice-President, Marketing, Communications, Cooperation and President's Office; and the Secretary General.

Director election and co-optation process

Around one quarter of Federation directors and BEPC members are outgoing each year. Candidates for the positions of elected and co-opted directors and for elected positions on the BEPC are reviewed by the Nomination and Election Committee as outlined in the Bylaws of the Groupe coopératif Desjardins and the *Policy on the Integrity and Competency of Members of the Federation Board of Directors, Members of Subsidiary Boards of Directors, Members of the Board of Ethics and Professional Conduct, and Members of the Nomination and Election Committee.* Candidates are also subject to a stringent process conducted by an interview committee. The Nomination and Election Committee then recommends a pool of candidates for the Board and the BEPC to elect or co-opt. It can also recommend rejecting candidates who don't meet the enhanced group profile and priority areas.

They are subject to a limit of three terms, consecutive or not.

Skills and diversity

Board membership is also based on an enhanced group profile, in accordance with the group bylaws. The Board adopts and updates, as needed, this enhanced group profile, which it strives to achieve, and which takes into account the following criteria: interpersonal skills and expertise related to the individual qualities required to be a member of the Board; the skills required to handle the strategic and fiduciary responsibilities of a domestic systemically important financial institution that is also a cooperative; and representation from diverse communities, members and clients. The Federation has designed tools to help electors understand what is expected of directors and what the Board needs, so they can make an informed choice when they vote. The Board puts in place strategies to fulfill all of the responsibilities set out in its mandate and to present candidates who contribute to reaching the required skillset mix at the annual general meeting. The BEPC has the same responsibility for that governing body, which is independent from the Board of Directors. The general meeting's role is to elect people who meet the requirements set by the Board and the BEPC, which are defined as priority areas.

Desjardins has adopted a gender parity priority for the boards of directors of the Federation, its caisses and its subsidiaries. Parity is taken into account in the electoral, co-optation and nomination processes.

The Federation recognizes the importance of having directors who are highly competent, experienced and qualified, and who represent our members, clients and communities. The Board of Directors adopted a diversity policy in 2024 to promote diversified Board representation by taking into account factors such as:

- Gender
- Membership in a diversity group, such as:
  - Indigenous Peoples;
  - Ethnic minorities;
  - Visible minorities;
  - LGBTQ2I+ community;
  - People with disabilities.
- Age, geographic origin and place of residence.

An overview of the composition of the Federation's Board of Directors is presented in the pages that follow.

Changes to the composition of the Federation's Board of Directors and Board of Ethics and Professional Conduct in 2024:

Board members:

- Louis Babineau, Director, Caisse Desjardins de Sainte-Foy (re-elected for four years, effective March 23, 2024).
- Doryne Bourque, Chair of the Board, Caisse Desjardins des Technologies (elected for four years, effective March 23, 2024).
- Patricia-Ann Sarrazin-Sullivan, Vice-Chair of the Board, Caisse Desjardins du Plateau-Mont-Royal (re-elected for four years, effective March 23, 2024).

* Dominique Jodoin, Co-opted Director (reappointed for four years by the Board on December 15, 2023, effective March 23, 2024) resigned from office on August 12, 2024.

* The term of Geneviève Côté on the Board of Directors ended on March 23, 2024.

Members of the BEPC:

- Dinah Morency, Director, Caisse Desjardins de l'Administration et des Services publics (re-elected for four years, effective March 23, 2024).

* The term of Ahmed Naciri on the BEPC ended on March 23, 2024.

3. Definition of independent director

Definition of independent director

As defined by the CSA, a director is independent if they do not have a significant relationship, directly or indirectly, with the Federation. "Significant relationship" means a relationship that, in the opinion of the Board, may reasonably be expected to affect their independence.

The Board also takes into consideration the AMF's *Governance Guideline* for financial institutions, which defines independence as the ability of Board members to exercise, collectively or individually, objective and impartial judgment regarding the financial institution's affairs without undue influence from senior management or stakeholders.

The only non-independent member of the Board of Directors is Desjardins's President and CEO, who is a member of Federation management. The directors do not have any business or personal, professional or financial ties to any other members of the Board or to members of the DGMC or anyone reporting to them, nor do they have any interests which, in the opinion of the Board, could significantly interfere with their ability to act in the best interests of the Groupe coopératif Desjardins, or any interests of any other nature which, in the opinion of the Board, could reasonably be perceived as harmful. However, given that directors could also have similar roles on the boards of other companies, under certain circumstances a real or potential conflict of interest may arise due to their duties to the Federation and to the other companies.

For guidance in these matters, the Board of Directors refers to the provisions of the *Desjardins Code of Professional Conduct*, which govern the actions of its directors, and to the declarations of interests filed annually by the directors. To make sure the assessment follows Basel Committee recommendations, we revised the declaration of interests form in 2020 to add the disclosure of personal, professional and financial ties to other members of the Board or to members of the DGMC and anyone reporting to them. Directors are subject to rules of professional conduct to avoid conflict of interest situations or strictly manage potential or perceived conflicts of interest.

All members of the Federation's Board of Directors are independent as defined by the CSA, with the exception of the President and CEO of Desjardins Group.

Separation of the duties of the Chair of the Board and the President and CEO

The responsibilities of the President and CEO of Desjardins Group are set out in the group bylaws and in the *Governance Policy*. The policy also sets out the mandate of the Chair of the Board of Directors. The functions of Desjardins's Chair of the Board and CEO have been separate since March 23, 2024. A new Chair of the Board was elected on May 15, 2024. The current Vice-Chair of the Board served as Interim Chair from March 23, 2024, to May 15, 2024. The Chair of the Board, the Vice-Chair and the Secretary are independent members of the Board and are elected by their peers under the election terms adopted for this purpose by the Board.If the Chair of the Board is an elected member from the caisse network, the Vice-Chair will be chosen from among the co-opted members, and vice versa.The President and CEO of Desjardins, who is a member of the Board of Directors, can't be elected to any of these positions and can't participate in the election of officers.

Structures and procedures to ensure the Board's independence

- The Chair of the Board is an independent director who ensures the independence of the Board at all times. They:
  - Ensure that the agenda includes a closed-door session with and without the President and CEO's presence or that of management staff, observer general managers or any other person with a real, potential or apparent conflict of interest. The same is true for Board commissions and committees.
  - Ensure closed-door sessions between independent Board members and those in charge of certain functions, such as independent supervisory functions. These include the Executive Vice-President, Finance and CFO; the Executive Vice-President, Risk Management; the Vice-President and Chief Compliance and Privacy Officer; the Chief Monitoring Officer; and the Chief Security Officer.
  - Report annually on their activities and actions taken to ensure board independence during closed-door sessions with independent board members.
  - Ensure that the Board and senior management have a good understanding of responsibilities to maintain a clear separation of powers between the Board and senior management, and between the Chair of the Board and the President and CEO.
  - Represent the Board in dealings with regulators on topics that fall under the board's responsibilities.
- On behalf of the Board, the Chair maintains active, ongoing communication with the President and CEO and senior management, as required. Communication between Board members and senior management is subject to specific operating procedures adopted by the Board of Directors.
- The directors hold periodic informal meetings among themselves.
- The President and CEO cannot vote on any decision regarding the electoral process that applies to the Board of Directors and the BEPC and any decision regarding the co-optation process for Board members who are not elected caisse directors.
- The Board periodically holds meetings with the BEPC.
- Board commissions and committees are chaired by independent Board members.
- The Corporate Governance and Responsible Finance Commission (CGRFC) is responsible for making sure the Board fulfills its duties.

- However, the responsibility of drawing up and overseeing meeting agendas for the Board falls to the Chair of the Board and is subject to the process for assessing the effectiveness of governing bodies. They also supervise the planning of the Board's work and the work of its commissions and committees.
- The person who serves as Secretary General has direct access to the Chair of the Board of Directors. They also serve as Assistant Secretary of the Board of Directors and the BEPC. They also assume functional leadership of the BEPC and of the Corporate Governance and Responsible Finance Commission.
- The division of responsibilities between the Board and the DGMC is formally documented in the *Governance Policy* and the mandates of these two governing bodies, which define their respective areas of activity.
- The President and CEO can appoint and replace the Senior Executive Vice-President and COO, but the Board's approval is required.
- The members of the Human Resources Commission (HRC) are supported, when needed, by an external consultant when dealing with issues involving total compensation for senior management. Since 2021, the composition of this body has included an external member who is not on the Federation's Board. This external member is an independent director with one of our insurance subsidiaries, with expertise in total compensation.

The Federation also has a Board of Ethics and Professional Conduct (BEPC) whose members are elected at its general meeting. BEPC members are independent from management and from the Board.

4. Performance review of Board governing bodies and objectives

Performance reviews

The Board and its commissions and committees conduct an annual review of their performance using questionnaires. The results and comments from the questionnaires are discussed by each governing body, including the Board. Each chair also receives an anonymized copy of the information relating to their peer review and the assessment of the individual contributions of the members of the governing body.

Each year, this performance review is accompanied by individual meetings between each member and the Chair. These meetings are intended to enhance the performance of governing bodies and each member's contribution. At the end of each meeting, the members discuss the Board's performance and the quality of documentation behind closed doors.

Overall, the Chair of the Board is responsible for the performance review process for the Board and its members. The Corporate Governance and Responsible Finance Commission supervises the process.

Finally, the Board reviews the mandates and processes of its commissions and committees every year to make sure they're optimized so they can serve as effective advisors to the Board. The Board also regularly reviews the rules governing the composition of its commissions and committees and how chairs are appointed for subsidiaries, commissions and committees. These commissions and committees are made up entirely of independent directors. At the end of each meeting, they hold closed-door sessions without members of management, especially when reporting on independent supervisory roles. GM observers and who attend the meeting must withdraw during closed-door sessions along with the other members of management. The composition and mandates for these commissions and committees are reviewed annually. Any work carried out by a commission or committee is documented in a report, which is presented at the next Board meeting.

The BEPC also conducts performance reviews using similar mechanisms.

Board objectives and guidelines

Each year, the Board of Directors sets objectives to improve the performance and efficiency of the Board's work, and to align it with the strategic priorities for the year. The Board's objectives are to promote a dynamic focused on the added value of discussions and decisions made for Desjardins members and clients.

These objectives are also backed by guidelines for Board members that are based on the Desjardins behaviours to help make Desjardins a simpler, more people-focused, more modern, higher-performance organization. These guidelines enable the Board to carry out its mandate to promote a corporate culture that is based on the ethical conduct and accountability of the Board and senior management.

5. Director skills assessment

The Board has adopted an enhanced group profile with criteria to help preselect candidates for election at the general meeting and members co-opted by the Board. Since the combination of skills and areas of expertise varies with the arrival and departure of directors, the Federation has established competency targets to determine the minimum number of directors with the skills needed to ensure that the Board can operate effectively and fulfill its responsibilities. In 2024, all targets were met.

On the recommendation of the CGRFC and in accordance with the integrity and competency criteria in the AMF *Governance Guideline*, the Board performs a self-assessment of the skills of its members. Each member completes a self-assessment grid for this purpose, in accordance with skills assessment criteria that involve knowledge and practice, professional experience, and Board members' training and professional titles. The results of the self-assessments and the individual interviews are used to establish individual objectives and development plans, which the Chair is responsible for, and to update the Board of Directors' skills matrix.

COMPOSITION OF THE FEDERATION'S BOARD OF DIRECTORS

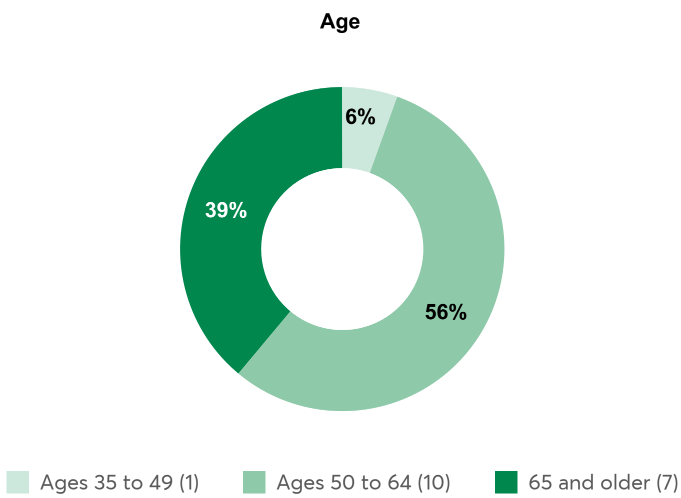
The following information presents the key characteristics of the composition of the Federation's Board of Directors and its commissions and committees. It also shows that the members of the Federation's Board collectively possess a wide range of experience and complementary skills that enable them to make a full and enlightened contribution to Desjardins's governance. The enhanced group profile adopted by the Board and the skills of its members are reviewed together annually, and the results show what the Board needs to focus on to satisfy this profile.

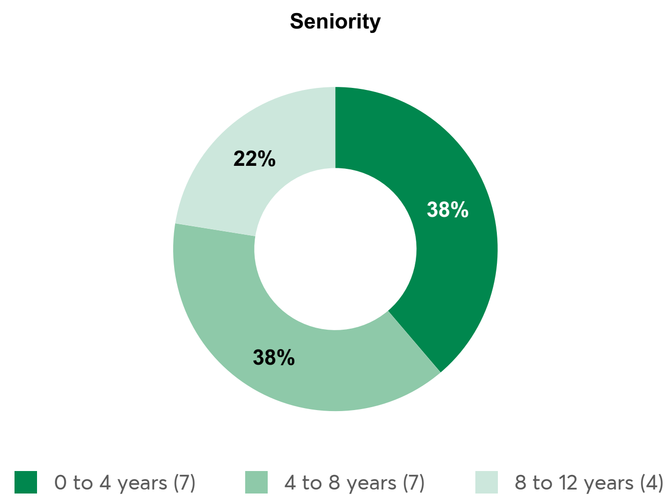
As of the date of this report:

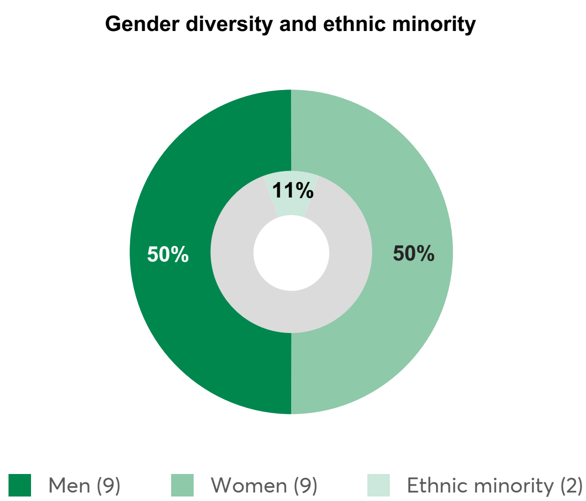
- The skills targets adopted by the Board for its enhanced group profile have been met.
- The Board of Directors includes two people who have identified themselves as belonging to ethnic minorities (Italian and Romanian).
- The proportion of women on the Board of Directors is 50% (target of 50%).
- The Cooperation and Culture Commission, the Risk Management Commission (and US Risk Management Commission), the Corporate Governance and Responsible Finance Commission and the Chair of the Board and CEO Transition Committee are chaired by women.
- The average term of office for Board members is 4.8 years.
- The Board of Directors held 11 regular meetings over 17 days and five special meetings.
- The average attendance rate at Board meetings is around 97%.

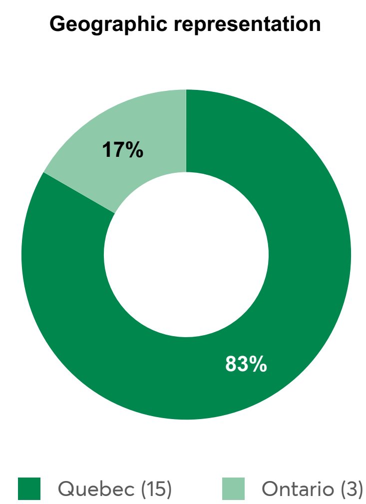
Representation of women on the Board, its commissions and its committees								
BoD	EC	AIC	CCC	RMC (and US RMC)	CGRFC	HRC	CBCTC	CSC
9/19 (47%)	2/5 (40%)	1/5 (20%)	3/7 (43%)	4/5 (80%)	3/6 (50%)	3/6 (50%)	2/5 (40%)	3/5 (60%)

BoD = Board of Directors; EC = Executive Committee; CCC = Cooperation and Culture Commission; AIC = Audit and Inspection Commission; RMC and US RMC = Risk Management Commission and US Risk Management Commission; CGRFC = Corporate Governance and Responsible Finance Commission; HRC = Human Resources Commission; CBCTC = Chair of the Board and CEO Transition Committee; CSC = CEO Selection Committee.









Each year, the members of the Board of Directors assess their skills in relation to Desjardins's status as a domestic systemically important financial institution and its strategic directions. The following table illustrates the proportion of Board members with skills that are considered advanced or expert level, enabling the Board to identify its needs, key skills, targets and areas for improvement on an annual basis.

Skills (in alphabetical order)	Proportion of members with the skill
Actuarial science Knowledge of and experience with financial risks specific to an insurance company or pension plan	**26%**
Legal and regulatory affairs Knowledge of and experience with the regulatory environment of a large organization or a domestic systemically important financial institution that is also a cooperative, as well as business law	**26%**
Advanced analytics, artificial intelligence and information technology Knowledge of and experience with advanced analytics, IT trends and opportunities, and issues related to deploying and operating artificial intelligence systems	**37%**
Organizational culture and cooperative business model Knowledge of and experience with Desjardins's mission, vision and values, stakeholder expectations, and opportunities for intercooperation	**79%**
Sustainable development and responsible finance Knowledge of and experience with ESG factors in business strategies and how climate change may impact the business model and what opportunities may arise	**58%**
Business ethics and professional conduct Knowledge of and experience with regulatory requirements for integrity, sound commercial practices and fair treatment of members and clients	**68%**
Finance and accounting Knowledge of and experience with accounting principles, financial reporting, treasury activities and cash mechanisms	**63%**
Risk management and compliance Knowledge of and experience with the three lines of defence mechanism, security initiatives and mitigation measures, and protection of personal information	**74%**
Governance Knowledge of and experience with sound governance practices and mechanisms for making decisions and consulting stakeholders	**89%**
Capital markets Knowledge of and experience with investment strategies and how capital markets work	**32%**
Business and distribution models Knowledge of and experience with the primary business and distribution models of the Federation, the caisse network and subsidiaries	**63%**
Human resources Knowledge of and experience with total compensation policies and principles, talent and succession management, change management and work transformation	**47%**
Financial services and insurance Knowledge of and experience with banking markets, property and casualty insurance, life and health insurance and wealth management	**53%**
Strategic vision Knowledge of and experience with the needs and expectations of members and clients and the ecosystem that supports the development of entrepreneurship	**84%**

BIOGRAPHIES AND SKILLS OF BOARD MEMBERS

The composition of the Board of Directors is a key factor in governance. Member contributions are diverse and complementary, from gender to experience. To achieve the enhanced group profile, the directors—whether elected or co-opted—each contribute to helping the Board of Directors play its role and collectively shoulder all the responsibilities of a domestic systemically important financial institution that is also a cooperative. It should be noted that the Board adopts the composition of its commissions and committees each year.

Louis Babineau, Corporate Director, DBA, ASC

Independent
Age: 66
Residence: Quebec City, Quebec

- **Chair of the Federation's Board of Directors since 2024**
- Elected director since 2016
- End of current term (last term): 2028
- Director of Caisse Desjardins de Sainte-Foy

Key areas of expertise

- Organizational culture and cooperative business model
- Governance
- Risk management and compliance
- Business and distribution models

Professional experience

Louis is a retired professor of project management at Université du Québec à Rimouski. He has a doctorate of business administration (DBA) with a focus on IT project teams and collaborative work environments. He also has two master's degrees—one in project management and another in international relations—and a bachelor's degree in political science. He's a chartered director (ASC). He spent several years working as a consultant on international cooperation projects in the areas of banking, finance and infrastructure.

Role(s) at Desjardins:
– Chair, Desjardins Trust Board of Directors; Member, Desjardins Trust Review Committee

Board, committees and commissions	Record of attendance	Average attendance
Board of Directors	10/10 (regular) 4/4 (special)	100%
Executive Committee (chair)(1)	4/4	100%
CEO Selection Committee (chair)(2)	11/11	100%
Chair of the Board and CEO Transition Committee (member)(1)	4/4	100%
Cooperation and Culture Commission (member)(1)	4/4	100%
Risk Management Commission (and US Risk Management) (chair)(3)	4/4	100%
Corporate Governance and Responsible Finance Commission (member)(1)	7/7	100%
Human Resources Commission (member)	8/8	100%
CEO Total Compensation and Succession Planning Committee (member)(4)	2/2	100%
	Total average attendance:	**100%**

(1) Since June 6, 2024.
(2) Since the committee was created on July 2, 2024.
(3) Until June 6, 2024.
(4) The committee was abolished on March 23, 2024.

Luc Bachand, Corporate Director, MBA, ICD.D, FICB

Independent
Age: 68
Residence: Montreal, Quebec

- Co-opted director since 2021
- End of current term: 2027

Key areas of expertise

- Finance and accounting
- Risk management and compliance
- Capital markets
- Financial services and insurance

Professional experience

Luc has a bachelor of business administration from HEC Montréal and an MBA from Concordia University. He also has his corporate director designation (ICD.D) and is a Fellow of the Institute of Canadian Bankers (FICB). He served as Vice-Chair and Head of Capital Markets – Quebec for a major Canadian bank, where he managed corporate banking, corporate services and selling and trading of securities.

Directorship(s):
- Youth in Mind Foundation
- HEC Montréal
- Power Sustainable Energy Infrastructure Inc. (member of the investment committee)

Role(s) at Desjardins:
- Member of the Desjardins Trust Board of Directors and Desjardins Trust Audit Committee

Board, committees and commissions	Record of attendance	Average attendance
Board of Directors	11/11 (regular) 3/5 (special)	88%
Executive Committee (member)	3/4	75%
Audit and Inspection Commission (member)	6/7	86%
Desjardins Group Retirement Committee (member)[1]	3/3	100%
	Total average attendance:	**87%**

(1) Since June 6, 2024.

Lisa Baillargeon, Professor, PhD, MBA, CPA, C.Adm., ICD.D

Independent
Age: 52
Residence: Saint-Lambert, Quebec

- Elected director since 2019
- End of current term: 2027
- Chair, Caisse Desjardins Charles-LeMoyne Board of Directors

Key areas of expertise

- Finance and accounting
- Business ethics and professional conduct
- Governance
- Human resources

Professional experience

Lisa is a professor and co-director of the Chair in Museum Governance and Culture Law. She has an impressive academic background and extensive experience in accounting, management and governance. She holds a PhD in economic history and an MBA, as well as designations as a chartered professional accountant (CPA) and corporate director (ICD.D). She has overseen a wide range of complex projects as a manager, professor and researcher, and has helped forge numerous international university partnerships.

Directorship(s):
- The Economic and Business History Society (Board of Trustees)
- Musée d'art contemporain de Montréal
- MUTEK
- Société du Château Dufresne inc.
- Ville de Montréal (Chair of the Audit Committee)

Role(s) at Desjardins:
- Chair, Desjardins International Development Board of Directors
- Member, Desjardins Security Fund Board of Directors

Board, committees and commissions	Record of attendance	Average attendance
Board of Directors	10/10 (regular) 4/4 (special)	100%
Corporate Governance and Responsible Finance Commission (member)	11/11	100%
Nomination and Election Committee (member)	11/11 *	100%
	Total average attendance:	**100%**

* The committee held 12 meetings in 2024 and Lisa Baillargeon missed one committee meeting due to a conflict of interest.

Jordan Baril-Furino, Engineer, MBA

Independent
Age: 37
Residence: Beaconsfield, Quebec

- Elected director since 2021
- End of current term: 2025
- Second Vice-Chair, Caisse Desjardins de l'Ouest-de-l'Île Board of Directors

Key areas of expertise

- Organizational culture and cooperative business model
- Risk management and compliance
- Strategic vision (youth and the next generation)

Professional experience

Jordan has an executive MBA (finance, marketing and strategic management) from UQAM's School of Management Sciences and Université Paris-Dauphine, as well as a bachelor's degree in engineering from Université Laval. He currently serves as national operations director at a security services company. Jordan is a member of the Ordre des ingénieurs du Québec and focuses on management, operations planning and continuous improvement of processes.

Role(s) at Desjardins:

– Member, Desjardins Security Fund Board of Directors
– Member, Desjardins Foundation Board of Directors
– Member, Alphonse Desjardins Historical Society Board of Directors

Board, committees and commissions	Record of attendance	Average attendance
Board of Directors	11/11 (regular) 3/5 (special)	88%
Cooperation and Culture Commission (member)	5/6	83%
	Total average attendance:	**86%**

Doryne Bourque, Corporate Director, ICD.D

Independent
Age: 59
Residence: Grandes-Piles, Quebec

- Elected director since 2024
- End of current term: 2028
- Chair, Caisse Desjardins des Technologies Board of Directors

Key areas of expertise

- Advanced analytics (data management), artificial intelligence and information technology
- Organizational culture and cooperative business model
- Governance
- Strategic vision

Professional experience

Doryne is the president and founder of a corporate strategy consulting firm. She has extensive experience in leadership roles, particularly in the areas of information technology and software solutions for the public sector. As a corporate director with the ICD.D designation, she's very involved with the entrepreneurship community, including a university incubator that's renowned for supporting tech companies.

Role(s) at Desjardins:
– Member, Desjardins Financial Security Life Assurance Company Board of Directors

Board, committees and commissions	Record of attendance	Average attendance
Board of Directors	7/7 (regular) 5/5 (special)	100%
Risk Management Commission (and US Risk Management) (member)[1]	4/5	80%
	Total average attendance:	**94%**

(1) Since June 6, 2024.

Johanne Charbonneau, Corporate Director, FCPA, MBA, C.Dir.

Independent
Age: 66
Residence: Ottawa, Ontario

- Co-opted director since 2019 and vice-chair of the Federation Board of Directors since 2021
- End of current term: 2026

Key areas of expertise

- Finance and accounting
- Governance
- Risk management and compliance
- Financial services and insurance

Professional experience

Johanne is a CPA Ontario member, a Fellow Chartered Professional Accountant and a chartered director (ASC-C.Dir.) with an MBA and BBA. She's the former chief financial officer of CBC/Radio-Canada. She has held executive roles in public sector finance, including at the International Development Research Centre and the Canada Deposit Insurance Corporation. She has also worked extensively with cooperatives and non-profits as a director at various financial and insurance cooperatives outside Quebec.

Directorship(s):
- Cooperatives and Mutuals Canada
- Mach-Gaensslen Foundation
- Grand Challenges Canada

Role(s) at Desjardins:
- Chair, Desjardins General Insurance Group Board of Directors

Board, committees and commissions	Record of attendance	Average attendance
Board of Directors	11/11 (regular) 5/5 (special)	100%
Chair of the Board and CEO Transition Committee (chair)	9/9	100%
CEO Selection Committee (member)(1)	10/11	91%
Corporate Governance and Responsible Finance Commission (member)	9/10 *	90%
Human Resources Commission (member)	8/8	100%
CEO Total Compensation and Succession Planning Committee (chair)(2)	2/2	100%
	Total average attendance:	**96%**

* The committee held 11 meetings in 2024 and Johanne Charbonneau missed one meeting due to a scheduling conflict with a meeting of another board or committee on which she sits.

(1) Since the committee was created on July 2, 2024.
(2) The committee was abolished on March 23, 2024.

Guy Cormier, President and CEO of Desjardins Group, MBA

Non-independent
Age: 55
Residence: Montreal, Quebec

- **President and CEO of Desjardins Group since 2016**
- Director since 2016
- End of current term (last term): 2026

Key areas of expertise

- Organizational culture and cooperative business model
- Finance and accounting
- Governance
- Financial services and insurance
- Strategic vision

Professional experience

Guy is a graduate of HEC Montréal, where he earned both an undergraduate degree in business administration and an MBA. He also taught finance there for nearly eight years. He started at Desjardins Group in 1992, assuming a number of roles in the caisse network before becoming a general manager in 2002. He joined Desjardins Group's senior management team in 2012 as Executive Vice-President of the Caisse Network before being appointed Executive Vice-President of the Caisse Network and Personal Services. Throughout his career, he has pushed for bold and innovative measures to improve the member/client experience.

Directorship(s):
- Business Council of Canada
- Conseil du patronat du Québec - Bureau des gouverneurs
- Crédit Mutuel - CIC
- European Association of Co-operative Banks
- Finance Montréal, Quebec's financial cluster - Board of Governors
- Alphonse and Dorimène Desjardins International Institute for Cooperatives - Board of Governors
- Fondation Forces AVENIR
- HEC Montréal
- QG100 Network

Role(s) at Desjardins:
- Chair, Desjardins Financial Corporation Board of Directors
- Chair, Desjardins Foundation Board of Directors
- Chair, Alphonse Desjardins Historical Society Board of Directors
- Member, Desjardins Security Fund Board of Directors

Board, committees and commissions[1]	Record of attendance	Average attendance
Board of Directors	11/11 (regular) 3/3 (special)	100%
Executive Committee (permanent guest)	4/4	100%
Chair of the Board and CEO Transition Committee (permanent guest)	8/9	89%
Cooperation and Culture Commission (permanent guest)	3/4	75%
Corporate Governance and Responsible Finance Commission (permanent guest)	10/11	91%
Risk Management Commission (and US Risk Management) (permanent guest)	1/5	20%
Human Resources Commission (permanent guest)	8/8	100%
	Total average attendance:	**87%**

(1) Since June 6, 2024.

Francine Côté, Corporate Director, CPA, CISA, ASC, C.Dir.

Independent
Age: 68
Residence: Ottawa, Ontario

- Elected director since 2023
- End of current term: 2027
- Chair, Desjardins Ontario Credit Union Board of Directors

Key areas of expertise

- Finance and accounting
- Business and distribution models
- Risk management and compliance (IT management and security)
- Financial services and insurance

Professional experience

Francine retired in November 2022 from a career that spanned both the private and public sectors. She was Deputy Chief Administrator, Corporate Management and Chief Financial Officer for the Courts Administration Service from 2009 to 2021. She's a chartered professional accountant (CPA), a chartered director (ASC-C.Dir.) and a Certified Information Systems Auditor (CISA). During her career, she made key contributions to strategic planning, corporate priorities and business development activities.

Directorship(s):
- Condominium CCC 255

Role(s) at Desjardins:
- Member, Desjardins Financial Corporation (DFC) Board of Directors and Member, DFC Audit and Risk Committee

Board, committees and commissions	Record of attendance	Average attendance
Board of Directors	11/11 (regular) 5/5 (special)	100%
Audit and Inspection Commission (member)	7/7	100%
Desjardins Group Retirement Committee (member)[1]	3/3	100%
	Total average attendance:	**100%**

(1) Since June 6, 2024.

André Grenier, Agrologist and Agribusiness Management Consulting Firm President

Independent
Age: 61
Residence: Saint-Joseph-de-Coleraine, Quebec

- Elected director since 2018
- End of current term: 2026
- Vice-Chair, Caisse Desjardins de l'Érable Board of Directors

Key areas of expertise

- Organizational culture and cooperative business model
- Finance and accounting
- Strategic vision (agricultural sector)

Professional experience

André has a bachelor's degree in agricultural economics from Université Laval. He has worked as an agribusiness management consultant for nearly 35 years, putting together business plans, profitability studies and business transfers. He also works as a farm debt mediation consultant and expert advisor, and does damage assessments and asset valuations for legal and insurance disputes. In addition, he leads a network of agricultural management experts and is the vice-president of Centre d'expertise en gestion agricole. He also teaches adult education courses in these fields.

Directorship(s):
- Centre d'expertise en gestion agricole
- Réseau d'experts en gestion agricole
- Aleop Solution inc.

Role(s) at Desjardins:
- Chair, Desjardins Security Fund Board of Directors
- Member of the Desjardins Trust Board of Directors and Desjardins Trust Audit Committee

Board, committees and commissions	Record of attendance	Average attendance
Board of Directors	11/11 (regular) 5/5 (special)	100%
Audit and Inspection Commission (member)	7/7	100%
Cooperation and Culture Commission (member)	6/6	100%
	Total average attendance:	**100%**

Nadine Groulx, Agricultural and Maple-Producing Entrepreneur

Independent
Age: 53
Residence: Sainte-Edwidge, Quebec

- Elected director since 2017
- End of current term: 2026
- Chair, Caisse Desjardins des Verts-Sommets de l'Estrie Board of Directors

Key areas of expertise

- Organizational culture and cooperative business model
- Sustainable development and responsible finance
- Business ethics and professional conduct
- Strategic vision (agricultural sector)

Professional experience

Nadine is the co-owner of a farm and a maple-producing business. She has served as the president and vice-president of various organizations supporting the next generation of Quebec farmers. She is currently the president of the Conseil québécois de la coopération et de la mutualité, where she launched an initiative to modernize its governance. She also worked as a mentor in Université de Sherbrooke's MBA program.

Directorship(s):
- Conseil québécois de la coopération et de la mutualité
- Coopérative de développement régional du Québec

Role(s) at Desjardins:
- Member, Desjardins Trust Board of Directors; Chair, Desjardins Trust Risk Review Committee
- Member, Desjardins Financial Corporation Board of Directors

Board, committees and commissions	Record of attendance	Average attendance
Board of Directors	11/11 (regular) 5/5 (special)	100%
CEO Selection Committee (member)(1)	11/11	100%
Cooperation and Culture Commission(2)	2/2	100%
Corporate Governance and Responsible Finance Commission (chair)(3)	11/11	100%
Human Resources Commission (member)	8/8	100%
CEO Total Compensation and Succession Planning Committee (member)(4)	2/2	100%
	Total average attendance:	**100%**

(1) Since the committee was created on July 2, 2024.
(2) Until June 6, 2024.
(3) Since June 6, 2024.
(4) The committee was abolished on March 23, 2024.

Elaine Lajeunesse, Actuary, CFA, FCAS, FCIA, ICD.D

Independent
Age: 59
Residence: Bloomfield, Ontario

- Co-opted director since 2023
- End of current term: 2027

Key areas of expertise

- Actuarial science
- Finance and accounting
- Risk management and compliance (IT management and security)
- Financial services and insurance

Professional experience

Elaine has been an actuary for more than 30 years. She has also worked as a chief risk officer for several top-tier Canadian financial institutions and as a consultant. Her experience at different sized organizations in Canada means she's extremely well versed in the insurance industry ecosystem. She's renowned for her experience implementing governance and risk management strategies, and her in-depth knowledge of risk sources at financial institutions. She's a chartered director.

Directorship(s):
- Ontario College of Teachers
- Athos Risk

Role(s) at Desjardins:
- Member, Desjardins Financial Corporation Board of Directors
- Member, Desjardins Trust Board of Directors; Chair, Desjardins Trust Risk Management Committee

Board, committees and commissions	Record of attendance	Average attendance
Board of Directors	11/11 (regular) 5/5 (special)	100%
Executive Committee (member)(1)	4/4	100%
CEO Selection Committee (member)(2)	11/11	100%
Risk Management Commission (and US Risk Management) (chair)(1)	9/9	100%
Human Resources Commission (member)(1)	3/3	100%
	Total average attendance:	**100%**

(1) Since August 22, 2024.
(2) Since the committee was created on July 2, 2024.

Maryse Lapierre, Notary, LLB, DDN, ASC

Independent
Age: 55
Residence: Bassin, Quebec

- Elected director since 2021 and secretary of the Federation Board of Directors since 2022
- End of current term: 2025
- Director, Caisse Desjardins des Îles-de-la-Madeleine

Key areas of expertise

- Legal and regulatory affairs
- Organizational culture and cooperative business model
- Business ethics and professional conduct
- Governance

Professional experience

Maryse has a bachelor's degree in law and a Diploma of Notarial Law from Université Laval. She has worked in the areas of real estate, corporate and estate law. In addition to being a chartered director (ASC), she's closely involved in local socioeconomic issues, particularly those relating to business, urban planning and the environment.

Role(s) at Desjardins:
- Member, Desjardins Foundation Board of Directors
- Member, Alphonse Desjardins Historical Society Board of Directors

Board, committees and commissions	Record of attendance	Average attendance
Board of Directors	10/11 (regular) 5/5 (special)	94%
Executive Committee (member)	4/4	100%
Chair of the Board and CEO Transition Committee (member)	9/9	100%
Cooperation and Culture Commission (chair)	6/6	100%
	Total average attendance:	**97%**

Jean-François Laporte, Corporate Director, MBA, ASC, C.Dir.

Independent
Age: 65
Residence: Bedford, Quebec

- Elected director since 2023, and also from 2017 to 2021
- End of current term: 2027
- Director and Vice-Chair, Caisse Desjardins de la Pommeraie

Key areas of expertise

- Organizational culture and cooperative business model
- Finance and accounting
- Business and distribution models
- Financial services and insurance

Professional experience

Jean-François has an MBA from Concordia University's John Molson School of Business. He's also a chartered director (ASC-C.Dir.). He has over 30 years of management experience in finance and administration, mostly at subsidiaries of multinational manufacturing companies. He specializes in mergers and acquisitions. He also has extensive experience in financial services and insurance, having acted as chair and member of the Board of Directors of Desjardins General Insurance Group Inc.

Directorship(s):
– Centraide Richelieu-Yamaska

Board, committees and commissions	Record of attendance	Average attendance
Board of Directors	11/11 (regular) 5/5 (special)	100%
CEO Selection Committee (member)[1]	11/11	100%
Audit and Inspection Commission (member)	7/7	100%
Risk Management Commission (and US Risk Management) (member)	9/9	100%
Desjardins Group Retirement Committee (member)	6/6	100%
	Total average attendance:	**100%**

(1) Since the committee was created on July 2, 2024.

Denis Latulippe, Actuary, FCIA, MBA, MSc, ASC

Independent
Age: 64
Residence: L'Anse-Saint-Jean, Quebec

- Co-opted director since 2021
- End of current term: 2025

Key areas of expertise

- Actuarial science
- Finance and accounting
- Governance
- Risk management and compliance
- Financial services and insurance (wealth management and investments)

Professional experience

Denis is a trained actuary (FCIA) with an MBA. He also has a master's degree in social policy from the *London School of Economics and Political Science*. He's an adjunct professor at Université Laval's School of Actuarial Science. He spent nearly 20 years working at the United Nations, first as a senior actuary then as chair of an international actuarial committee. His experience also includes serving as chief actuary of a government insurance company for six years, before becoming its vice-president of customer service, IT and finance, and a member of its management committee from 2007 to 2012. Denis also helped develop Quebec's family policy, including as founding president of Conseil de gestion de l'assurance parentale. He has served on various boards, including insurance and reinsurance companies, and has chaired retirement committees. He is a chartered director (ASC).

Board, committees and commissions	Record of attendance	Average attendance
Board of Directors	10/11 (regular) 5/5 (special)	94%
Cooperation and Culture Commission (member)(1)	4/4	100%
Human Resources Commission (member)	8/8	100%
CEO Total Compensation and Succession Planning Committee (member)(2)	2/2	100%
Desjardins Group Retirement Committee (chair)	6/6	100%
	Total average attendance:	**97%**

(1) Since June 6, 2024.
(2) The committee was abolished on March 23, 2024.

Michel Magnan, Professor, PhD, FCPA, ASC, C.Dir.

Independent
Age: 66
Residence: Montreal, Quebec

- Co-opted director since 2021
- End of current term: 2025

Key areas of expertise

- Finance and accounting
- Risk management and compliance
- Governance
- Financial services and insurance

Professional experience

Michel is a distinguished research professor at Concordia University and the Stephen A. Jarislowsky Chair in Corporate Governance at the John Molson School of Business. He holds several accounting designations and a PhD in business administration from the University of Washington. He's also actively involved in the business and professional community. Michel is a CIRANO Researcher and Fellow who specializes in analyzing issues related to innovation, capital markets, governance and decarbonization. He's also a chartered director (ASC-C.Dir.) and a member of the Pension Committee and the investments subcommittee for the Pension Plan for the Employees of Concordia University.

Directorship(s):
- Pension Plan for the Employees of Concordia University

Role(s) at Desjardins:
- Member, Desjardins Trust Board of Directors; Chair, Desjardins Trust Audit Committee; Member, Desjardins Trust Review Committee
- Member, Desjardins Financial Corporation (DFC) Board of Directors and Chair, DFC Audit and Risk Committee

Board, committees and commissions	Record of attendance	Average attendance
Board of Directors	11/11 (regular) 5/5 (special)	100%
Audit and Inspection Commission (chair)	7/7	100%
Chair of the Board and CEO Transition Committee (member)	9/9	100%
Corporate Governance and Responsible Finance Commission (member)	10/10*	100%
Risk Management Commission (and US Risk Management) (observer)	9/9	100%
	Total average attendance:	**100%**

* The commission held 11 meetings in 2024 and Michel Magnan missed one committee meeting due to a conflict of interest.

Paula Parhon, IT Consulting Firm President, ASC, C.Adm.

Independent
Age: 69
Residence: Fossambault-sur-le-Lac, Quebec

- Elected director since 2022
- End of current term: 2026
- Director, Caisse Desjardins de Beauport

Key areas of expertise

- Advanced analytics, artificial intelligence and information technology
- Risk management and compliance (IT management and security)
- Governance
- Business and distribution models

Professional experience

Paula holds a bachelor's degree in computer science and a university certificate in corporate governance (ASC). She has more than 30 years of private practice experience in information and communications technology management consulting. She's also a member of the Ordre des administrateurs agréés du Québec (C.Adm.) and the École nationale d'administration publique. She supports the management teams of public-sector organizations working in government administration, shared services, telecommunications, insurance and finance. Before starting her own consulting firm in 2002, she held various management positions in IT consulting companies.

Directorship(s):
- Ordre des pharmaciens du Québec

Role(s) at Desjardins:
- Member, Desjardins Trust Board of Directors; Member, Desjardins Trust Risk Management Committee
- Member, Desjardins Foundation Board of Directors
- Member, Alphonse Desjardins Historical Society Board of Directors

Board, committees and commissions	Record of attendance	Average attendance
Board of Directors	11/11 (regular) 5/5 (special)	100%
Cooperation and Culture Commission (member)[1]	4/4	100%
Risk Management Commission (and US Risk Management) (member)	9/9	100%
	Total average attendance:	**100%**

(1) Since June 6, 2024.

Serge Rousseau, Corporate Director

Independent
Age: 58
Residence: Thetford Mines, Quebec

- Elected director since 2014
- End of current term (last term): 2025
- Director, Caisse Desjardins du Carrefour des lacs

Key areas of expertise

- Organizational culture and cooperative business model
- Risk management and compliance
- Human resources
- Financial services and insurance

Professional experience

Serge has been the managing director of three non-profit organizations in the early childhood education sector for over 35 years. He has also served and continues to serve as a member, chair or vice-chair of several Desjardins committees and commissions, as well as its Board of Directors, affording him in-depth knowledge of the financial group.

Role(s) at Desjardins:

– Vice-Chair, Desjardins Financial Security Life Assurance Company Board of Directors

Board, committees and commissions	Record of attendance	Average attendance
Board of Directors	11/11 (regular) 5/5 (special)	100%
Executive Committee (member)	4/4	100%
Chair of the Board and CEO Transition Committee (member)	9/9	100%
Corporate Governance and Responsible Finance Commission (member)	11/11	100%
Human Resources Commission (chair)	8/8	100%
CEO Total Compensation and Succession Planning Committee (member)[1]	2/2	100%
	Total average attendance:	**100%**

(1) The committee was abolished on March 23, 2024.

Patricia-Ann Sarrazin-Sullivan, Architect, C.Adm.

Independent
Age: 54
Residence: Montreal, Quebec

- Elected director since 2021
- End of current term: 2028
- Vice-Chair, Caisse Desjardins du Plateau-Mont-Royal Board of Directors

Key areas of expertise

- Organizational culture and cooperative business model
- Sustainable development and responsible finance
- Governance

Professional experience

Patricia-Ann is a graduate of McGill University and has been an architect for 30 years. She has LEED certification in the design and construction of sustainable buildings. Her architectural practice reflects her social responsibility goals and is broadly focused on housing for people in need. She is a chartered administrator and holds Sustainable Investment Professional Certification from Concordia University.

Role(s) at Desjardins:

- Member, Desjardins General Insurance Group Board of Directors
- Member, Desjardins Trust Board of Directors; Member, Desjardins Trust Risk Management Committee
- Member, Desjardins Security Fund Board of Directors

Board, committees and commissions	Record of attendance	Average attendance
Board of Directors	10/10 (regular) 5/5 (special)	100%
Cooperation and Culture Commission (member)	6/6	100%
Risk Management Commission (and US Risk Management) (member)	9/9	100%
Desjardins Group Retirement Committee (member)	3/3	100%
	Total average attendance:	**100%**

Board of Directors observer

Kathleen Bilodeau, General Manager, Caisse Desjardins de Sillery—Saint-Louis-de-France

Kathleen is a caisse general manager and has sat on the Federation's Board of Directors as an observer since 2021.

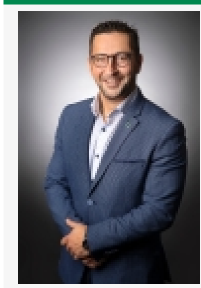
She has a master's degree in organizational development and management from Université Laval and is a chartered director (ASC).

Key areas of expertise

- Organizational culture and cooperative business model
- Governance
- Financial services and insurance

Board, committees and commissions	Record of attendance	Average attendance
Board of Directors	10/10 (regular) 2/2 (special)	100%
Audit and Inspection Commission (observer)	7/7	100%
Cooperation and Culture Commission (observer)	6/6	100%
	Total average attendance:	**100%**

Richard Villeneuve, General Manager, Caisse Desjardins d'Alma



Richard is a caisse general manager and has sat on the Federation's Board of Directors as an observer since 2022.

He is a member of the Quebec CPA Order. He has a solid understanding of entrepreneurship, having been the general manager of a Desjardins Business centre for several years.

Directorship(s):
- Colab
- Collège d'Alma
- Développement Économique Alma Lac-Saint-Jean

Key areas of expertise

- Organizational culture and cooperative business model
- Finance and accounting
- Financial services and insurance

Board, committees and commissions	Record of attendance	Average attendance
Board of Directors	10/10 (regular) 2/2 (special)	100%
Risk Management Commission (and US Risk Management) (observer)	8/9	89%
	Total average attendance:	**95%**

6. Onboarding and training for Federation directors and BEPC members

Onboarding and training program for new Federation directors

The Federation oversees onboarding and continuous training for its Board members. It develops knowledge acquisition and enhancement activities, so Board members can learn more about the various aspects of their roles and responsibilities and Desjardins Group's operations. These can be individual or group activities. All new Board and BEPC members attend orientation sessions where they meet with members of management and receive a reference manual containing all the information they need to carry out their duties. Onboarding sessions are held to ensure effective and efficient integration of new members of Board commissions and committees.

Continuous training

The training program for Board members is based on needs identified through their skills self-assessments. The results of the self-assessments and the individual interviews are used to establish individual objectives and development plans. The Corporate Governance and Responsible Finance Commission (CGRFC) reviews the results and proposes the two-year shared skills development program to the Board. The Board also holds conferences on specific topics related to strategic planning and the associated challenges. These conferences, which are also attended by members of the DGMC, are skills development and contribution opportunities for Board members. The training program was updated specifically to include skills development and enrichment activities with external experts to help the Board expand its knowledge base for informed and independent decision-making. The Board's commissions and committees suggest new training activities annually based on the needs of their members. The same applies to the Board of Ethics and Professional Conduct.

With a focus on knowledge continuity, skills and collegiality among the members of these bodies, the Board supports the electoral college with candidate selection to make sure it takes into account the need to maintain a certain level of seniority on the Board and BEPC.

Directors may take training that is relevant to their duties and responsibilities at any time. The Board of Directors is a member of the Institute of Corporate Directors and members of the Board can benefit from its resources on current and emerging governance issues and best practices.

Board members have access at all times to a set of reference documents that outline their duties and obligations, the organization's practices, and the roles and responsibilities of governing bodies.

Finally, the Corporate Governance and Responsible Finance Commission monitors industry trends and practices in terms of governance and sustainable development on a quarterly basis for the Board of Directors. The BEPC also benefits from quarterly monitoring in line with its responsibilities.

In 2024, directors and members of commissions and committees attended sessions on the following topics:

Topics	Participants
ESG governance and legal risks	BoD / GRFC
Governance transformation: – Identify changes in governance – Prepare and onboard the Chair of the Board – Identify the implications of changes in governance for Board members	BoD
CEO selection process	BoD
Integrity and compliance programs (prevention, detection and intervention)	BoD
Ethical behaviour and artificial intelligence	BoD
Evolution of global financial sector trends to better understand the competitive environment	BoD
ESG disclosure	AIC
Capital ratio audit	AIC
IFRS and audit standards	AIC
Understanding internal controls	AIC
Review of 52-109 process	AIC
Compliance with *Sarbanes-Oxley Act*	AIC
Allowance for credit losses	AIC
Evolution of fraud and financial crimes	AIC
Artificial intelligence and information security	AIC
The impact of relationship building on community development	CCC
The member/client experience: A key driver for the cultural shift	CCC
Effectiveness of the caisse board in fulfilling its role	CCC
Biodiversity considerations in the financial sector	CGRFC
Governance and ethics Ethical responsibilities of Board members	CGRFC
The role of rating agencies, credit ratings and how they impact Desjardins Group financing practices	RMC
Analysis of the impact of recent events in the US banking system on Canadian financial institutions	RMC
Data and artificial intelligence	RMC
Industry trends in operational resilience	RMC
Crisis management tool	RMC
Major litigation and class action management	RMC
ESG risk management: Quantification of environmental risks	RMC
Talent management – Desjardins's talent strategy – Future skills – Desjardins strategy for future skills	HRC

BoD (Board of Directors); AIC (Audit and Inspection Commission); CCC (Cooperation and Culture Commission); CGRFC (Corporate Governance and Responsible Finance Commission); RMC (Risk Management Commission); HRC (Human Resources Commission).

7. Compensation policy for Federation directors and BEPC members

Whenever it deems necessary and at least every five years, the Board of Directors reviews its executive compensation policy as defined in the ARFSC, namely the members of the Federation's Board of Directors and the Board of Ethics and Professional Conduct. It receives recommendations from the Corporate Governance and Responsible Finance Commission, which keeps a close eye on industry developments. The policy's compensation rates are consistent with those of comparable organizations. In February 2024, the Federation Board of Directors adopted changes to the compensation of members of the Board of Directors and members of the Board of Ethics and Professional Conduct, effective April 1, 2024. Since then, the Chair of the Board is entitled to an annual stipend and does not receive an attendance allowance for participating in Federation or Desjardins Trust Inc. commissions or committees. The President and CEO is not paid for their involvement on the Board of the Federation, subsidiaries or components.

The applicable frameworks on compensation for Desjardins Group officers include guidelines for calculating the compensation for caisse and Federation board members, BEPC members and board members of some Desjardins subsidiaries.

In accordance with the ARFSC, the budget for the payment of attendance fees to directors and BEPC members is authorized at the Federation's general meeting. The total compensation budget (annual stipends plus attendance fees) is reported at the general meeting. A report on changes to the compensation budget is presented at the general meeting every year. The total budget for 2024 was $$2.6M, including $1.1M voted by the general meeting for the payment of attendance fees.

The policy's compensation rates can be found on page 272 of this section of the Desjardins Group Annual Report.

8. Senior management reviews

a. Setting annual management objectives and performance reviews

President and CEO

The annual objectives of Desjardins's President and CEO are recommended to the Board by the Human Resources Commission. This commission is chaired by an independent director. The President and CEO has a standing invitation to the commission, but withdraws for topics involving a conflict of interest.

The degree to which these objectives are achieved is measured through a year-end review process.The Human Resources Commission supervises the performance review of Desjardins's President and CEO and sets out how Board members participate in the process.

Senior Executive Vice-President and COO

The annual objectives of the Senior Executive Vice-President and COO are set by the Board, on the recommendation of the President and CEO. They are first presented to the HRC.

Executive vice-presidents on the DGMC

The objectives of the executive vice-presidents on the DGMC are set by the President and CEO and the Senior Executive Vice-President and COO. They are provided to the HRC and the Board for information purposes.

b. Variable compensation evaluation

President and CEO

The variable compensation paid to the President and CEO is determined by an evaluation of the annual objectives by the Board of Directors.Since 2024, the President and CEO has been eligible for the general incentive plan on the same basis as all Desjardins Group employees and executives.

Senior Executive Vice-President and COO and executive vice-presidents on the DGMC

The Board has established guidelines for setting objectives for the various indicators to ensure sound management of Desjardins's general incentive plan that the Senior Executive Vice-President and other executive vice-presidents participate in. The results are reviewed by the HRC and approved by the Board.

9. External consultants

A director may ask the Board to retain the services of an external consultant at the Federation's expense. The Board is reminded about this option annually. However, to ensure that such services are relevant, a request must be submitted to the Corporate Governance and Responsible Finance Commission.

MANDATES AND COMPOSITION OF COMMISSIONS AND COMMITTEES OF THE BOARD OF DIRECTORS, THE BEPC AND OTHER BODIES

As at December 31, 2024

The Board creates commissions and committees and sets out their mandates in order to support and streamline its guidance, planning, monitoring and control activities. These commissions and committees are made up entirely of independent parties. At the end of each meeting, the Board and these commissions and committees hold two closed-door sessions without members of management or observers: one with the President and CEO, and a second one without them. The composition and mandates for these bodies are reviewed annually. Any work carried out by the commissions and committees is documented in a report, which is presented at the next Board meeting. The commission or committee chair gives Board members a summary of the issues discussed.

The detailed mandates and composition of these bodies are also available on Desjardins.com.

On the recommendation of the Corporate Governance and Responsible Finance Commission, the Board of Directors adopts the composition of its commissions and committees each year, in accordance with the Federation policy on the composition of commissions and committees. These commissions and committees are made up entirely of independent directors. In some cases, external members from subsidiaries' boards of directors or representatives from the insurance subsidiaries may be added. General managers sitting as observers on the Board can participate in deliberations but cannot propose, second or vote on any recommendations made to the Board. The President and CEO is not a member of any Board commission or committee, but may be invited by the Chair of the Board and the chair of a commission or committee.

Here is the composition of the commissions and committees of the Federation Board of Directors:

EXECUTIVE COMMITTEE

In principle, this committee has the same functions and powers as the Board, with the exception of those which the Board may reserve for itself or assign to another committee or commission. The scope of this committee's mandate is mainly limited to matters pertaining to the Federation's powers of intervention at the caisse level and the review of certain financial commitments so that strategic decisions remain the responsibility of the Board.

It is composed of five independent members from the Federation Board of Directors, plus the President and CEO, who is a permanent guest:

1. Louis Babineau,[i] Chair
2. Luc Bachand
3. Elaine Lajeunesse[ii]
4. Maryse Lapierre
5. Serge Rousseau

– Guy Cormier,[iii] permanent guest

[i] Chair appointed June 6, 2024.
[ii] Member appointed August 22, 2024.
[iii] Permanent guest since June 6, 2024.

Dominique Jodoin was a member until August 12, 2024.

CHAIR OF THE BOARD AND CEO TRANSITION COMMITTEE

This committee is responsible for overseeing the execution of the transformation plan and the separation of the roles of Chair of the Board of Directors and President and CEO. It's responsible for implementing mechanisms to ensure sound governance and adequate management of the risks involved in the change. It also makes recommendations to the Board about the transition.

The committee was abolished on March 11, 2025.

It is composed of five independent members from the Federation Board of Directors, plus the President and CEO, who is a permanent guest:

1. Johanne Charbonneau, Chair
2. Louis Babineau[i]
3. Maryse Lapierre, Secretary
4. Michel Magnan
5. Serge Rousseau

– Guy Cormier,[ii] permanent guest

[i] Member appointed June 6, 2024.
[ii] Permanent guest since June 6, 2024.

Geneviève Côté was a member until March 23, 2024.

CEO SELECTION COMMITTEE

This committee is responsible for proposing and implementing the process for the Board to select the next President and CEO of Desjardins as part of the transformation plan and the separation of the roles of Chair of the Board of Directors and President and CEO.

It is composed of five independent members from the Federation Board of Directors, plus the external member from the Human Resources Commission:

1. Louis Babineau,[i] Chair
2. Johanne Charbonneau[ii]
3. Nadine Groulx[ii]
4. Elaine Lajeunesse[ii]
5. Jean-François Laporte[ii]

– Julien Ponce (external member from the Human Resources Commission) and independent director at Desjardins General Insurance Group Inc.

[i] Chair appointed July 2, 2024.
[ii] Members appointed July 2, 2024.

Dominique Jodoin was a member until August 12, 2024.

COOPERATION AND CULTURE COMMISSION

This commission assists the Board with issues related to Desjardins's cooperative and democratic culture as it pertains to our mission and values and their consideration in commercial and management practices as well as the cultural shift. It ensures the effective and efficient implementation of mechanisms for collaboration, participation and connection with the network.

It is composed of seven independent members from the Federation Board of Directors plus one general manager observer and the President and CEO, who is a permanent guest:

1. Maryse Lapierre, Chair
2. Louis Babineau[i]
3. Jordan Baril-Furino
4. André Grenier
5. Denis Latulippe[i]
6. Paula Parhon[i]
7. Patricia-Ann Sarrazin-Sullivan

– Kathleen Bilodeau (caisse general manager), observer
– Guy Cormier,[ii] permanent guest

[i] Members appointed June 6, 2024.
[ii] Permanent guest appointed June 6, 2024.

Nadine Groulx was a member until June 6, 2024.
Dominique Jodoin was a member until August 12, 2024.

AUDIT AND INSPECTION COMMISSION

The Audit and Inspection Commission (AIC), established under the ARFSC, acts as the audit committee for the Federation's caisse inspection activities. The AIC reviews all financial information, supervises the required reporting activities and plays a lead role in overseeing internal controls for financial disclosure and assessing their accuracy. It has a direct line of communication with the Desjardins Group Monitoring Office, which oversees the internal audit of Desjardins subsidiaries and components and the inspection of Quebec caisses and Caisse Desjardins Ontario Credit Union Inc. It also has a line of communication with the external auditors, should the need arise to discuss and review any issues. The AIC also ensures the independence of Desjardins's internal audit function and adopts its internal audit charter and audit plan.

It is composed of five independent members from the Federation Board of Directors, including two representatives from Desjardins's insurance subsidiaries (Desjardins Financial Security Life Assurance Company Inc. and Desjardins General Insurance Group Inc.) and an observer who can participate in deliberations but cannot propose, second or vote on any recommendations made to the Board. Its chair is an independent director who is an FCPA:

1. Michel Magnan, Chair
2. Luc Bachand
3. Francine Côté
4. André Grenier
5. Jean-François Laporte

– Robert St-Aubin (insurance subsidiary representative), Chair of the Audit Committee at Desjardins Financial Security Life Assurance Company Inc.
– Clarence Turgeon (insurance subsidiary representative), Chair of the Audit Committee at Desjardins General Insurance Group Inc.
– Kathleen Bilodeau (caisse general manager), observer

RISK MANAGEMENT COMMISSION (AND US RISK MANAGEMENT)

The Risk Management Commission's main role is to assist the Board with overall strategies and directions for risk management[1]. It ensures the implementation of an integrated risk management framework and standards and policies that establish the rules for accepting, monitoring, managing and reporting the material risks that Desjardins is exposed to. It also monitors compliance with Desjardins's risk appetite framework and examines the steps that need to be taken when established limits have been exceeded.In addition to the roles and responsibilities already assumed by the Risk Management Commission, the US Risk Management Commission focuses exclusively on Desjardins files and activities[2] related to US bonds.

It is composed of five independent members from the Federation Board of Directors, plus two external members in accordance with the policy on commission and committee membership, two observers, and the President and CEO, who is a permanent guest:

1. Elaine Lajeunesse,[i] Chair
2. Doryne Bourque[ii]
3. Jean-François Laporte
4. Paula Parhon
5. Patricia-Ann Sarrazin-Sullivan

- Christine Sayegh Filgiano (external member), independent director at Desjardins Financial Security Life Assurance Company Inc.
- Bernard Morency (external member), independent director at Desjardins General Insurance Group Inc.
- Michel Magnan (observer), Chair, Audit and Inspection Commission
- Richard Villeneuve (observer) (caisse general manager)
- Guy Cormier,[iii] permanent guest

[i] Chair appointed August 22, 2024.
[ii] Member appointed June 6, 2024.
[iii] Permanent guest appointed June 6, 2024.

Louis Babineau was a member until June 6, 2024.
Dominique Jodoin was a member until August 12, 2024.

HUMAN RESOURCES COMMISSION

This commission supports the Board in the following areas: governance and risk management of issues relating to human resources and overall compensation across Desjardins; equity, diversity and inclusion; creation and maintenance of the integration and skills development program for Desjardins managers and employees; the senior management succession plan; creation and maintenance of the profile of Desjardins managers and employees; annual salary recommendations, including incentive plans; the group insurance plan; changes to the pension plan; union relations; the management structure, etc.This commission also helps the Board with questions about compensation, working conditions, annual objectives and their assessment, and succession planning for the President and CEO in keeping with the mandate of the selection committee created for that purpose.

The commission's mandate was revised in 2024 to give it the responsibilities previously assumed by the CEO Total Compensation and Succession Planning Committee, which was abolished following the separation of the duties of the Chair of the Board and the President and CEO of Desjardins Group at the annual general meeting in 2024.

It is composed of six independent members from the Federation Board of Directors, plus one external member, and the President and CEO, who is a permanent guest, in accordance with the policy on commission and committee membership:

1. Serge Rousseau, Chair
2. Louis Babineau
3. Johanne Charbonneau
4. Nadine Groulx
5. Elaine Lajeunesse[i]
6. Denis Latulippe

- Julien Ponce (external member), independent director at Desjardins General Insurance Group Inc.
- Guy Cormier,[ii] permanent guest

[i] Member appointed June 6, 2024.
[ii] Permanent guest since June 6, 2024.

[1] The term "risk management" includes the risks associated with security functions, such as information security, physical security, privacy protection, financial crime and fraud prevention, the risk of regulatory non-compliance and climate-related risk.

[2] The term "activities" refers to the direct or indirect US activities and holdings of all Desjardins Group entities and entities controlled by Desjardins Group as defined in the *US Bank Holding Company Act*. The concept of control in the *US Bank Holding Company Act* is much more restrictive.

CORPORATE GOVERNANCE AND RESPONSIBLE FINANCE COMMISSION

This commission supports the Board in applying and updating Desjardins's corporate governance, sustainable development and responsible financing framework. It monitors best practices and examines guidelines and reports issued by regulatory authorities. It also assists the Board in administering its relationship with management and maintaining its independence. It oversees the performance review program for members of the Board and its commissions and committees, as well as the onboarding and skills development program for Federation directors. In addition, it examines Desjardins's Social and Cooperative Responsibility Report and recommends its adoption to the Board. It administers various policies, including the *Governance Policy*, the *Desjardins Group Officer Compensation Policy*, the *Policy on the Integrity and Competency of Members of the Federation Board of Directors, Members of Subsidiary Boards of Directors, Members of the Board of Ethics and Professional Conduct, and Members of the Nomination and Election Committee*, and the *Desjardins Group Sustainable Development Policy*.

It is composed of six independent members from the Federation Board of Directors, plus the President and CEO, who is a permanent guest:

1. Nadine Groulx,(i) Chair
2. Louis Babineau(ii)
3. Lisa Baillargeon
4. Johanne Charbonneau
5. Michel Magnan
6. Serge Rousseau

– Guy Cormier,(iii) permanent guest

(i) Chair appointed June 6, 2024.
(ii) Member appointed June 6, 2024.
(iii) Permanent guest since June 6, 2024.

NOMINATION AND ELECTION COMMITTEE

This committee oversees the proper conduct of the election and co-optation process for positions on the Board of Directors and Board of Ethics and Professional Conduct. It reviews candidates for positions on the Board, the BEPC and the boards of certain subsidiaries based on their enhanced group profiles and skills assessment criteria. It provides guidelines for the electoral process, ensures compliance with them and sets up processes that enable delegates to properly fulfill their role. It also establishes any other measures or rules necessary for the electoral and co-optation processes to run properly. In addition, it makes any other decisions about these processes within the limits of its powers and responsibilities as defined in its mandate. This mandate is adopted by the Board of Directors in accordance with the group bylaws. The committee is accountable to the Board.

It is composed of five independent members, including an independent director from the Federation Board of Directors, in accordance with the group bylaws:

1. Louis Brunelle, Chair
2. Hélène Lee-Gosselin, Vice-Chair
3. Lisa Baillargeon (Federation director)
4. Nicole Blanchette(i)
5. Martine Lafrance

(i) Nicole Blanchette's term was renewed for four years on June 6, 2024.

DESJARDINS GROUP RETIREMENT COMMITTEE

By virtue of the powers vested in it by the *Supplemental Pension Plans Act* and by the *Desjardins Group Pension Plan Regulation*, the Desjardins Group Retirement Committee (DGRC) is the administrator of the Desjardins Group Pension Plan (DGPP) and trustee of the pension fund. Its role is to provide financial management and administration for the DGPP by taking appropriate measures to protect the rights of plan members and beneficiaries, and to safeguard and grow the assets of the pension fund.

The Federation assumes the responsibilities of the DGPP's sponsor. The Federation's Board has decision-making powers in certain areas, including the Desjardins Group Pension Plan Regulation, the terms of benefit payments to members and retirees, contribution rates and the use of any surplus. The Federation stands surety for the obligations (payment of benefits) resulting from the participation of all Desjardins employers in the DGPP.

This committee has nine voting members: six employer representatives (including the Chair), one who represents active members, one who represents non-active members and beneficiaries, and one external member. The committee also has a non-voting member designated by non-active members and beneficiaries. The employer representatives and the external member are appointed by the Federation's Board, and those who represent active members, non-active members and beneficiaries are elected.

Employer representatives:

1. Denis Latulippe, Chair
2. Jean-François Laporte, Vice-Chair
3. Francine Côté,[i] Secretary
4. Luc Bachand[i]
5. Claudia Champagne, independent director at Desjardins Financial Security Life Assurance Company Inc.
6. Bernard Morency, independent director at Desjardins General Insurance Group Inc.

External member:

7. Marc Saint-Pierre

Active member representative:

8. Brigitte Chabarekh[ii]

Non-active member and beneficiary representatives:

9. Jacques Dignard
10. Vincent Coulombe[ii], non-voting member

[i] Members appointed June 6, 2024.
[ii] Members elected March 27, 2024.

Geneviève Côté and Patricia-Ann Sarrazin Sullivan served as employer representatives until June 6, 2024.
Dominic Laurin served as an active member representative until March 27, 2024.
Brigitte Chabarekh served as a non-voting member representative until March 27, 2024.
Robert Desbiens served as a non-voting member and beneficiary representative until March 27, 2024.

DGRC INVESTMENT COMMITTEE

Under the responsibility of the DGRC, which adopts the investment policy, the Investment Committee's mandate is to ensure that the policy is applied, respected and followed. The committee selects investment vehicles, awards mandates to portfolio managers and ensures that each investment meets expectations.

It has eight members:

1. Frédéric Godbout, Chair
2. Louis Beaulieu
3. Vincent Blais[i]
4. Julie Côte,[i] Secretary
5. Hélène Genest[i]
6. François Hudon
7. Ève Lessard,[i] non-voting member
8. Martin Pepin

[i] Members appointed January 15, 2024.

BOARD OF ETHICS AND PROFESSIONAL CONDUCT

Pursuant to the ARSFC, the Federation has a Board of Ethics and Professional Conduct (BEPC) that is independent from its Board of Directors. The BEPC's five members are caisse directors. The BEPC is supported by a team that reports to the Secretary General, which enables it to implement decisions resulting from its mandate.

The BEPC's main responsibilities are to:
- Ensure the independence and objectivity of the Federation's inspection service for the caisses (DGMO), and to work with the Audit and Inspection Commission to make recommendations to the Board regarding the appointment or removal of the person responsible for managing this service
- Adopt the rules of conduct applicable to the directors of Desjardins and its subsidiaries and to the employees of the Federation and the caisses, present these rules for approval to the Board, and ensure the caisses and the Federation comply with them
- Support the caisses and the Federation in applying the rules of conduct, in particular by developing informative tools and activities along with an advisory services offer
- Issue advice, observations and recommendations on ethical and professional conduct issues, particularly in cases of misconduct

It has five members:
1. Katia Cyr,[i] Chair
2. Michel Guénette
3. Dinah Morency[ii]
4. Annie Vaillancourt[iii], Vice-Chair
5. Alexandre Rousseau

[i] Chair appointed May 31, 2024.
[ii] Member elected March 23, 2024.
[iii] Vice-Chair appointed May 31, 2024.

Ahmed Naciri was a member until March 23, 2024.

DESJARDINS GROUP MANAGEMENT COMMITTEE

This committee supports the President and CEO and the Board in their responsibility of giving Desjardins a unified management structure. It helps the Board incorporate the strategic directions of the cooperative network, business sectors and support functions and implement business development strategies. It also oversees operations in accordance with the rules and requirements set by the Board, other Desjardins governing bodies and regulatory authorities. It is responsible for operational matters with economic, environmental and social significance that have an impact on Desjardins. It makes sure that all Desjardins's operations are above board and that its managers and employees act with integrity. It held 2222 meetings in 2024.

It is composed of 12 management members, including five women (42%):

- **Guy Cormier**
  President and CEO of Desjardins Group
- **Réal Bellemare**
  Senior Executive Vice-President and COO
- **Antoine Avril**
  Executive Vice-President and Chief Risk Officer
- **Jean-Yves Bourgeois**
  Executive Vice-President, Business Services
- **Marie-Huguette Cormier**
  Executive Vice-President, Human Resources
- **Denis Dubois**
  Executive Vice-President, Wealth Management and Life and Health Insurance
  President and COO, Desjardins Financial Security Life Assurance Company Inc.
- **Johanne Duhaime**
  Executive Vice-President, Technology and Projects
- **Isabelle Garon**
  Executive Vice-President, Marketing, Communications, Cooperation and President's Office
- **Di-Thai Hua**
  Executive Vice-President, Operations
- **Nathalie Larue**
  Executive Vice-President, Personal Services
- **Valérie Lavoie**
  Executive Vice-President, Property and Casualty Insurance
  President and COO, Desjardins General Insurance Group Inc.
- **Alain Leprohon**
  Executive Vice-President, Finance and CFO

DGMC members are deemed to be Federation managers within the meaning of section 93 of the ARFSC. The following individuals are also considered Federation managers:

- Marie-Andrée Alain, Vice-President and Chief Compliance and Privacy Officer
- Luc Boucher, Vice-President and Chief Legal Officer
- Nicolas Coulombe, Chief Security Officer
- Brigitte Dufour, General Secretary of Desjardins Group
- Jean-Sébastien Pilon, Vice-President and Chief Information Security Officer
- Steeve Talbot, Chief Monitoring Officer

The DGMC has Desjardins-wide coordination committees in the following areas:

- Disclosure
- Environmental, social and governance issues
- Finance and risk management
- Data governance
- Investment plan
- Desjardins Group Pension Plan

COMPENSATION OF MEMBERS OF THE BOARD OF DIRECTORS AND MEMBERS OF THE BOARD OF ETHICS AND PROFESSIONAL CONDUCT

The Federation is subject to obligations regarding the disclosure of director compensation. As required by CSA *National Instrument 51-102 Respecting Continuous Disclosure Obligations*, the compensation of Federation directors is presented below and in the Federation's Annual Information Form. The form is available on the SEDAR+ website at www.sedarplus.com under the Fédération des caisses Desjardins du Québec's profile.

Compensation rates for the members of the Board of Directors of the Federation and subsidiaries and the members of the Board of Ethics and Professional Conduct:

	Federation[1] and subsidiaries
Annual stipends	
Chair of the Board of Directors of the Federation[2]	**$235,000**
Chair of a subsidiary board[3]	**$28,560**
Member of the Federation Board[4]	**$66,750**
Member of a subsidiary board (other than the chair)	**$14,280**
Additional stipends	
Chair, Audit and Inspection Commission	**$18,380**
Chair of a commission or committee of the Board of Directors[5] (not including the Audit and Inspection Commission)	**$9,190**
Member of a commission or committee of the board of directors of a subsidiary[6]	**$2,870**
Member, Audit and Inspection Commission and subsidiary audit committees	**$2,870**
Attendance allowance	
For a full day meeting[7]	**$1,710**
For a half-day meeting	**$855**
For a short meeting	**$290**
For a meeting of the Board of Ethics and Professional Conduct[8]	**$3,420 (for the Chair)** **$1,710 (for the members)**

*** The rates came into effect on April 1, 2024, following a benchmarking exercise that took place between 2021 and 2023.

(1) The director compensation indicated for the Federation includes, where applicable, the portion paid to members of the Board to also serve as directors of Desjardins Trust Inc. The members of Desjardins Trust's board of directors are chosen from the members of the Federation's Board, plus Sébastien Vallée, President and CEO of Desjardins Trust, as a director.

(2) The Chair of the Board of the Federation is only entitled to this annual stipend and does not receive an attendance allowance for participating in Federation or Desjardins Trust Inc. commissions and committees.

(3) The position of chair of the boards of directors of the following subsidiaries is held by an independent member of the Federation's Board: Desjardins International Development, Desjardins General Insurance Group Inc. and Desjardins Financial Security Life Assurance Company Inc. On an exceptional basis, chairs can be chosen from among the directors from the caisse network who sit on the boards of these subsidiaries. In that case, a member of the Federation's Board will serve as vice-chair.

(4) A single stipend is paid for their roles on the Board or any commission or committee of the Federation and Desjardins Trust. For the Federation, the annual stipend also covers directors' roles as members of the community collaboration groups and of the Collaboration Forum.

(5) The attendance allowance is doubled in lieu of the annual stipend for the chairs of commissions or committees that hold fewer than 4 meetings per year.

(6) A Board member's annual stipend includes all of the commissions and committees they sit on for the Federation and Desjardins Trust boards. In other words, a single stipend is paid for all positions held for each of these entities.

(7) The maximum daily attendance fee for the Federation and Desjardins Trust is $1,710, regardless of the number of board, commission or committee meetings a member attends in a single day. Every effort is made to schedule multiple meetings on the same day to keep costs to a minimum. General managers who sit on the Board or on a commission or committee as observers do not receive an attendance fee.

(8) This represents the fee for full-day meetings of the Federation's BEPC. The fee for half-day meetings is $1,710 for the chair and $855 for members. Members of the BEPC do not receive an annual stipend.

Director compensation table

The compensation paid to each member in 2024 for members of the Federation and Desjardins Trust boards, including members whose terms ended in 2024, or for other duties is detailed as follows:

Name	Compensation received as a director of the Federation and Desjardins Trust		Other fees (1)		2024 TOTAL ($)
	Attendance fees ($)	Annual stipend ($)	Attendance fees ($)	Annual stipend ($)	
Babineau, Louis (Chair of the Board, Federation)(5)	23,260	173,808	7,075	16,436	**220,579**
Bachand, Luc(5)	40,125	67,603	2,250	23,527	**133,505**
Baillargeon, Lisa (Chair of the Board,DID)(2)	55,840	64,818	7,270	41,775	**169,703**
Baril-Furino, Jordan	33,690	64,818	2,540	23,583	**124,631**
Bourque, Doryne	27,975	50,063	17,590	16,650	**112,278**
Charbonneau, Johanne (Chair of the Board, DGAG)(2)(3)	55,875	108,765	17,215	25,202	**207,057**
Cormier, Guy(4)	—	—	—	—	**—**
Côté, Francine(5)	39,270	67,603	9,720	35,993	**152,586**
Côté, Geneviève	14,890	14,755	255	7,572	**37,472**
Grenier, André (Chair of the Board, DSF)(2)(5)	42,330	67,603	1,125	13,865	**124,923**
Groulx, Nadine(5)	56,060	70,044	17,245	25,600	**168,949**
Jodoin, Dominique	30,005	40,741	1,380	10,032	**82,158**
Lajeunesse, Elaine(5)	50,125	68,076	580	6,152	**124,933**
Lapierre, Maryse	40,200	73,740	—	—	**113,940**
Laporte, Jean-François	54,135	67,603	855	14,468	**137,061**
Latulippe, Denis	38,270	64,818	855	27,730	**131,673**
Magnan, Michel(5)	63,894	84,686	1,586	28,385	**178,551**
Parhon, Paula(5)	42,935	64,818	—	—	**107,753**
Rousseau, Serge (Vice-Chair of the Board, DFS)(2)	53,900	73,740	15,930	16,650	**160,220**
Sarrazin-Sullivan, Patricia-Ann(5)	43,790	64,818	14,305	19,358	**142,271**
Total	**806,569**	**1,352,920**	**117,776**	**352,978**	**2,630,243**

* The term of Geneviève Côté on the Board of Directors ended on March 23, 2024. Dominique Jodoin's term on the Board of Directors ended on August 12, 2024, following his resignation.
* Louis Babineau (re-elected), Doryne Bourque (elected) and Patricia-Ann Sarrazin-Sullivan (re-elected) started their terms on the Board of Directors on March 23, 2024.

(1) Amounts received for: chairing the board of a subsidiary; sitting on the Desjardins Group Retirement Committee (DGRC) or the DGRC Investment Committee. Amounts also received as a board member of Desjardins Financial Corporation Inc. and Desjardins Security Fund. Amounts also received as a member of other ad hoc committees.
(2) The position of chair of the boards of directors of the following subsidiaries is held by a member of the Federation's Board: Desjardins International Development (DID), Desjardins General Insurance Group Inc. (DGIG), Desjardins Financial Security Life Assurance Company Inc. (DFS) and Desjardins Security Fund (DSF). On an exceptional basis, chairs can be chosen from among the directors from the caisse network who sit on the boards of these subsidiaries. In that case, a member of the Federation's Board will serve as vice-chair.
(3) Johanne Charbonneau received compensation for her role as Lead Director of the Board until it was eliminated on March 23, 2024, and as Interim Chair of the Board from March 24, 2024, to May 15, 2024.
(4) Desjardins's President and CEO does not receive any compensation for the position of chair and member of the boards of directors of the Federation, or of subsidiaries or components.
(5) Members of the Desjardins Trust Board of Directors.

Table of compensation of members of the Federation's Board of Ethics and Professional Conduct (BEPC).

Name	Attendance allowance ($)
Cyr, Katia	14,035
Guénette, Michel	17,940
Morency, Dinah*	7,130
Naciri, Ahmed*	2,030
Rousseau, Alexandre	9,160
Vaillancourt, Annie	7,450
Total	**57,745**

* The term of Ahmed Naciri on the BEPC ended on March 23, 2024.
* The term of Dinah Morency (elected) on the BEPC began on March 23, 2024.

Record of attendance for the members of the Federation's Board of Ethics and Professional Conduct

Name	Presence / meetings
Cyr, Katia	**11/12**
Guénette, Michel	**12/12**
Morency, Dinah	**6/6**
Naciri, Ahmed	**6/6**
Rousseau, Alexandre	**12/12**
Vaillancourt, Annie	**11/12**

Main components and subsidiaries[1]

As at December 31, 2024

Components and subsidiaries	Main activities
DESJARDINS CAISSES IN QUÉBEC AND CAISSE DESJARDINS ONTARIO CREDIT UNION INC.	Cooperative financial institutions
FÉDÉRATION DES CAISSES DESJARDINS DU QUÉBEC	Planning, supervision, coordination, treasury and development of Desjardins Group, Desjardins Group's financial agent on the Canadian and international markets and payment solution and credit card issuance
DESJARDINS FINANCIAL SERVICES FIRM INC.	Mutual fund brokerage and financial planning services
DESJARDINS FINANCIAL HOLDING INC.	Holding company
Desjardins Financial Corporation Inc.	Holding company
Desjardins Global Asset Management Inc.	Asset management
Desjardins General Insurance Group Inc.	Property and casualty insurance
Certas Direct Insurance Company	Property and casualty insurance
Certas Home and Auto Insurance Company	Property and casualty insurance
Desjardins General Insurance Inc.	Property and casualty insurance
Desjardins General Insurance Services Inc.	Property and casualty insurance
The Personal General Insurance Inc.	Property and casualty insurance
The Personal Insurance Company	Property and casualty insurance
ICPEI Holdings Inc.	Property and casualty insurance
The Insurance Company of Prince Edward Island	Property and casualty insurance
Desjardins Financial Security Life Assurance Company	Life and health insurance and financial services
Assistel inc.	Assistance services
Desjardins Investment Product Operations Inc.	Processing and administration of savings and investment accounts and specialized products for Desjardins Group components
Desjardins Independent Network Insurance Inc.	Mutual fund and insurance brokerage
Desjardins Investments Inc.	Design, administration and distribution of savings products
Desjardins Financial Security Investments Inc.	Mutual fund and insurance brokerage
Worldsource Group of Companies Inc.	Investment company
IDC Worldsource Insurance Network Inc.	Independent insurance distribution
Worldsource Financial Management Inc.	Independent mutual fund distribution
Worldsource Securities Inc.	Independent securities distribution
Desjardins Trust Inc.	Asset custody and trust services
Desjardins Real Estate Group Inc.	Property and workspace management
Desjardins Shared Services Group Inc.	Administrative services
Desjardins Technology Group Inc.	Development, maintenance and modernization of Desjardins Group technology
Aviso Wealth LP	Wealth management company held in equal shares by Desjardins Group and CU CUMIS Wealth Holdings LP, a limited partnership formed under the laws of Ontario, composed of five provincial credit union centrals and the CUMIS Group
Desjardins Securities Inc.	Securities brokerage
9420-7404 Québec inc.	Real estate services and operates the EspaceProprio, DuProprio, RénoAssistance and Confia brands
DESJARDINS CAPITAL MANAGEMENT INC.	Development and venture capital fund management
COLLABRIA FINANCIAL SERVICES INC.	Payment solution and credit card issuance
FONDS DE SÉCURITÉ DESJARDINS	Financial reserve for the Desjardins caisses

[1] Additional information on Desjardins Group's activities is presented in Section 2.2 "Analysis of business segment results" in the 2024 Management's Discussion and Analysis.

Desjardins