Desjardins

Financial Report

Second quarter of 2026

Desjardins Group posts surplus earnings before member dividends of $1,213 million for the second quarter of 2026

MESSAGE FROM SENIOR MANAGEMENT

Lévis, August 12, 2026 – With the results announced today, Desjardins Group has the means to realize its ambitions: giving its members and clients the support they need to be more financially empowered and making a real difference in the development of the communities it serves. For the second quarter of 2026, the provision for member dividends was increased by $151 million, or 33.6%, compared to $113 million for the corresponding period of 2025. Amounts returned in the form of sponsorships, donations and scholarships totalled $39 million, of which $19 million came from the caisses' Community Development Fund.

Desjardins Group recorded surplus earnings before member dividends of $1,213 million, up $313 million, or 34.8%, compared to the same period of 2025. Total net revenue rose by 13.0%, due in particular to higher net interest income in the Personal and Business Services segment. The Wealth Management and Life and Health Insurance segment also posted higher revenue, attributable to growth in assets under management and under administration, related in particular to the acquisition of Guardian Capital Group Limited (Guardian). As for the Property and Casualty Insurance segment, higher revenue, essentially from automobile and property insurance, was partly offset by higher claims in the current year and the occurrence of flooding in Quebec.

Personal and Business Services: Surplus earnings of $633 million, up $263 million, compared to the same period in 2025, as a result of an improved net interest margin and growth in residential mortgages and business loans outstanding. In addition, the provision for credit losses is decreasing, primarily on account of the decline in the provision related to credit-impaired loans on the business loan portfolio. Non-interest expense posted a moderate increase of 0.7%, reflecting the focus on managing spending.

Wealth Management and Life and Health Insurance: Surplus earnings of $252 million, up $26 million, compared to the second quarter of 2025, stemming from the increase in other income due to business growth, developments in the markets and the operations acquired from Guardian. This increase was partly offset by the increase in expenses related to these items and the less favourable experience in disability insurance.

Property and Casualty Insurance: Surplus earnings of $303 million, which is comparable to the amount in the second quarter of 2025. The growth in revenue from automobile and property insurance was offset by higher claims in the current year and the occurrence of flooding in Quebec.

Desjardins Group maintains strong capitalization levels, in accordance with Basel III requirements. As at June 30, 2026, its Tier 1A and total capital ratios were therefore 23.6% and 26.0%, respectively, compared to 23.7% and 26.1%, respectively, as at December 31, 2025.

"Our financial performance has value only if it translates into tangible benefits for our members and clients as well as for communities," said Denis Dubois, President and Chief Executive Officer of Desjardins Group. "This is the true strength of our cooperative model: the results we generate enable us to give back and take action where the needs are greatest, particularly in the area of affordable housing. To date, more than 7,000 housing units have been built, are under construction or have commitments in place as part of our ambition to support 10,000 units by 2028, in order to help tackle the affordability crisis. This same desire to make a tangible impact is reflected in our support for community development projects across the country, such as our $1 million contribution to the mining innovation zone in Rouyn-Noranda, as well as in the support we are providing to individuals and businesses in an economic climate that remains challenging. The discussions I've had over the past few months during our tour of communities have confirmed that people are looking for a strong financial partner that is committed and attuned to their realities. And that is exactly the role we intend to continue playing."

ENHANCED DISCLOSURE TASK FORCE RECOMMENDATIONS INDEX

Disclosures made under the 32 recommendations of the Enhanced Disclosure Task Force (EDTF), established by the Financial Stability Board, are presented in the 2025 Annual Report and the Interim Financial Report for the second quarter of 2026, as well as in Supplemental Financial Information and the Pillar 3 Report, which are available on Desjardins Group's website at www.desjardins.com/ca/about-us/investor-relations. Supplemental Financial Information and the Pillar 3 Report are not incorporated by reference into this Management's Discussion and Analysis (MD&A).

Below is a summary of disclosures under the EDTF recommendations aimed at enhancing risk disclosure and transparency, and the location of the disclosures (page number):

				Second quarter of 2026		
Type of risk	Recom-mendation	Disclosure	2025 Annual Report	Interim Financial Report	Supplemental Financial Information	Pillar 3 Report
General	1	Summary of risk information	XXXIV	Current page		
	2	Risk terminology, risk measures and key parameters	53-58, 106-110	46-51	11	101, 102
	3	Top and emerging risks	41, 42, 49-52, 59-85	11, 29		
	4	New regulatory ratios	41, 42, 44, 78, 80-82, 209, 210	25, 27, 36, 38-40		
Risk governance, risk management and business models	5	Organizational risk management structure	53-58			
	6	Risk management culture	54-58			
	7	Risks from business model and risk appetite	11, 24, 28, 32, 35, 40, 41, 45-47, 53-60			
	8	Stress testing	40, 41, 54, 59, 60, 75, 76			
Capital adequacy and risk-weighted assets	9	Minimum regulatory capital requirements	41, 42	25		16-18, 93, 94
	10	Reconciliation of the accounting balance sheet and the regulatory balance sheet	43-45, 209, 210	26		20, 21, 35, 36, 93
	11	Movements in regulatory capital	42, 44, 45	27		
	12	Capital management and planning	40-47	24-28		
	13	Risk-weighted assets by business segment	46, 60			6-9
	14	Breakdown of capital requirements by type of risk and by calculation method	45, 46, 61, 62, 65, 66, 75, 76	26-28		6-8, 10
	15	Credit risk	45-47	26-28		65-68, 71
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	17	Back testing and validation of credit models	65			71
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	20	Residual contractual maturities of assets, liabilities and off-balance sheet commitments	81-84, 215-218	39-41		
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Market risk	22	Reconciliation of market risk measures to balance sheet	74, 75	33, 34		
	23	Market risk factors	73-77, 194-198	32-36		89
	24	Assumptions, limitations and validation procedures for market risk models	75, 76	34, 35		
	25	Extreme loss measures	40, 41, 54, 75, 76			
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	27	Policy for identifying gross credit-impaired loans	67, 123-143			
	28	Reconciliation of gross credit-impaired loans and allowance for credit losses	40, 67-72, 123-143, 156-163	23, 30, 68-74		50-64
	29	Counterparty risk related to derivatives	72, 73, 199-208			72-84
	30	Credit risk mitigation techniques	66, 72, 73, 199-208			40-44, 90
Other risks	31	Management of other risks	45-47, 49-52, 56-58, 60, 85-92	28, 29		
	32	Publicly known risk events	85-87, 213, 214			

MANAGEMENT'S DISCUSSION AND ANALYSIS

Desjardins Group (hereinafter also referred to as Desjardins) comprises the Desjardins caisses in Quebec 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 August 12, 2026, presents an analysis of the results of and main changes to Desjardins Group's balance sheet for the period ended June 30, 2026, in comparison with prior periods. 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 regulation. 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 in place 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 will 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 the "Additional information" section of this MD&A.

This MD&A should be read in conjunction with the unaudited Condensed Interim Combined Financial Statements (the Interim Combined Financial Statements), including the notes thereto, as at June 30, 2026, and Desjardins Group's 2025 Annual Report (the 2025 Annual Report), which contains the MD&A and the audited Annual Combined Financial Statements (the Annual Combined Financial Statements).

Additional information about Desjardins Group is available on the SEDAR+ website at www.sedarplus.ca (under the Fédération des caisses Desjardins du Québec profile). The Annual Information Form of the Federation can be found on SEDAR+ as well. Further 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.

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 Annual and Interim Combined Financial Statements, which have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and the accounting requirements of the AMF, which do not differ from IFRS. IFRS represent Canadian generally accepted accounting principles (GAAP). On January 1, 2026, Desjardins Group adopted the amendments to IFRS 7, "*Financial Instruments: Disclosures*," and IFRS 9, "*Financial Instruments*." Comparative data have not been restated. For more information, refer to Note 2, "Accounting policies," to the Interim 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 Quebec, 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 oral forward-looking statements to investors, the media and other parties.

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 Quebec, Canadian, U.S. 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 their 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 actual future results, conditions, actions or events may 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 significant risk factors that may affect the accuracy of the forward-looking statements in this MD&A include those discussed in the "Risk management" section of Desjardins Group's 2025 annual MD&A and this MD&A, and include 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, the uncertainty surrounding evolving cybersecurity threats given rapid developments in technological capabilities, fraud risk, fluctuations in the real estate market and household and corporate indebtedness, regulatory developments, including changes to liquidity and capital adequacy guidelines, and requirements relating to their presentation and interpretation, as well as interest rate and exchange rate fluctuations, inflation, climate change, geopolitical uncertainty, including the conflict in the Middle East and its impacts, in particular, on oil and gas prices, technological innovation, including the use of artificial intelligence, and data risk. Furthermore, there are factors related to the trade tensions with the United States and the impact that tariffs on certain Canadian exports as well as any resulting retaliatory tariffs could notably have on goods and services, businesses in certain industries, and the Canadian economy. Also of note are factors related to general economic and business conditions in regions in which Desjardins Group operates, including the risk of recession; as well as factors related to the critical accounting estimates and accounting standards applied by Desjardins Group; increased competition; geographic concentration; changes in the credit ratings assigned to Desjardins Group; reliance on third parties, including third parties' failure to fulfill their obligations to Desjardins Group; the ability to recruit and retain talent; and tax risk. Other factors include 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 events 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 the "Risk management" section of Desjardins Group's 2025 annual MD&A and 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 about these and other factors is found in the "Risk management" section of Desjardins Group's 2025 annual MD&A and of this MD&A.

The significant economic assumptions underlying the forward-looking statements in this MD&A are described in the "Economic environment and outlook" section of Desjardins Group's 2025 annual MD&A and of this MD&A, and can be updated in quarterly MD&As filed thereafter. 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 judgments, and observed upside and downside risks for 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 may 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, 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 is a non-GAAP financial measure that reflects Desjardins Group's financial position and is used to exclude assets not generating net interest income from average assets. 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. Average interest-bearing assets do not include life and health insurance and property and casualty insurance assets as well as all other assets 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.

Net interest margin

(in millions of dollars and as a percentage)	For the three-month periods ended			For the six-month periods ended	
	June 30, 2026	March 31, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
Average assets – as presented	**$ 533,911**	$ 517,281	$ 494,600	**$ 526,021**	$ 486,714
Less: Assets not generating net interest income	**110,200**	104,217	94,235	**107,444**	93,651
Average interest-bearing assets	**423,711**	413,064	400,365	**418,577**	393,063
Less: Assets related to trading activities	**45,908**	40,709	41,800	**43,206**	40,187
Average core interest-bearing assets	**$ 377,803**	$ 372,355	$ 358,565	**$ 375,371**	$ 352,876
Net interest income – as presented	**$ 2,299**	$ 2,187	$ 2,024	**$ 4,486**	$ 3,991
Less: Net interest income from non-core assets	**103**	38	(13)	**141**	(11)
Net interest income on core assets	**$ 2,196**	$ 2,149	$ 2,037	**$ 4,345**	$ 4,002
Net interest margin[1]	**2.33%**	2.34%	2.28%	**2.33%**	2.29%

[1] Corresponds to an annualized calculation that takes into account the number of days in the period concerned.

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 exclude 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.

Net interest margin – Personal and Business Services

	For the three-month periods ended			For the six-month periods ended	
(in millions of dollars and as a percentage)	**June 30, 2026**	March 31, 2026	June 30, 2025[1]	**June 30, 2026**	June 30, 2025[1]
Average assets – as presented	**$ 398,285**	$ 389,464	$ 380,871	**$ 393,623**	$ 372,719
Less: Assets not generating net interest income	**9,515**	7,256	6,976	**8,231**	6,921
Average interest-bearing assets	**388,770**	382,208	373,895	**385,392**	365,798
Less: Assets related to trading activities	**40,367**	39,377	43,839	**39,348**	41,387
Less: Other deductions[2]	**57,853**	56,648	56,545	**57,278**	54,583
Average core interest-bearing assets	**$ 290,550**	$ 286,183	$ 273,511	**$ 288,766**	$ 269,828
Net interest income – as presented	**$ 2,201**	$ 2,114	$ 1,920	**$ 4,315**	$ 3,738
Less: Net interest income from non-core assets	**143**	114	117	**258**	238
Net interest income on core assets	**$ 2,058**	$ 2,000	$ 1,803	**$ 4,057**	$ 3,500
Net interest margin – Personal and Business Services[3]	**2.84%**	2.83%	2.64%	**2.83%**	2.62%

(1) Changes have been made to the model used to allocate net interest income between segments. For the three- and six-month periods ended June 30, 2025, these changes would have resulted in increases of $75 million and $160 million, respectively, in "Net interest income" and decreases of $35 million and $53 million, respectively, in "Other income" - Personal and Business Services, with a corresponding opposite impact on the same line items of the Other category. No comparative data have been restated.

(2) From assets related to capital market and liquidity management activities.

(3) Corresponds to an annualized calculation that takes into account the number of days in the period concerned.

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

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 of 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 claims expenses 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 some 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.

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

	For the three-month periods ended			For the six-month periods ended	
(in millions of dollars and as a percentage)	**June 30, 2026**	March 31, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
Insurance revenue – as presented	**$ 2,080**	$ 2,018	$ 1,985	**$ 4,098**	$ 3,916
Less: Premiums paid related to reinsurance activities[1]	**103**	100	102	**203**	198
Net insurance revenue	**$ 1,977**	$ 1,918	$ 1,883	**$ 3,895**	$ 3,718
Insurance service expenses – as presented	**$ 1,550**	$ 1,781	$ 1,486	**$ 3,331**	$ 3,276
Less: Policy costs and acquisition costs	**407**	402	389	**809**	749
Less: Effect of loss component on onerous contracts	**(5)**	72	46	**67**	211
Less: Effect of discounting net liabilities for incurred claims	**(69)**	(77)	(75)	**(146)**	(144)
Less: Incurred claims and costs of ceded claims[1]	**39**	94	21	**133**	69
Net claims expenses[2]	**$ 1,178**	$ 1,290	$ 1,105	**$ 2,468**	$ 2,391
Gross non-interest expense – as presented	**$ 360**	$ 295	$ 305	**$ 655**	$ 581
Less: Non-interest expense related to claims[3] and certain items[4]	**164**	118	119	**282**	229
Plus: Acquisition costs and certain policy costs included in insurance service expenses	**327**	332	321	**659**	622
Non-interest expense excluding non-interest expense related to claims and certain items	**$ 523**	$ 509	$ 507	**$ 1,032**	$ 974
Effect of loss component on onerous contracts	**$ (5)**	$ 72	$ 46	**$ 67**	$ 211
Less: Effect of loss component on ceded onerous contracts[1]	**(14)**	3	(1)	**(11)**	8
Effect of loss component on net onerous contracts	**$ 9**	$ 69	$ 47	**$ 78**	$ 203
Loss ratio[2]	**59.6%**	67.3%	58.7%	**63.4%**	64.3%
Expense ratio	**26.5**	26.5	26.9	**26.5**	26.2
Ratio of losses on onerous contracts	**0.5**	3.6	2.5	**2.0**	5.5
Combined ratio[2]	**86.6**	97.4	88.1	**91.9**	96.0
Discounted combined ratio	**83.0**	93.4	84.1	**88.1**	92.1

(1) These items are included under "Net reinsurance service income (expenses)."
(2) Undiscounted ratio or data, therefore excluding the effect of discounting net liabilities for incurred claims.
(3) Represents non-interest expense directly related to claims adjustments, which are presented under "Insurance service expenses."
(4) 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 amount returned to members and the community, a non-GAAP financial measure, is used to present the overall amount returned to the community and is 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 the "Financial highlights" table on page 10 of 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 flows. 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 46 to 51.

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. Additional information is presented in the "Regulatory environment" section of Desjardins Group's 2025 annual MD&A. Further information about changes in the regulatory environment is also provided in the "Capital Management" and "Risk Management" sections of this MD&A.

Since the release of Desjardins Group's 2025 annual MD&A, the following changes in the regulatory environment should also be considered:

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

Bill C-12 (*Strengthening Canada's Immigration System and Borders Act*), which includes amendments to the PCMLTFA, received Royal Assent in March 2026. In particular, the Bill contains an increase, already in force, in the current amounts of administrative monetary penalties that may be imposed by FINTRAC, as well as an increase in the current amounts of penal offences, and the mandatory enrolment of all reporting entities with FINTRAC, which will subsequently come into force by order in council.

In February 2026, FINTRAC announced that a new liaison function would be established, particularly to share best practices to fight extortion and to enhance information sharing between law enforcement, the government and financial institutions. FINTRAC recently provided financial institutions with Targeted Indicator Profiles for laundering proceeds of extortions. Desjardins Group complies with the requirements on an ongoing basis, and is actively participating in consultations organized by FINTRAC.

Lastly, Bill C-29 (*An Act to establish the Financial Crimes Agency and to make consequential amendments to certain Acts and regulations*) was tabled by the Minister of Finance in April 2026. This Agency, whose mission is to be a centralized effort to fight against financial crime and to recover proceeds of crime, is expected to be created in early 2027.

Protection of personal information and Information security

Following Quebec's legislative reform with the passage of *An Act to modernize legislative provisions as regards the protection of personal information* (Law 25) in 2021, the Minister of Artificial Intelligence and Digital Innovation tabled Bill C-36, the *Protecting Privacy and Consumer Data Act* (PPCDA), and carried its first reading in June 2026, to replace the *Personal Information Protection and Electronic Documents Act (PIPEDA)* with new federal legislation, the *Protecting Privacy and Consumer Data Act* (PPCDA). This Bill proposes to establish a new federal regulator, the Digital Safety and Data Protection Commission of Canada, which will be responsible for its enforcement and authorized to impose administrative penalties of up to 3% of company revenue. Desjardins Group intends to promote the harmonization of the Canadian legal framework for the protection of personal information by relying on the standard established by Law 25.

As for federal Bill C-15 (*An Act to implement certain provisions of the budget tabled in Parliament on November 4, 2025*), which includes the new consumer-driven banking legislative framework for open financial services, it received Royal Assent in March 2026. Compliance with this framework will be a major undertaking for Desjardins Group, and it will start with an application for accreditation with the Bank of Canada. Service providers as well as data recipients will also need to be accredited. A proposed regulation was issued by the Department of Finance at the end of June 2026, and Desjardins Group is currently examining its impact.

Artificial intelligence (AI)

In April 2026, the AMF published the final version of its *Guideline for the Use of Artificial Intelligence*, which will take effect on May 1, 2027. This Guideline requires that reporting entities assign a risk rating to each artificial intelligence system (AIS) and list such ratings in a centralized inventory. In addition, the Guideline stipulates the increased accountability of senior management and the board of directors with regard to the governance and understanding of the use of AI and its associated risks. Desjardins Group has commenced the work required to comply with this Guideline.

Third-Party Risk Management Guideline

In March 2026, the AMF issued the *Third-Party Risk Management Guideline*, which specifies and formalizes its expectations of financial institutions with regard to management of this risk. The Guideline is intended to promote sound and prudent management of third-party relationships and enhance financial institutions' operational resilience. The stated expectations apply to all third-party arrangements and must be implemented proportionately, taking into account the criticality and risk level specific to each arrangement. Analyses are underway to ensure Desjardins Group's compliance with this Guideline slated to take effect on April 1, 2027.

Pillar 3 Disclosure Requirements

Desjardins Group continues to monitor changes in financial disclosure requirements under global standards developed by the Basel Committee on Banking Supervision. These Pillar 3 requirements aim to enhance comparability with other financial institutions, as well as transparency and disclosure with regard to regulatory capital adequacy and risk exposure. A Pillar 3 report is issued by Desjardins Group in order to be compliant. In addition, in July 2026, the AMF updated its *Pillar 3 Disclosure Requirements Guideline,* adding, in particular, new disclosure requirements for financial institutions' crypto-asset exposures. As at June 30, 2026, Desjardins Group was not exposed to crypto assets.

Competition Act

Bill C-15, which aims to amend greenwashing provisions in the *Competition Act* by removing the requirement for internationally recognized methodology as well as by removing the private right of action before the Tribunal, received Royal Assent in March 2026. Desjardins Group complies with the requirements of the *Competition Act* and continues to closely monitor regulatory developments and enforcement practices in order to ensure full compliance.

DESJARDINS GROUP PROFILE

Desjardins Group is the largest cooperative financial group in Canada, ranking 8th in the world. As at June 30, 2026, the organization included 188 caisses in Quebec and Caisse Desjardins Ontario Credit Union Inc., the Fédération des caisses Desjardins du Québec and its subsidiaries, as well as the Fonds de sécurité Desjardins. A number of its subsidiaries and components are active across Canada, and Desjardins Group maintains a presence internationally through Desjardins Bank, National Association, Desjardins Florida Branch, and since March 23, 2026, through Guardian Capital Group Limited. 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.

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 Desjardins Cooperative Group (composed of the Desjardins caisse network in Quebec, the Federation and the Fonds de sécurité Desjardins), pursuant to the *Act respecting financial services cooperatives* (AFSC). The Federation acts as treasurer and official representative of Desjardins Group with the Bank of Canada and the Canadian banking system, among other things. 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 Desjardins Cooperative Group 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 about the entities that are not part of the Desjardins Cooperative Group or the subsidiaries of the entities that comprise it but that are included in Desjardins Group's financial statements may be found under "Additional information required pursuant to the AMF's Decision No. 2021-FS-0091."

FINANCIAL HIGHLIGHTS

(in millions of dollars and as a percentage)	As at or for the three-month periods ended			As at or for the six-month periods ended	
	June 30, 2026[1]	March 31, 2026	June 30, 2025[2]	**June 30, 2026[1]**	June 30, 2025[2]
Results					
Net interest income	**$ 2,299**	$ 2,187	$ 2,024	**$ 4,486**	$ 3,991
Insurance service result	**615**	375	593	**990**	883
Net insurance finance result	**289**	159	312	**448**	486
Net insurance service income	**904**	534	905	**1,438**	1,369
Other income	**1,420**	1,380	1,162	**2,800**	2,413
Total net revenue	**4,623**	4,101	4,091	**8,724**	7,773
Provision for credit losses	**165**	212	203	**377**	413
Non-interest expense					
Gross non-interest expense	**3,112**	2,877	2,950	**5,989**	5,686
Non-interest expense included in insurance service expenses[3]	**(279)**	(260)	(259)	**(539)**	(492)
Net non-interest expense	**2,833**	2,617	2,691	**5,450**	5,194
Income taxes on surplus earnings	**412**	312	297	**724**	528
Surplus earnings before member dividends	**$ 1,213**	$ 960	$ 900	**$ 2,173**	$ 1,638
Contribution to surplus earnings by business segment[4]					
Personal and Business Services	**$ 633**	$ 607	$ 370	**$ 1,240**	$ 769
Wealth Management and Life and Health Insurance	**252**	130	226	**382**	394
Property and Casualty Insurance	**303**	154	307	**457**	341
Other	**25**	69	(3)	**94**	134
	$ 1,213	$ 960	$ 900	**$ 2,173**	$ 1,638
Return to members and the community[5]					
Member dividends	**$ 151**	$ 151	$ 113	**$ 302**	$ 226
Sponsorships, donations and scholarships[6]	**39**	31	34	**70**	60
	$ 190	$ 182	$ 147	**$ 372**	$ 286
Indicators					
Net interest margin[5]	**2.33%**	2.34%	2.28%	**2.33%**	2.29%
Return on equity[7]	**11.0**	9.1	8.9	**10.1**	8.3
Credit loss provisioning rate[7]	**0.19**	0.27	0.28	**0.23**	0.28
Gross credit-impaired loans/gross loans[7]	**0.80**	0.86	0.82	**0.80**	0.82
Efficiency ratio – Personal and Business Services[7]	**65.6**	63.4	72.3	**64.5**	71.4
Insurance and annuity premiums – Wealth Management and Life and Health Insurance[7]	**$ 1,631**	$ 1,631	$ 1,570	**$ 3,262**	$ 3,258
On-balance sheet contractual service margin (CSM) – Wealth Management and Life and Health Insurance[8]	**2,412**	2,391	2,554	**2,412**	2,554
Direct written premiums – Property and Casualty Insurance[7]	**2,387**	1,746	2,243	**4,133**	3,914
On-balance sheet and off-balance sheet					
Assets	**$ 543,502**	$ 524,320	$ 501,254	**$ 543,502**	$ 501,254
Loans, net of allowance for credit losses	**325,208**	318,794	306,274	**325,208**	306,274
Deposits	**347,708**	334,104	320,919	**347,708**	320,919
Equity	**44,352**	42,933	40,315	**44,352**	40,315
Assets under administration[7]	**703,558**	653,304	637,644	**703,558**	637,644
Assets under management[7]	**305,664**	284,418	111,505	**305,664**	111,505
Average assets[7]	**533,911**	517,281	494,600	**526,021**	486,714
Capital and liquidity measures					
Tier 1A capital ratio[9]	**23.6%**	23.2%	22.9%	**23.6%**	22.9%
Tier 1 capital ratio[9]	**23.6**	23.2	22.9	**23.6**	22.9
Total capital ratio[9]	**26.0**	26.1	25.5	**26.0**	25.5
TLAC ratio[10]	**36.8**	36.4	33.2	**36.8**	33.2
Leverage ratio[9]	**7.5**	7.6	7.5	**7.5**	7.5
TLAC leverage ratio[10]	**11.6**	11.7	10.6	**11.6**	10.6
Risk-weighted assets[9]	**$ 158,945**	$ 156,869	$ 150,888	**$ 158,945**	$ 150,888
Liquidity Coverage Ratio[11]	**184%**	176%	161%	**184%**	161%
Net Stable Funding Ratio[11]	**133**	130	131	**133**	131
Other information					
Number of employees (full-time equivalent)	**53,470**	52,788	52,517	**53,470**	52,517

(1) Information presented as at June 30, 2026 and March 31, 2026 takes into account the amendments to IFRS 9, "*Financial Instruments*," adopted as at January 1, 2026. Comparative data have not been restated. For more information, refer to Note 2, "Accounting policies," to the Interim Combined Financial Statements.
(2) Some data have been restated to conform with the current period's presentation.
(3) Represents the non-interest expense directly related to the fulfillment of insurance contracts presented under "Insurance service result."
(4) The breakdown by line item is presented in Note 11, "Segmented information," to the Interim Combined Financial Statements.
(5) For more information about non-GAAP financial measures and non-GAAP ratios, see "Non-GAAP and other financial measures" on pages 5 to 7.
(6) Including $19 million from the caisses' Community Development Fund ($15 million for the first quarter of 2026, $17 million for the second quarter of 2025, $34 million for the first six-month period of 2026 and $30 million for the first six-month period of 2025).
(7) For further information about supplementary financial measures, see the Glossary on pages 46 to 51.
(8) On-balance sheet CSM of $2,615 million ($2,599 million as at March 31, 2026 and $2,809 million as at June 30, 2025) presented net of reinsurance in the amount of $203 million ($208 million as at March 31, 2026 and $255 million as at June 30, 2025). Included in the line items "Insurance contract liabilities" and "Reinsurance contract assets (liabilities)" on the Combined Balance Sheets. For more information, see Note 7, "Insurance and reinsurance contracts," to the Interim Combined Financial Statements.
(9) In accordance with the *Capital Adequacy Guideline* issued by the AMF for financial services cooperatives in particular; see the "Capital management" section.
(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 the "Capital management" section.
(11) In accordance with the *Liquidity Adequacy Guideline* issued by the AMF, see the "Risk management" section.

SIGNIFICANT EVENT

Acquisition of Guardian Capital Group Limited

On March 23, 2026, Desjardins Group, through Desjardins Global Asset Management Inc. (DGAM), an indirect subsidiary of the Federation, completed the acquisition of all the outstanding shares of Guardian Capital Group Limited (Guardian), a global investment management company that serves institutional, retail and private clients, and was publicly traded. This acquisition increases Desjardins Group's assets under management, strengthens its presence on the Canadian asset management market and supports its international development. The results of these operations are recognized under the Wealth Management and Life and Health Insurance segment.

ECONOMIC ENVIRONMENT AND OUTLOOK

Global economy

The outlook for the global economy remained broadly positive during the first half of 2026, despite fears over the conflict in Iran. Indicators from most of the major economies point to continued growth, albeit at a relatively slow pace. The retaliatory tariffs introduced by the United States were ended by a ruling from the Supreme Court, and their replacement by a lower, temporary tariff has benefited countries that export heavily to the U.S. Strong demand for computing products is also supporting international trade. The economic environment has been disrupted by the conflict in Iran, which triggered the most serious oil supply shock in several years, provoking a sudden contraction in global production. These disruptions quickly drove up energy prices worldwide. Although the global economy has become less dependent on oil over the last few decades, the shock has nevertheless led to downward revisions of real GDP growth forecasts for the major economies overseas. However, the easing of tensions, while fragile, should help stabilize the situation, and energy prices have already decreased from their peak in April. Following growth of 3.4% in 2025, global real GDP should increase by 2.9% in 2026 and 3.2% in 2027.

United States

Following weak growth in U.S. real GDP at the end of 2025, largely caused by lower public spending due to the budget deadlock, stronger growth at an annualized rate of 2.1% was recorded in the first quarter of 2026 owing to a recovery in federal spending and new momentum in artificial intelligence investments. The situation was then undermined by the war in Iran and the dramatic surge in gasoline prices. Faced with another rise in the cost of living, U.S. households have shown some resilience, appearing to prefer cutting back on savings rather than on spending. Investments in artificial intelligence will continue to underpin non-residential investment in the short term, although this masks some weakness in other sectors, where investment is generally in decline. Job creation improved in the spring following several fluctuations over much of 2025 and during the winter of 2026. This new trend is expected to continue over the coming quarters, although at a slightly more moderate pace. Rising energy prices quickly drove up the inflation rate to over 4%, but the decline in gasoline prices that followed the peak in May should help slow inflation. Real U.S. GDP is expected to grow by 2.0% in 2026.

Canada

The Canadian economy contracted 0.1% quarter-over-quarter and on an annualized basis in the first quarter of 2026, a result that fell far short of the private-sector consensus and the Bank of Canada's expectations. Although this marked the second consecutive quarter of declining real GDP, we do not believe that the Canadian economy was in recession at the start of the year. In fact, the weakness was concentrated in a few sectors. In order to speak of a recession, the weakness would need to have been generalized across the economy. A return to positive territory is, in fact, expected for the second quarter of 2026. Furthermore, consumption is likely to make a positive contribution to growth, especially since the employment data showed notable gains in May and June. The federal government made a one-off transfer of $3.1 billion to low and middle-income households on June 5, but this measure came late in the quarter, and its impact is likely to be mainly seen in the following quarter. Private investment will likely recover due to a rally in residential and non-residential investment. Oil prices will remain high for the remainder of 2026, despite the possibility of a potential agreement between the U.S. and Iran that may lead to a gradual resolution of the conflict in the Middle East. This should encourage investment in Canada's energy sector and support oil exports and revenues in the resource-rich provinces. The parties renegotiating CUSMA (the Canada-U.S.-Mexico Agreement) failed to reach a consensus by the July 1, 2026 deadline. The U.S. President recently signed an executive order introducing new 50% tariffs on nearly 5% of Canadian exports to the U.S., to be implemented on August 19, 2026. Negotiations are expected to continue, and uncertainty abounds. Furthermore, the slowdown in population growth is expected to weigh on Canada's labour supply and aging workforce. Given these downside risks to the forecasts, we continue to be of the view that the Bank of Canada will leave its key interest rate unchanged until 2027. Ultimately, Canadian real GDP could grow by 0.6% in 2026.

Quebec

Quebec's economy posted annualized GDP growth of 1.3% for the first quarter of 2026, compared to a slight contraction for the Canadian economy. However, while this result appears favourable, the fact remains that GDP rose largely due to an increase in inventories, while final domestic demand contracted, and net exports also eroded growth. Households remained cautious, as consumer spending has been essentially stagnant since the end of 2024. This weakness is in part a reflection of the recent demographic decline. Public administrations also made a negative contribution to the quarter's performance through cuts in consumption spending and investments, which nevertheless remain at historically high levels. One of the few encouraging signs comes from business investment, which rose for a second consecutive quarter. Meanwhile, trade levels continued to reflect the impacts of the U.S. shift toward protectionism, with a decline in foreign exports, particularly in the goods sector, while interprovincial trade remained sluggish. So even if Quebec is avoiding a technical recession, weak domestic demand and deteriorating foreign trade are pointing to modest economic growth in 2026, which we estimate at approximately 0.4%.

REVIEW OF FINANCIAL RESULTS

ANALYSIS OF RESULTS

SURPLUS EARNINGS

Comparison of the second quarters of 2026 and 2025

For the second quarter ended June 30, 2026, Desjardins Group recorded surplus earnings before member dividends of $1,213 million, up $313 million, or 34.8%, compared to the same period of 2025. Total net revenue rose by 13.0%, due in particular to higher net interest income in the Personal and Business Services segment. The Wealth Management and Life and Health Insurance segment also posted higher revenue, attributable to growth in assets under management and under administration, related in particular to the acquisition of Guardian. As for the Property and Casualty Insurance segment, higher revenue, essentially from automobile and property insurance, was partly offset by higher claims in the current year and the occurrence of flooding in Quebec.

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, a mission it continued to carry out in the second quarter of 2026.

- **A total of $190 million was returned to members and the community,**[1] compared to $147 million in the second quarter of 2025.
  - Member dividends totalled $151 million for the quarter ended June 30, 2026, up $38 million from the corresponding quarter of 2025.
  - An amount of $39 million was returned in the form of sponsorships, donations and scholarships, compared to $34 million in the same period last year, including $19 million in the second quarter of 2026 and $17 million in the second quarter of 2025 from the caisses' Community Development Fund.
- **Return on equity was 11.0%,** comparable to 8.9% recorded for the quarter ended June 30, 2025, mainly due to the increase in surplus earnings, as explained above.

The following table presents the calculation of return on equity.

Return on equity

(in millions of dollars and as a percentage)	For the three-month periods ended June 30, 2026	March 31, 2026	June 30, 2025	For the six-month periods ended June 30, 2026	June 30, 2025
Surplus earnings before member dividends	**$ 1,213**	$ 960	$ 900	**$ 2,173**	$ 1,638
Non-controlling interests' share	**(34)**	(17)	(33)	**(51)**	(38)
Group's share before member dividends	**$ 1,179**	$ 943	$ 867	**$ 2,122**	$ 1,600
Average equity – Group's share	**$ 42,983**	$ 41,993	$ 39,272	**$ 42,555**	$ 38,777
Return on equity[1][2]	**11.0%**	9.1%	8.9%	**10.1%**	8.3%

(1) For further information about supplementary financial measures, see the Glossary on pages 46 to 51.
(2) Corresponds to an annualized calculation that takes into account the number of days in the period concerned.

Comparison of the first six months of 2026 and 2025

For the first six months ended June 30, 2026, Desjardins Group recorded surplus earnings before member dividends of $2,173 million, up $535 million from the same period of 2025. This growth was due in particular to the results of the Personal and Business Services segment, which benefited from higher net interest income and a decrease in the provision for credit losses. The Property and Casualty Insurance segment also contributed to this increase through higher revenue from automobile and property insurance. For the Wealth Management and Life and Health Insurance segment, the increase in revenue attributable to the growth in assets under management and under administration, notably following the acquisition of Guardian, was offset by an increase in expenses related to these items.

- **A total of $372 million was returned to members and the community,**[1] up $86 million, compared to the first six months of 2025.
  - Member dividends totalled $302 million, up $76 million, compared to the corresponding period in 2025.
  - An amount of $70 million was returned in the form of sponsorships, donations and scholarships, up $10 million from the same period in 2025, including $34 million for the first six months of 2026 and $30 million for the first six months of 2025, from the caisses' Community Development Fund.
- **Return on equity was 10.1%,** comparable to 8.3% for the corresponding period of 2025, mainly due to the increase in surplus earnings, as explained above.

(1) For more information on non-GAAP financial measures, see "Non-GAAP and other financial measures" on pages 5 to 7.

TOTAL NET REVENUE

For the second quarter of 2026, **total net revenue amounted to $4,623 million,** up $532 million, or 13.0%, compared to that recorded for the same period in 2025.

For the first six months of 2026, **total net revenue amounted to $8,724 million,** up $951 million, or 12.2%, compared to that recorded for the comparable period in 2025.

NET INTEREST INCOME

Comparison of the second quarters of 2026 and 2025

Net interest income totalled $2,299 million, up $275 million, or 13.6%. This increase was due to a higher net interest margin,[1] which was 2.33%, compared to 2.28% for the corresponding period of 2025, as well as growth in residential mortgages and business loans outstanding.

Comparison of the first six months of 2026 and 2025

Net interest income was $4,486 million, up $495 million, or 12.4%. This increase was due to a higher net interest margin,[1] which was 2.33%, compared to 2.29% for the corresponding period of 2025, and to growth in residential mortgages and business loans outstanding.

NET INSURANCE SERVICE INCOME

The change in this heading, which consists of the insurance service result and the net insurance finance result, can be explained by items from the Wealth Management segment and the Life and Health Insurance segment and Property and Casualty Insurance segment.

Comparison of the second quarters of 2026 and 2025

Net insurance service income stood at $904 million,[2] an amount comparable to that of the second quarter of 2025.

Wealth Management and Life and Health Insurance segment

- Insurance service result of $143 million, down $21 million, or 12.8%, attributable to a less favourable experience in disability insurance.
- Net insurance finance result of $165 million, down $13 million, or 7.3%, mainly due to gains on disposals of buildings realized in 2025, partly offset by favourable developments in the markets.

Property and Casualty Insurance segment

- Insurance service result of $452 million**,** up $35 million or 8.4%, from the corresponding period of 2025, mainly due to the following:
  - Higher insurance revenue, mainly due to growth in automobile and property insurance premiums.
  - More favourable developments in prior year claims due to automobile insurance.
  - Offset by higher current year losses, primarily in property insurance, and flooding in Quebec.
- Net insurance finance result of $118 million, an amount comparable to that for the corresponding period of 2025.

Comparison of the first six months of 2026 and 2025

Net insurance service income totalled $1,438 million,[2] up $69 million, or 5.0%, compared to the first six months of 2025.

Wealth Management and Life and Health Insurance segment

- Insurance service result of $279 million, down $70 million, or 20.1%, due to the following:
  - Less favourable experience in disability insurance.
  - Increase in the loss component on onerous contracts, due to growth in sales volume.
- Net insurance finance result of $205 million, down $49 million, or 19.3%, essentially from gains on disposals of buildings realized in 2025, partly offset by favourable developments in the markets.

Property and Casualty Insurance segment

- Insurance service result of $686 million, up $167 million, or 32.2%, compared to the corresponding period of 2025 on account of the following:
  - Higher insurance revenue, mainly due to growth in automobile and property insurance premiums.
  - Less unfavourable effect of the loss component on onerous contracts, mainly attributable to automobile insurance.
  - More favourable developments in prior year claims, primarily due to automobile insurance and business insurance.
  - Offset by higher claims for the current year, mainly in property insurance.
- Net insurance finance result of $206 million, up $27 million, or 15.1%, due to favourable developments in the markets.

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[1] For more information on non-GAAP ratios, see "Non-GAAP and other financial measures" on pages 5 to 7.
[2] The difference between this result and the sum total of the segment results relates to intersegment transactions, which are eliminated in the Other category.

OTHER INCOME

Comparison of the second quarters of 2026 and 2025

Other income stood at $1,420 million, up $258 million, or 22.2%, compared to the second quarter of 2025, due to the following:
- Increase in income related to growth in assets under management and under administration, in particular following the acquisition of Guardian.
- Decrease in other net investment losses.
- Higher foreign exchange income.

Comparison of the first six months of 2026 and 2025

Other income stood at $2,800 million, up $387 million, or 16.0%, compared to the corresponding period of 2025, due to the following:
- Increase in income related to growth in assets under management and under administration, in particular following the acquisition of Guardian.
- Higher foreign exchange income.
- Increase in business volumes in credit card payment activities.

PROVISION FOR CREDIT LOSSES

Comparison of the second quarters of 2026 and 2025

The provision for credit losses amounted to $165 million, compared to $203 million for the corresponding period of 2025. This decrease of $38 million was due to the following:
- Decrease in the provision related to credit-impaired loans in the business loan portfolio.
- Offset by an increase in the provision related to non-credit impaired loans, primarily due to a deterioration in the economic outlook.

Desjardins Group has continued to present a quality loan portfolio in 2026.
- Credit loss provisioning rate of 0.19% for the second quarter of 2026, compared to 0.28% for the corresponding period of 2025. This decline was due to the decrease in the provision for credit losses.
- Ratio of gross credit-impaired loans, as a percentage of the total gross loans portfolio, of 0.80%, compared to 0.82% as at June 30, 2025.

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

Credit loss provisioning rate

	For the three-month periods ended			For the six-month periods ended	
(in millions of dollars and as a percentage)	**June 30, 2026**	March 31, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
Total provision for credit losses	**$ 165**	$ 212	$ 203	**$ 377**	$ 413
Provision for (recovery of) credit losses on securities	**8**	1	(9)	**9**	(2)
Provision for credit losses on loans and off-balance sheet items	**$ 157**	$ 211	$ 212	**$ 368**	$ 415
Average gross loans[1]	**$ 323,460**	$ 318,175	$ 302,758	**$ 320,999**	$ 298,811
Credit loss provisioning rate[1][2]	**0.19%**	0.27%	0.28%	**0.23%**	0.28%

[1] For further information on supplementary financial measures, see the Glossary on pages 46 to 51.
[2] Corresponds to an annualized calculation that takes into account the number of days in the period concerned.

Comparison of the first six months of 2026 and 2025

The provision for credit losses totalled $377 million, compared to $413 million for the corresponding period of 2025. This $36 million decrease stemmed from the following:
- Decrease in the provision related to credit-impaired loans, mainly in the business loan portfolio.
- Offset by an increase in the provision related to non-credit impaired loans, primarily due to a deterioration in the economic outlook.

Desjardins Group has continued to present a quality loan portfolio in 2026.
- The credit loss provisioning rate was 0.23% for the first six months of 2026, compared to 0.28% for the corresponding period of 2025. This decline was due to a decrease in the provision for credit losses.
- The ratio of gross credit-impaired loans, as a percentage of the total gross loans portfolio, was 0.80%, compared to 0.82% as at June 30, 2025.

GROSS NON-INTEREST EXPENSE

Comparison of the second quarters of 2026 and 2025

Gross non-interest expense totalled $3,112 million, up $162 million, or 5.5%, from the second quarter of 2025, due to the following:
- Increased spending on personnel, due in particular to the acquisition of Guardian.
- Higher commission fees related to growth in assets under management and under administration.
- Increased spending on technology.

Comparison of the first six months of 2026 and 2025

Gross non-interest expense totalled $5,989 million, up $303 million, or 5.3%, compared to the first six months of 2025, due to the following:
- Increased spending on personnel, due in particular to the acquisition of Guardian and wage indexation.
- Higher commission fees due to growth in assets under management and under administration.
- Increased spending on technology.

INCOME TAXES ON SURPLUS EARNINGS

Comparison of the second quarters of 2026 and 2025

Income taxes on surplus earnings after member dividends of $373 million, up $105 million, compared to the second quarter of 2025 due to the increase in surplus earnings.
- Effective tax rate on surplus earnings after member dividends(1) of 25.3% for the quarter ended June 30, 2026, comparable to an effective tax rate of 24.7% for the corresponding period in 2025.

Comparison of the first six months of 2026 and 2025

Income taxes on surplus earnings after member dividends of $644 million, up $174 million, compared to the first six months of 2025, due to the increase in surplus earnings.
- Effective tax rate on surplus earnings after member dividends(1) of 24.8% for the first six months of 2026, similar to the rate of 24.2% recorded for the same period in 2025.

RESULTS BY BUSINESS SEGMENT

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 the Other category. This section presents an analysis of the results for each of these segments.

Additional information on these business segments, particularly their profile, operations, 2025 achievements and the industry in which they operate, can be found on pages 24 to 35 of Desjardins Group's 2025 annual MD&A.

Personal and Business Services

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 Quebec and is present on the financial services scene across Canada.

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 Quebec, made up of dedicated professionals who are there for them at every stage in their life or entrepreneurial journey.

(1) For further information about supplementary financial measures, see the Glossary on pages 46 to 51.

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.

Personal and Business Services – Segment results

(in millions of dollars and as a percentage)	For the three-month periods ended			For the six-month periods ended	
	June 30, 2026	March 31, 2026	June 30, 2025[(1)]	**June 30, 2026**	June 30, 2025[(1)]
Net interest income	**$ 2,201**	$ 2,114	$ 1,920	**$ 4,315**	$ 3,738
Other income	**680**	683	672	**1,363**	1,342
Total net revenue	**2,881**	2,797	2,592	**5,678**	5,080
Provision for credit losses	**157**	210	214	**367**	415
Gross non-interest expense	**1,889**	1,774	1,875	**3,663**	3,627
Income taxes on surplus earnings	**202**	206	133	**408**	269
Surplus earnings before member dividends	**633**	607	370	**1,240**	769
Member dividends, net of tax recovery	**112**	110	84	**222**	168
Net surplus earnings for the period after member dividends	**$ 521**	$ 497	$ 286	**$ 1,018**	$ 601
Indicators					
Average assets[(2)]	**$ 398,285**	$ 389,464	$ 380,871	**$ 393,623**	$ 372,719
Average core interest-bearing assets[(3)]	**290,550**	286,183	273,511	**288,766**	269,828
Average gross loans[(2)]	**311,288**	306,496	292,373	**309,031**	288,535
Average deposits[(2)]	**232,878**	228,814	226,917	**231,340**	224,604
Net interest margin[(3)]	**2.84%**	2.83%	2.64%	**2.83%**	2.62%
Efficiency ratio[(2)]	**65.6**	63.4	72.3	**64.5**	71.4
Credit loss provisioning rate[(2)]	**0.20**	0.28	0.29	**0.24**	0.29

(1) Changes have been made to the model used to allocate net interest income between segments. For the three- and six-month periods ended June 30, 2025, these changes would have resulted in increases of $75 million and $160 million, respectively, in "Net interest income" and decreases of $35 million and $53 million, respectively, in "Other income" - Personal and Business Services, with a corresponding opposite impact on the same line items of the Other category. No comparative data have been restated.

(2) For further information about supplementary financial measures, see the Glossary on pages 46 to 51.

(3) For more information about non-GAAP financial measures and non-GAAP ratios, see "Non-GAAP and other financial measures" on pages 5 to 7.

Comparison of the second quarters of 2026 and 2025

Surplus earnings before member dividends stood at $633 million, up $263 million compared to the same period in 2025, due to the following:

- **Total net revenue of $2,881 million,** up $289 million, or 11.1%.
  - **Net interest income of $2,201 million,** up $281 million, or 14.6%. This increase was primarily due to:
    - An improved net interest margin, which stood at 2.84%, compared to 2.64% for the corresponding period of 2025.
    - Growth in average residential mortgages and business loans outstanding.
  - **Other income totalled $680 million,** up $8 million, or 1.2%, mainly due to growth in business volumes in credit card payment activities.

- **Provision for credit losses of $157 million,** compared to $214 million for the corresponding period of 2025. This $57 million decrease was due to the following:
  - Decrease in the provision related to credit-impaired loans in the business loan portfolio.
  - Offset by an increase in the provision related to non-credit impaired loans, primarily due to a deterioration in the economic outlook.

- **Gross non-interest expense of $1,889 million,** up slightly by $14 million, or 0.7%, reflecting the focus on expenditure management.

- **Efficiency ratio of 65.6%,** compared to 72.3% for the second quarter of 2025, mainly due to growth in total net revenue that outstripped the growth in gross non-interest expense.

Comparison of the first six months of 2026 and 2025

Surplus earnings before member dividends of $1,240 million, up $471 million compared to the first six months of 2025, due to the following:

- **Total net revenue of $5,678 million,** up $598 million, or 11.8%.
  - **Net interest income of $4,315 million,** up $577 million, or 15.4%. This increase was due to:
    - An improved net interest margin, which stood at 2.83%, compared to 2.62% for the corresponding period of 2025.
    - Growth in average residential mortgage loans and business loans outstanding.
  - **Other income totalled $1,363 million,** up $21 million, or 1.6%, mainly due to growth in business volumes in credit card payment activities, partly offset by lower service expenses.

- **Provision for credit losses of $367 million,** compared to $415 million for the comparable period of 2025. This $48 million decrease was due to the following:
  - Decrease in the provision related to credit-impaired loans, mainly in the business loan portfolio.
  - Offset by an increase in the provision related to non-credit impaired loans, primarily due to a deterioration in the economic outlook.

- **Gross non-interest expense of $3,663 million,** up $36 million, or 1.0%, as a result of an increase in spending on personnel.

- **Efficiency ratio at 64.5%,** compared to 71.4% for the first six months of 2025, mainly due to total net revenue growing more strongly than gross non-interest expense.

Wealth Management and Life and Health Insurance

The Wealth Management and Life and Health Insurance segment plays a leading role in supporting members and clients in becoming financially empowered, and helping them to save and invest according to their plans and objectives as well as protect themselves and their loved ones, through a range of high-quality products and services.

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 (SFL Wealth Management).
- Insurance and investment solution networks (including subsidiaries of Worldsource Group of Companies Inc.).
- Actuarial consulting firms and brokers.
- Client Relations Centres and digital channels.

Since March 23, 2026, the Wealth Management and Life and Health Insurance segment also includes operations resulting from Desjardins's acquisition of Guardian, a publicly traded global investment management company that serves institutional, retail and private clients. This acquisition has increased the assets under management of Desjardins Group, strengthening its presence in the Canadian asset management market and supporting its international development.

Wealth Management and Life and Health Insurance – Segment results

	As at or for the three-month periods ended			As at or for the six-month periods ended	
(in millions of dollars)	**June 30, 2026**	March 31, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025[1]
Net interest income	**$ 92**	$ 81	$ 69	**$ 173**	$ 138
Insurance service result					
Insurance revenue	**1,116**	1,124	1,109	**2,240**	2,195
Insurance service expenses	**(972)**	(979)	(940)	**(1,951)**	(1,829)
Net reinsurance service income (expenses)	**(1)**	(9)	(5)	**(10)**	(17)
	143	136	164	**279**	349
Net insurance finance result					
Net insurance investment income (loss)	**1,062**	56	74	**1,118**	513
Net insurance finance income (expenses)	**(924)**	(16)	113	**(940)**	(259)
Net reinsurance finance income (expenses)	**27**	—	(9)	**27**	—
	165	40	178	**205**	254
Net insurance service income	**308**	176	342	**484**	603
Other income	**891**	785	695	**1,676**	1,387
Total net revenue	**1,291**	1,042	1,106	**2,333**	2,128
Provision for (recovery of) credit losses	**6**	3	(9)	**9**	(1)
Non-interest expense					
Gross non-interest expense	**1,041**	957	906	**1,998**	1,784
Non-interest expense included in insurance service expenses[1]	**(84)**	(83)	(83)	**(167)**	(159)
Net non-interest expense	**957**	874	823	**1,831**	1,625
Income taxes on surplus earnings	**76**	35	66	**111**	110
Net surplus earnings for the period	**$ 252**	$ 130	$ 226	**$ 382**	$ 394
Of which:					
Group's share	**$ 250**	$ 130	$ 226	**$ 380**	$ 394
Non-controlling interests' share	**2**	—	—	**2**	—
Indicators					
On-balance sheet contractual service margin (CSM)[2][3]	**$ 2,412**	$ 2,391	$ 2,554	**$ 2,412**	$ 2,554
CSM on new sales for the period[3][4]	**21**	25	27	**46**	45
Net sales of savings products[5][6]	**3,857**	6,517	1,766	**10,374**	6,498
Insurance sales[6]	**225**	267	182	**492**	398
Group insurance premiums[6]	**1,157**	1,149	1,110	**2,306**	2,202
Individual insurance premiums[6]	**339**	350	312	**689**	627
Annuity premiums[6]	**135**	132	148	**267**	429

(1) Represents the non-interest expense directly related to the fulfillment of insurance contracts presented under "Insurance service result."

(2) Included under "Insurance contract liabilities" and "Reinsurance contract assets (liabilities)" in the Combined Balance Sheets. For further information, see Note 7, "Insurance and reinsurance contracts," to the Interim Combined Financial Statements.

(3) On-balance sheet CSM of $2,615 million ($2,599 million as at March 31, 2026 and $2,809 million as at June 30, 2025) presented net of reinsurance for an amount of $203 million ($208 million as at March 31, 2026 and $255 million as at June 30, 2025).

(4) CSM on new insurance business for the period totalling $19 million ($23 million for the first quarter of 2026, $25 million for the second quarter of 2025, $42 million for the first six months of 2026 and $42 million for the first six months of 2025) presented net of reinsurance for an amount of $(2) million ($(2) million for the first quarter of 2026 and $(2) million for the second quarter of 2025, $(4) million for the first six months of 2026 and $(3) million for the first six months of 2025).

(5) Including $(104) million in segregated funds ($(114) million for the first quarter of 2026, $(82) million for the second quarter of 2025, $(218) million for the first six months of 2026 and $(160) million for the first six months of 2025).

(6) For further information about supplementary financial measures, see the Glossary on pages 46 to 51.

Comparison of the second quarters of 2026 and 2025

Net surplus earnings stood at $252 million, up $26 million compared to the second quarter of 2025. This increase was due to the following:

- **Total net revenue of $1,291 million,** up $185 million, or 16.7%.
  - **Net interest income of $92 million**, up $23 million, or 33.3%, due to business growth.
  - **Insurance service result of $143 million,** down $21 million, or 12.8%, attributable to a less favourable experience in disability insurance.
  - **Net insurance finance result of $165 million,** down $13 million, or 7.3%, mainly due to gains on disposals of buildings realized in 2025, partly offset by favourable developments in the markets.
  - **Other income of $891 million,** up $196 million, or 28.2%, primarily from management and custodial service fees related to the increase in assets under management and under administration. This increase was due to business growth, developments in the markets and the acquisition of Guardian.

- **Gross non-interest expense of $1,041 million,** up $135 million, or 14.9%. This increase was primarily due to the following:
  - Higher commissions as a result of growth in the volume of assets under management and under administration.
  - Increased spending on personnel, of which $47 million came from the acquisition of Guardian.

  Note that a gross non-interest expense of $84 million was included under insurance service expenses, compared to $83 million for the second quarter of 2025.

- **Additional information on the contractual service margin (CSM)**
  - Balance sheet CSM of $2,412 million as at June 30, 2026, compared to $2,391 million as at March 31, 2026. This growth in CSM was due to changes in estimates, new sales and finance expenses, partly offset by the effect of services rendered.

Comparison of the first six months of 2026 and 2025

Net surplus earnings of $382 million, down $12 million, compared to the corresponding period of 2025, due to the following:

- **Total net revenue of $2,333 million,** up $205 million, or 9.6%.
  - **Net interest income of $173 million,** up $35 million, or 25.4%, due to business growth.
  - **Insurance service result of $279 million,** down $70 million, or 20.1%, due to the following:
    - Less favourable experience in disability insurance.
    - Increase in the loss component on onerous contracts, due to growth in sales volume.
  - **Net insurance finance result of $205 million,** down $49 million, or 19.3%, essentially from gains on disposals of buildings realized in 2025, partly offset by favourable developments in the markets.
  - **Other income of $1,676 million,** up $289 million, or 20.8%, primarily from management and custodial service fees related to the increase in assets under management and under administration. This increase was due to business growth, developments in the markets and the acquisition of Guardian.

- **Gross non-interest expense of $1,998 million,** up $214 million, or 12.0%, owing primarily to the following:
  - Higher commissions related to growth in assets under management and under administration.
  - A rise in spending on personnel, of which $52 million came from the Guardian acquisition.

  It should be mentioned that $167 million of gross non-interest expense is included in insurance service expenses, compared to $159 million for the first six months of 2025.

- **Additional information on the contractual service margin (CSM)**
  - Balance sheet CSM of $2,412 million as at June 30, 2026, compared to $2,385 million as at December 31, 2025. The growth in CSM was due to changes in estimates, new sales and finance expenses, partly offset by the effect of services rendered.

Property and Casualty Insurance

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 Quebec and at Caisse Desjardins Ontario Credit Union Inc. and the Desjardins Business centres as well as the Business Services Centre, 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 400 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 Insurance Company of Prince Edward Island (ICPEI) are distributed by a network of independent brokers across all the provinces of Canada. 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 3.8 million members and clients, markets its products to the Canada-wide individual and business market under the Desjardins Insurance banner; to the group market—including members of professional associations and unions, and employers' staff—under the The Personal banner; and through brokers under the ICPEI banner, a Desjardins subsidiary specialized in business insurance.

Property and Casualty Insurance – Segment results

(in millions of dollars and as a percentage)	For the three-month periods ended June 30, 2026	March 31, 2026	June 30, 2025	For the six-month periods ended June 30, 2026	June 30, 2025
Insurance service result					
Insurance revenue	**$ 2,080**	$ 2,018	$ 1,985	**$ 4,098**	$ 3,916
Insurance service expenses	**(1,550)**	(1,781)	(1,486)	**(3,331)**	(3,276)
Net reinsurance service income (expenses)	**(78)**	(3)	(82)	**(81)**	(121)
	452	234	417	**686**	519
Net insurance finance result					
Net insurance investment income (loss)	**213**	113	148	**326**	318
Net insurance finance income (expenses)	**(104)**	(27)	(38)	**(131)**	(156)
Net reinsurance finance income (expenses)	**9**	2	5	**11**	17
	118	88	115	**206**	179
Net insurance service income	**570**	322	532	**892**	698
Other income (loss)	**(1)**	(5)	(2)	**(6)**	(9)
Total net revenue	**569**	317	530	**886**	689
Provision for (recovery of) credit losses	**2**	(1)	(2)	**1**	(1)
Non-interest expense					
Gross non-interest expense	**360**	295	305	**655**	581
Non-interest expense included in insurance service expenses[1]	**(203)**	(185)	(184)	**(388)**	(348)
Net non-interest expense	**157**	110	121	**267**	233
Income taxes on surplus earnings	**107**	54	104	**161**	116
Net surplus earnings for the period	**$ 303**	$ 154	$ 307	**$ 457**	$ 341
Of which:					
Group's share	**$ 271**	$ 137	$ 274	**$ 408**	$ 303
Non-controlling interests' share	**32**	17	33	**49**	38
Indicators					
Direct written premiums[2]	**$ 2,387**	$ 1,746	$ 2,243	**$ 4,133**	$ 3,914
Loss ratio[3][4]	**59.6%**	67.3%	58.7%	**63.4%**	64.3%
Current year loss ratio[3][4]	**65.3**	73.3	63.7	**69.2**	68.5
Loss ratio related to catastrophes and major events[3][4]	**5.0**	1.1	3.1	**3.1**	2.9
Ratio of changes in prior year claims[3][4]	**(10.7)**	(7.1)	(8.1)	**(8.9)**	(7.1)
Expense ratio[3]	**26.5**	26.5	26.9	**26.5**	26.2
Ratio of losses on onerous contracts[3]	**0.5**	3.6	2.5	**2.0**	5.5
Combined ratio[3][4]	**86.6**	97.4	88.1	**91.9**	96.0
Discounted combined ratio[3]	**83.0**	93.4	84.1	**88.1**	92.1

(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 46 to 51.
(3) For more information about non-GAAP ratios, see "Non-GAAP and other financial measures" on pages 5 to 7.
(4) Undiscounted ratio, therefore excluding the effect of discounting net liabilities for claims incurred.

Comparison of the second quarters of 2026 and 2025

Net surplus earnings stood at $303 million, an amount comparable to the second quarter of 2025.

- **Total net revenue of $569 million,** up $39 million, or 7.4%.
  - **Insurance service result of $452 million,** up $35 million, or 8.4%.
    - **Insurance revenue of $2,080 million,** up $95 million, or 4.8%, mainly due to premium growth in automobile and property insurance.
    - **Insurance service expenses of $1,550 million,** up $64 million, or 4.3%. By including ceded insurance service expenses of $25 million ($20 million in the comparable period of 2025) presented under "Net reinsurance service income (expenses)," the increase was $59 million, or 4.0%, due to the following:
      - Higher current year claims, primarily in property insurance.
      - Flooding in Quebec.

      This increase was partly offset by the following:
      - More favourable developments in prior year claims attributable to automobile insurance.
      - Less unfavourable effect of the loss component on onerous contracts, essentially due to automobile insurance.
  - **Net insurance finance result of $118 million,** an amount comparable to that of the second quarter of 2025.

- **Gross non-interest expense of $360 million,** up $55 million, or 18.0%, mainly due to the following:
  - Contingency provisions for our operations.
  - Increased spending on technology.

  Note that a gross non-interest expense of $203 million was included in insurance service expenses, compared to $184 million for the second quarter of 2025.

Comparison of the first six months of 2026 and 2025

Net surplus earnings of $457 million, up $116 million, compared to the corresponding period of 2025, due to the following:

- **Total net revenue of $886 million,** up $197 million, or 28.6%.
  - **Insurance service result of $686 million,** up $167 million, or 32.2%.
    - **Insurance revenue of $4,098 million,** up $182 million, or 4.6%, mainly due to premium growth in automobile and property insurance.
    - **Insurance service expenses of $3,331 million,** up $55 million, or 1.7%. By including ceded insurance service expenses of $122 million ($77 million in the corresponding period of 2025) presented under "Net reinsurance service income (expenses)," there was an increase of $10 million, mainly on account of the following:
      - Higher claims experience for the current year, mainly in property insurance.
      - Higher amortization of acquisition costs.

      This increase was partly offset by the following:
      - Less unfavourable effect of the loss component on onerous contracts, mainly attributable to automobile insurance.
      - More favourable developments in prior year claims, primarily attributable to automobile insurance and business insurance.
  - **Net insurance finance result of $206 million,** up $27 million, or 15.1%, due to favourable results on futures contracts, whereas unfavourable results were recorded in the comparable period of 2025.

- **Gross non-interest expense of $655 million,** up $74 million, or 12.7%, mainly due to the following:
  - Contingency provisions for our operations.
  - Increased spending on technology.
  - Higher spending on personnel, due in particular to wage indexation.

  Note that a gross non-interest expense of $388 million was included in insurance service expenses, compared to $348 million for the comparable period of 2025.

Other category

The Other category includes financial information that is not specific to a business segment. It mainly includes treasury activities and the results for the support functions provided by the Federation to Desjardins Group as a whole, including: finance, including treasury; operations, including procurement; risk management, including compliance; the member and client experience, cooperation, culture, marketing, communications and human resources; the Project Management Office; the Desjardins Group Security Office; legal affairs and the Sustainable Development Office. It also includes all of Desjardins Group's IT operations. Non-interest expenses for support functions and Desjardins Group's IT operations are largely allocated to the various business segments.

The Other category also includes various adjustments required to prepare the Interim Combined Financial Statements and intersegment balance eliminations.

Other category

	For the three-month periods ended			For the six-month periods ended	
(in millions of dollars)	**June 30, 2026**	March 31, 2026	June 30, 2025[1]	**June 30, 2026**	June 30, 2025[1]
Net interest income	**$ 6**	$ (8)	$ 35	**$ (2)**	$ 115
Net insurance service income	**26**	36	31	**62**	68
Other income (loss)	**(150)**	(83)	(203)	**(233)**	(307)
Total net revenue (loss)	**(118)**	(55)	(137)	**(173)**	(124)
Net non-interest expense	**(170)**	(141)	(128)	**(311)**	(291)
Income taxes on surplus earnings	**27**	17	(6)	**44**	33
Net surplus earnings (deficit) for the period	**$ 25**	$ 69	$ (3)	**$ 94**	$ 134

(1) Changes have been made to the model used to allocate net interest income between segments. For the three- and six-month periods ended June 30, 2025, these changes would have resulted in increases of $75 million and $160 million, respectively, in "Net interest income" and decreases of $35 million and $53 million, respectively, in "Other income" - Personal and Business Services, with a corresponding opposite impact on the same line items of the Other category. No comparative data have been restated.

Comparison of the second quarters of 2026 and 2025

- **Net surplus earnings of $25 million,** compared to a net deficit of $3 million for the second quarter of 2025.
  - Related to the favourable effect on net other investment income (loss) included under other income.

Comparison of the first six months of 2026 and 2025

- **Net surplus earnings of $94 million,** down $40 million compared to the first six months of 2025, which had benefited from more favourable conditions related to treasury activities, interest rate fluctuations in the markets and hedging positions.

Due to the activities and intersegment balance eliminations in the Other category, the comparability of the periods' results is limited.

SUMMARY OF INTERIM RESULTS

The table below presents a summary of data related to the results for Desjardins Group's most recent eight quarters.

Results for the previous eight quarters

	2026		2025				2024	
(in millions of dollars)	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Net interest income	**$ 2,299**	$ 2,187	$ 2,151	$ 2,137	$ 2,024	$ 1,967	$ 1,962	$ 1,915
Insurance service result								
Insurance revenue	**3,160**	3,107	3,125	3,094	3,041	2,991	2,998	2,945
Insurance service expenses	**(2,466)**	(2,720)	(2,373)	(2,501)	(2,362)	(2,650)	(2,268)	(3,168)
Net reinsurance service income (expenses)	**(79)**	(12)	(58)	(53)	(86)	(51)	58	493
	615	375	694	540	593	290	788	270
Net insurance finance result								
Net insurance investment income (loss)	**1,278**	199	184	869	241	639	375	1,560
Net insurance finance income (expenses)	**(1,025)**	(42)	46	(623)	76	(487)	(309)	(1,463)
Net reinsurance finance income (expenses)	**36**	2	(6)	18	(5)	22	28	57
	289	159	224	264	312	174	94	154
Net insurance service income	**904**	534	918	804	905	464	882	424
Other income								
Deposit and payment service charges	**132**	137	145	145	142	137	138	134
Lending fees and card service revenues	**273**	280	285	275	257	262	278	260
Brokerage and investment fund services	**427**	430	424	388	392	391	367	374
Management and custodial service fees	**409**	302	309	264	270	248	261	219
Net other investment income (loss)	**(15)**	28	(8)	(55)	(64)	61	(101)	(60)
Foreign exchange income	**116**	117	119	111	95	97	80	66
Other	**78**	86	70	53	70	55	91	53
	1,420	1,380	1,344	1,181	1,162	1,251	1,114	1,046
Total net revenue	**4,623**	4,101	4,413	4,122	4,091	3,682	3,958	3,385
Provision for credit losses	**165**	212	163	112	203	210	272	105
Non-interest expense								
Gross non-interest expense	**3,112**	2,877	3,172	2,779	2,950	2,736	2,868	2,524
Non-interest expense included in insurance service expenses	**(279)**	(260)	(262)	(242)	(259)	(233)	(209)	(235)
Net non-interest expense	**2,833**	2,617	2,910	2,537	2,691	2,503	2,659	2,289
Operating surplus earnings	**1,625**	1,272	1,340	1,473	1,197	969	1,027	991
Income taxes on surplus earnings	**412**	312	282	358	297	231	201	234
Surplus earnings before member dividends	**1,213**	960	1,058	1,115	900	738	826	757
Member dividends	**151**	151	166	113	113	113	107	110
Tax recovery on member dividends	**(39)**	(41)	(40)	(29)	(29)	(29)	(23)	(28)
Net surplus earnings for the period after member dividends	**$ 1,101**	$ 850	$ 932	$ 1,031	$ 816	$ 654	$ 742	$ 675
Of which:								
Group's share	**$ 1,067**	$ 833	$ 892	$ 997	$ 783	$ 649	$ 689	$ 664
Non-controlling interests' share	**34**	17	40	34	33	5	53	11

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. For more information about quarterly trends, see pages 38 and 39 of the 2025 annual MD&A.

BALANCE SHEET REVIEW

BALANCE SHEET MANAGEMENT

Combined Balance Sheets

(in millions of dollars and as a percentage)	As at June 30, 2026[1]			As at December 31, 2025		
Assets						
Cash and deposits with financial institutions	**$**	**7,688**	**1.4%**	$	5,848	1.1%
Securities		**107,574**	**19.8**		105,677	20.7
Securities borrowed or purchased under reverse repurchase agreements		**31,134**	**5.7**		22,809	4.5
Loans, net of allowance for credit losses		**325,208**	**59.8**		314,703	61.7
Segregated fund net assets		**37,408**	**6.9**		34,079	6.7
Derivative financial instruments		**13,381**	**2.5**		10,862	2.1
Other assets		**21,109**	**3.9**		16,264	3.2
Total assets	**$**	**543,502**	**100.0%**	$	510,242	100.0%
Liabilities and equity						
Deposits	**$**	**347,708**	**64.1%**	$	329,494	64.7%
Insurance contract liabilities		**35,389**	**6.5**		34,737	6.8
Commitments related to securities sold short		**19,263**	**3.5**		15,913	3.1
Commitments related to securities lent or sold under repurchase agreements		**13,194**	**2.4**		15,937	3.1
Derivative financial instruments		**10,444**	**1.9**		8,861	1.7
Segregated fund net liabilities – Investment contracts		**33,853**	**6.2**		30,496	6.0
Other liabilities		**34,273**	**6.3**		27,682	5.4
Subordinated notes		**5,026**	**0.9**		4,810	0.9
Equity		**44,352**	**8.2**		42,312	8.3
Total liabilities and equity	**$**	**543,502**	**100.0%**	$	510,242	100.0%

[1] The information presented as at June 30, 2026 reflects amendments to IFRS 9, "*Financial Instruments*", adopted as at January 1, 2026. Comparative information has not been restated. For more information, refer to Note 2, "Accounting policies," to the Interim Combined financial statements.

Assets

As at June 30, 2026, Desjardins Group's total assets stood at $543.5 billion, up $33.3 billion, or 6.5%, since December 31, 2025.

Desjardins Group's cash and deposits with financial institutions were up $1.8 billion, or 31.5%, and securities, including securities borrowed or purchased under reverse repurchase agreements, rose $10.2 billion, or 8.0%, reflecting liquidity management activities.

Desjardins Group's outstanding loan portfolio, net of the allowance for credit losses, increased $10.5 billion, or 3.3%, primarily as a result of residential mortgage loans, which were up $7.9 billion, or 4.0%. Business and government loans have climbed $2.6 billion, or 2.8%, since the end of 2025. Consumer, credit card and other personal loans outstanding were comparable to their December 31, 2025 level.

Information on the quality of Desjardins Group's credit portfolio can be found in the "Risk management" section, on pages 30 to 32 of this MD&A.

Segregated fund net assets rose $3.3 billion, or 9.8%, on account of the increase in the fair value of the portfolio as a result of financial market developments.

Derivative financial instrument assets were up $2.5 billion, or 23.2%, owing primarily to financial market developments and exchange rate fluctuations.

Other assets rose $4.8 billion, or 29.8%, mainly as a result of higher amounts receivable from clients, brokers and financial institutions, higher net defined benefit plan assets, as well as increased goodwill resulting from the Guardian acquisition.

Liabilities

Desjardins Group's total liabilities amounted to $499.2 billion as at June 30, 2026, up $31.2 billion, or 6.7%, since December 31, 2025.

Outstanding deposits grew $18.2 billion, or 5.5%. Outstanding business and government deposits, which comprised 49.6% of Desjardins Group's total deposit portfolio, were largely responsible for this growth. These deposits outstanding were up $14.7 billion, or 9.3%, owing primarily to the various securities issued in the Canadian, U.S. and international markets, and growth in business member and client deposits. Personal deposits outstanding, which accounted for 50.3% of the total deposit portfolio, rose $3.5 billion or 2.0%. Deposits from deposit-taking institutions have remained stable since the end of 2025.

Desjardins Group's insurance contract liabilities rose by $0.7 billion or 1.9%, primarily on account of the change in liabilities as a result of life and health as well as property and casualty insurance activities.

Commitments related to securities sold short and lent or sold under repurchase agreements increased $0.6 billion, or 1.9%, to a volume of $32.5 billion.

Derivative financial instrument liabilities have risen $1.6 billion, or 17.9%, since December 31, 2025, owing primarily to financial market developments.

Segregated fund net liabilities for investment contracts were up $3.4 billion, or 11.0%, on account of the increase in the fair value of the portfolio as a result of financial market developments.

Other liabilities increased $6.6 billion, or 23.8%, primarily due to an increase in amounts payable to clients, brokers and financial institutions.

Subordinated notes climbed $0.2 billion, or 4.5%, owing to an issue of $1.0 billion on March 3, 2026 and an issue of $208 million (24.0 billion yen) on June 4, 2026 in non-viability contingency capital (NVCC)-eligible subordinated notes, partly offset by the repurchase, on May 28, 2026, of its NVCC subordinated notes amounting to $1.0 billion and maturing on May 28, 2031.

Equity

Equity has increased $2.0 billion, or 4.8%, since December 31, 2025 primarily due to net surplus earnings after member dividends totalling $2.0 billion for the first six months of 2026.

Note 21, "Capital stock," and Note 22, "Share capital," to the Annual Combined Financial Statements provide additional information about Desjardins Group's capital stock and share capital.

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 is updated annually by the Board of Directors of the Federation based on changes in the above factors. Additional information on the Integrated Capital Management Framework can be found in Section 3.2, "Capital management," of Desjardins Group's 2025 annual MD&A.

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.

Under this 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 Casualty 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 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* (TLAC Guideline) issued by the AMF.

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

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 ratios as at June 30, 2026
Tier 1A capital ratio[(3)]	>	4.5%	2.5%	>	7.0%	1.0%	>	8.0%	**23.6%**
Tier 1 capital ratio[(3)]	>	6.0	2.5	>	8.5	1.0	>	9.5	**23.6**
Total capital ratio[(3)]	>	8.0	2.5	>	10.5	1.0	>	11.5	**26.0**
TLAC ratio[(4)]	>	21.5	N/A	>	21.5	N/A	>	21.5	**36.8**
Leverage ratio[(5)]	>	3.0	N/A	>	3.0	0.5	>	3.5	**7.5**
TLAC leverage ratio[(6)]	>	6.75	N/A	>	6.75	N/A	>	6.75	**11.6**

(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 ratios. Additional information in this regard can be found in Desjardins Group's 2025 annual MD&A on page 42. The "Changes in the regulatory environment" section of this MD&A also presents additional details on regulation as it affects all Desjardins Group operations.

In January 2026, the AMF issued a revised revision of the *Capital Adequacy Guideline*. The proposed changes became effective on January 1, 2026 and no significant impacts have been noted.

Compliance with requirements

As at June 30, 2026, the Tier 1A, Tier 1 and total capital ratios of Desjardins Group, calculated in accordance with Basel III requirements, were 23.6%, 23.6% and 26.0%, respectively. The leverage ratio was 7.5%.

As at June 30, 2026, the Tier 1A capital ratio was down 13 basis points compared to December 31, 2025, essentially due to the Guardian acquisition, whose impact was offset in part by the increase in reserves and surpluses coupled with risk-weighted asset optimization initiatives.

In addition, the TLAC ratio and the TLAC leverage ratio were respectively 36.8% and 11.6% as at June 30, 2026.

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 June 30, 2026.

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 period.

Main capital components and other TLAC instruments

	Regulatory capital and other TLAC instruments			
	Total capital			
	Tier 1 capital		Tier 2 capital	Other TLAC instruments
	Tier 1A[1]	Tier 1B[1]		
Eligible items	• Reserves and undistributed surplus earnings • Eligible accumulated other comprehensive income • F capital shares		• Eligible portion of allowance for credit losses • NVCC subordinated notes[2] • Eligible qualifying shares	• TLAC senior notes
Deductions	• Mainly significant investments in financial entities[3]	• Investment in preferred shares of a component deconsolidated for regulatory capital purposes	• Investment in preferred shares of a component deconsolidated • Subordinated financial instrument	
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			

(1) The Tier 1A and Tier 1B ratios are the equivalent of the financial institutions' CET1 (Common Equity Tier 1) and AT1 (Additional Tier 1) ratios for financial services cooperatives regulated by the AMF.

(2) 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.

(3) 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%.

Regulatory capital and other TLAC instruments

(in millions of dollars and as a percentage)	As at June 30, 2026	As at December 31, 2025
Capital		
Tier 1A capital	**$ 37,509**	$ 36,468
Tier 1 capital	**37,509**	36,468
Total capital	**41,355**	40,082
Available total loss absorbing capacity (TLAC)[1]	**56,498**	53,170
Risk-weighted assets		
Credit risk	**$ 128,794**	$ 125,293
Market risk	**5,807**	4,504
Operational risk	**24,344**	23,884
Total risk-weighted assets	**$ 158,945**	$ 153,681
Total risk-weighted assets for TLAC ratio purposes[1]	**153,404**	148,562
Leverage ratio exposure	**497,690**	468,023
TLAC leverage ratio exposure[1]	**488,364**	459,957
Ratios		
Tier 1A capital ratio	**23.6%**	23.7%
Tier 1 capital ratio	**23.6**	23.7
Total capital ratio	**26.0**	26.1
TLAC[1]	**36.8**	35.8
Leverage ratio	**7.5**	7.8
TLAC leverage ratio[1]	**11.6**	11.6

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

The Federation is able to issue non-viability contingent capital (NVCC)-eligible instruments on Canadian, U.S. and international markets. As at June 30, 2026, the balance of outstanding eligible NVCC instruments totalled $5.0 billion. Upon the occurrence of a trigger event as defined in the *Capital Adequacy Guideline*, these notes would automatically and immediately be converted into Tier 1A capital.

Moreover, on May 28, 2026, the Federation repurchased its NVCC subordinated notes amounting to $1.0 billion and maturing on May 28, 2031 at a price equal to their par value, plus accrued and unpaid interest to May 28, 2026 exclusively.

Desjardins Group also issued TLAC-eligible debt to meet minimum requirements, for a total of $16.2 billion as at June 30, 2026.

Change in regulatory capital and other TLAC instruments
For the six-month period ended

(in millions of dollars)	June 30, 2026
Tier 1A capital	
Balance at beginning of period	**$ 36,468**
Increase in reserves and undistributed surplus earnings[1]	**2,172**
Eligible accumulated other comprehensive income	**(90)**
F capital shares[2]	**(138)**
Deductions	**(903)**
Balance at end of period	**37,509**
Total Tier 1 capital[3]	**37,509**
Tier 2 capital	
Balance at beginning of period	**3,614**
Eligible instruments	**216**
Eligible portion of allowance for credit losses	**16**
Deductions	**—**
Balance at end of period	**3,846**
Total capital	**$ 41,355**
Total capital for TLAC purposes[4]	**$ 40,315**
Other TLAC instruments	
Balance at beginning of period	**14,085**
TLAC senior notes	**2,098**
Balance at end of period	**16,183**
Total loss absorbing capacity (TLAC) available[4]	**$ 56,498**

(1) Amount including the change in defined benefit pension plans.
(2) On May 26, 2026, the Federation redeemed for cancellation 10 million F capital shares held in the Trust Fund. On January 23, 2026, the Federation redeemed for cancellation 10 million F capital shares held in the Trust Fund.
(3) No Tier 1B capital instrument has been issued to date.
(4) Data calculated at the level of the resolution group, 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

- Desjardins uses the standardized approach for the calculation of market risk RWA.

Operational risk

- Desjardins 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*.

Movements in risk-weighted assets

RWA totalled $158.9 billion as at June 30, 2026, up $2.0 billion compared to the previous quarter.

For credit risk, changes in RWA for the second quarter of 2026 are divided into two segments: credit risk other than counterparty risk, and counterparty risk.

- Credit risk other than counterparty risk reflected a net increase in RWA of $0.8 billion.
- Counterparty risk reflected a net increase in RWA of $1.4 billion.

Market risk saw a net decrease in RWA totalling $0.1 billion. Operational risk also decreased by $0.1 billion.

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. Additional information is included in Section 3.3, "Off-balance sheet arrangements," of Desjardins Group's 2025 annual MD&A.

Note 13, "Interests in other entities," and Note 27, "Commitments, guarantees and contingent liabilities," to Desjardins Group's Annual Combined Financial Statements contain information about structured entities, credit instruments and guarantees, while Note 8, "Derecognition of financial assets," to the Annual Combined Financial Statements provides information about the securitization of Desjardins Group's loans.

Assets under management and under administration

As at June 30, 2026, Desjardins Group administered, on behalf of its members and clients, assets totalling $703.6 billion, for an increase of $47.2 billion, or 7.2%, since December 31, 2025. The increase in assets under administration is mainly attributable to financial market developments as well as a volume increase. Financial assets entrusted to Desjardins Group as wealth manager amounted to $305.7 billion as at June 30, 2026, up $182.9 billion since December 31, 2025. The increase in assets under management resulted primarily from the increase in the number of clients following the acquisition of Guardian, as well as financial market developments.

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.

RISK MANAGEMENT

RISK MANAGEMENT

Desjardins Group's objective in risk management is to optimize the risk-return trade-off by developing and applying integrated risk management strategies, frameworks, practices and procedures to all of the organization's business sectors and support functions. To this end, Desjardins developed an Integrated Risk Management Framework reflective of its business strategies and organizational risk-taking philosophy which is aimed, among other things, at giving its senior management and the Board of Directors of the Federation an appropriate level of confidence and comfort regarding the understanding and management of the risks associated with the achievement of its objectives, including risks related to external factors such as climate change.

Desjardins Group is exposed to different types of risk in the normal course of its operations, including credit risk, market risk, liquidity risk, operational risk, insurance risk, strategic risk, reputational risk, environmental, social and governance risk, and regulatory risk.

Strict and effective 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, while complying with regulatory requirements. Desjardins Group considers risk an inextricable part of its development, and consequently strives to promote a proactive approach in which each of its business segments, employees and managers is responsible for risk management.

In the first six months of fiscal 2026, Desjardins Group's governance structure, frameworks and practices for risk management, and the nature and description of the risks to which it is exposed did not change significantly from those described on pages 53 to 92 of Desjardins Group's 2025 annual MD&A. In addition to these types of risk, other risk factors, which are beyond Desjardins Group's control, could have an impact on its future results. These principal risks and emerging risks, as well as other risk factors, did not change significantly from those described on pages 49 to 52 of Desjardins Group's 2025 annual MD&A, except for the economic situation as indicated in the "Economic environment and outlook" section of this MD&A. In addition, the following text is an update of the 2025 annual MD&A.

RISK FACTORS THAT COULD IMPACT FUTURE RESULTS

Economic and geopolitical uncertainty

Trade tensions with the U.S.:
The parties reviewing CUSMA (the Canada-U.S.-Mexico Agreement) failed to reach a consensus by the July 1, 2026 deadline. Moreover, President Trump recently signed a decree imposing new 50% tariffs on nearly 5% of Canadian exports to the U.S. These new tariffs are expected to come into effect on August 19, 2026. In this broader context, it will be important to keep an eye on the agricultural sector, particularly if compromises to Canada's supply management system are put on the table. However, there is a significant risk that the negotiations will drag on or even fail. Finally, there is still a potential risk that the U.S. will exercise its right to withdraw from CUSMA by providing six months' notice, which could have a major impact on Canada as a whole as well as Quebec. It should be noted that Quebec remains the province subject to the highest U.S. tariff rate due to its industrial structure, particularly with regard to the key sectors of aluminum and forestry.

Geopolitical uncertainty:
Even though the U.S and Iran have reached a preliminary peace agreement, the real negotiations have not yet begun and the resumption of hostilities is raising serious doubts as to whether a lasting peace can be achieved. This situation could drive oil and gas prices even higher, leading to accelerating inflation almost everywhere in the world. Supply chains could also face further disruption. Consumer, business and investor confidence could collapse, creating an economic environment characterized by weak growth--even a global recession--and significantly higher inflation.

In these circumstances, Desjardins Group is monitoring and assessing developments to determine the appropriate course of action to mitigate any potential impact on its operations, members and clients.

Artificial intelligence risks

Desjardins Group is continuing to implement a risk management framework for its artificial intelligence systems (AIS) to ensure that they are used in a responsible, secure and controlled manner. This overall risk management framework is designed to strengthen governance and provide guidance for the identification and use of AIS, to support risk assessments according to the different areas of risk , and to prevent emerging risks, including those relating to fraud, cybernetic (cybersecurity) threats and malicious use amplified by AI. AIS are subject to appropriate monitoring and assessments to support Desjardins Group's business objectives while adhering to the applicable regulatory requirements.

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 direct personal, business and government loans. 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 highly uncertain, in particular with respect to the evolution of trade relations with the United States, geopolitical tensions and the risk of a stock market correction. Therefore, management has to continue making particularly complex judgments to estimate the allowance for credit losses in such situation. Expert adjustments are applied to the measurement of the allowance for expected credit losses to take into account relevant risk factors related to the macroeconomic environment that are not reflected in models.

Desjardins Group continues to factor climate risks into its management practices, including those relating to credit risk. At this stage, the initial scenario analyses do not point to any significant impact on expected credit losses.

Quality of loan portfolio

As at June 30, 2026, in accordance with Note 5, "Loans and allowance for credit losses," to the Interim Combined Financial Statements, the loss allowance for expected credit losses on loans totalled $1,438 million, and the loss allowance for off-balance-sheet items was $124 million, for a total of $1,562 million, up $77 million, compared to December 31, 2025. This change mainly reflects a deteriorating economic outlook. For more information about the methodology and assumptions used to estimate the loss allowance for expected credit losses, please refer to Note 5, "Loans and allowance for credit losses," to the Interim Combined Financial Statements.

Gross credit-impaired loans outstanding are considered Stage 3 loans of the impairment model. The ratio of gross credit-impaired loans, as a percentage of the total gross loans portfolio, was 0.80% for the second quarter of 2026, compared to 0.85% as at December 31, 2025. The allowance for credit losses on credit-impaired loans totalled $668 million as at June 30, 2026, resulting in a provisioning rate of 25.6% for credit-impaired loans.

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

Gross loans past due but not credit-impaired[1]

	As at June 30, 2026			As at December 31, 2025		
(in millions of dollars)	31 to 90 days	91 days or more	Total	31 to 90 days	91 days or more	Total
Residential mortgages	$ 211	$ 58	$ 269	$ 159	$ 75	$ 234
Consumer, credit card and other personal loans	170	22	192	157	26	183
Business and government	96	105	201	51	94	145
Total	$ 477	$ 185	$ 662	$ 367	$ 195	$ 562

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

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

Gross credit-impaired loans by borrower category

	As at June 30, 2026					As at December 31, 2025	
	Gross carrying amount			Allowance for credit losses on credit-impaired loans	Net credit-impaired loans	Gross credit-impaired loans	Net credit-impaired loans
(in millions of dollars and as a percentage)	Gross loans	Gross credit-impaired loans[1]					
Residential mortgages	$ 206,818	$ 441	0.21%	$ 31	$ 410	$ 446	$ 413
Consumer, credit card and other personal loans	24,465	267	1.09	190	77	267	77
Business and government	95,363	1,903	2.00	447	1,456	1,968	1,518
Total	$ 326,646	$ 2,611	0.80%	$ 668	$ 1,943	$ 2,681	$ 2,008

(1) For more information on the gross credit-impaired loans/gross loans ratio, which is a supplementary financial measure, see the Glossary on pages 46 to 51.

Change in gross credit-impaired loans

(in millions of dollars)	For the three-month periods ended June 30, 2026	March 31, 2026	June 30, 2025	For the six-month periods ended June 30, 2026	June 30, 2025
Gross credit-impaired loans at the beginning of the period	**$ 2,767**	$ 2,681	$ 2,459	**$ 2,681**	$ 2,356
Gross loans that became credit-impaired since the last period	**696**	715	812	**1,411**	1,634
Loans returned to unimpaired status(1)	**(659)**	(532)	(657)	**(1,191)**	(1,275)
Write-offs and recoveries	**(194)**	(97)	(102)	**(291)**	(203)
Other changes	**1**	—	1	**1**	1
Gross credit-impaired loans at the end of the period	**$ 2,611**	$ 2,767	$ 2,513	**$ 2,611**	$ 2,513

(1) Includes returns to unimpaired status and payments on impaired accounts.

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 Quebec and Caisse Desjardins Ontario Credit Union Inc. by product type and geographic area, as well as the corresponding loan-to-value ratios.

Residential mortgage portfolio(1)
Caisse network in Quebec and Caisse Desjardins Ontario Credit Union Inc.(2)

(in millions of dollars and as a percentage)	As at June 30, 2026 Guaranteed or insured loans(3)		Uninsured loans(4)		Home equity lines of credit(5)		Total	
Quebec	**$ 31,770**	**97.5%**	**$ 107,201**	**95.1%**	**$ 5,973**	**94.3%**	**$ 144,944**	**95.7%**
Ontario	**770**	**2.4**	**5,535**	**4.9**	**362**	**5.7**	**6,667**	**4.3**
Other(6)	**18**	**0.1**	**53**	**—**	**—**	**—**	**71**	**—**
All geographic areas	**$ 32,558**	**100.0%**	**$ 112,789**	**100.0%**	**$ 6,335**	**100.0%**	**$ 151,682**	**100.0%**

(in millions of dollars and as a percentage)	As at March 31, 2026 Guaranteed or insured loans(3)		Uninsured loans(4)		Home equity lines of credit(5)		Total	
Quebec	$ 31,136	97.6%	$ 104,442	95.1%	$ 6,034	94.6%	$ 141,612	95.7%
Ontario	733	2.3	5,349	4.9	345	5.4	6,427	4.3
Other(6)	18	0.1	53	—	1	—	72	—
All geographic areas	$ 31,887	100.0%	$ 109,844	100.0%	$ 6,380	100.0%	$ 148,111	100.0%

(in millions of dollars and as a percentage)	As at June 30, 2025 Guaranteed or insured loans(3)		Uninsured loans(4)		Home equity lines of credit(5)		Total	
Quebec	$ 31,710	97.6%	$ 100,847	95.0%	$ 6,258	94.9%	$ 138,815	95.6%
Ontario	735	2.3	5,264	5.0	337	5.1	6,336	4.4
Other(6)	19	0.1	50	—	—	—	69	—
All geographic areas	$ 32,464	100.0%	$ 106,161	100.0%	$ 6,595	100.0%	$ 145,220	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 Quebec and Caisse Desjardins Ontario Credit Union Inc. totalled $231 million as at June 30, 2026 ($222 million as at March 31, 2026 and $224 million as at June 30, 2025).
(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 Quebec and Ontario.

Average loan-to-value (LTV) ratio for uninsured residential mortgages granted during the quarter

Caisse network in Quebec and Caisse Desjardins Ontario Credit Union Inc.[(1)]

	As at June 30, 2026			As at March 31, 2026			As at June 30, 2025		
(average loan-to-value ratio, by geographic area)	**Uninsured loans[(2)]**	**Home equity lines of credit and related loans[(3)]**	**Total uninsured**	Uninsured loans[(2)]	Home equity lines of credit and related loans[(3)]	Total uninsured	Uninsured loans[(2)]	Home equity lines of credit and related loans[(3)]	Total uninsured
Quebec	**66.5%**	**61.8%**	**63.2%**	66.5%	61.6%	63.0%	66.3%	62.2%	63.5%
Ontario	**65.8**	**65.2**	**65.5**	67.7	64.6	66.2	64.2	63.2	63.7
Other[(4)]	**44.6**	**80.0**	**54.4**	79.9	—	79.9	74.4	—	74.4
All geographic areas	**66.4%**	**61.9%**	**63.3%**	66.6%	61.6%	63.1%	66.1%	62.2%	63.5%

(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 Quebec and Ontario.

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

Remaining amortization period for residential mortgages[(1)(2)]

Caisse network in Quebec and Caisse Desjardins Ontario Credit Union Inc.[(3)]

	Total amortized loans								
(in millions of dollars in gross loans and as a percentage of the total by remaining amortization category)	**As at June 30, 2026**			As at March 31, 2026			As at June 30, 2025		
0 to 10 years	**$**	**9,980**	**6.9%**	$	9,831	6.9%	$	9,606	6.9%
10 to 20 years		**49,173**	**33.8**		47,290	33.4		45,543	32.9
20 to 25 years		**68,278**	**47.0**		68,882	48.6		70,658	51.0
25 to 30 years		**16,854**	**11.6**		14,328	10.1		10,388	7.5
30 to 35 years		**121**	**0.1**		138	0.1		153	0.1
35 years or more[(4)]		**941**	**0.6**		1,262	0.9		2,277	1.6
All amortization periods	**$**	**145,347**	**100.0%**	$	141,731	100.0%	$	138,625	100.0%

(1) The caisse network's variable-rate mortgages represented 30.8% as at June 30, 2026 (30.3% as at March 31, 2026 and 26.3% as at June 30, 2025).
(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 June 30, 2026, Desjardins Group credit risk exposures outside of Canada and the U.S. represented 2.0% 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.

The Risk Management Executive Division sets the maximum exposure for each counterparty and issuer based on quantitative and qualitative criteria. In addition, limits are set for certain financial instruments. The amounts are then allocated to different components based on their needs.

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

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 earn 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.

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 trading activities and non-trading activities. The principal market risks associated with non-trading activities are also indicated in the table.

Link between market risk and the Combined Balance Sheets
As at June 30, 2026

(in millions of dollars)	Combined Balance Sheets	Exposed to market risk		Not exposed to market risk	Principal risks associated with non-trading activities
		Trading activities[1][2]	Non-trading activities[3]		
Assets					
Cash and deposits with financial institutions	$ 7,688	$ —	$ 7,688	$ —	Interest rate
Securities					
Securities at fair value through profit or loss	50,203	17,265	32,938	—	Interest rate, FX, price
Securities at fair value through other comprehensive income	57,333	—	57,333	—	Interest rate, FX, price
Securities at amortized cost	38	—	38	—	Interest rate
Securities borrowed or purchased under reverse repurchase agreements	31,134	25,785	5,349	—	Interest rate
Loans, net of allowance for credit losses	325,208	—	325,208	—	Interest rate
Segregated fund net assets	37,408	—	37,408	—	Interest rate, price
Derivative financial instruments	13,381	1,205	12,176	—	Interest rate, FX, price
Other assets	21,109	—	—	21,109	
Total assets	$ 543,502	$ 44,255	$ 478,138	$ 21,109	
Liabilities and equity					
Deposits	$ 347,708	$ —	$ 347,708	$ —	Interest rate
Insurance contract liabilities	35,389	—	35,389	—	Interest rate
Commitments related to securities sold short	19,263	18,421	842	—	Interest rate
Commitments related to securities lent or sold under repurchase agreements	13,194	11,668	1,526	—	Interest rate
Derivative financial instruments	10,444	823	9,621	—	Interest rate, FX, price
Segregated fund net liabilities – Investment contracts	33,853	—	33,853	—	Interest rate, price
Other liabilities	34,273	—	640	33,633	Interest rate
Subordinated notes	5,026	—	5,026	—	Interest rate
Equity	44,352	—	—	44,352	
Total liabilities and equity	$ 543,502	$ 30,912	$ 434,605	$ 77,985	

See next page for table notes.

Link between market risk and the Combined Balance Sheets (continued)
As at December 31, 2025

(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	$ 5,848	$ —	$ 5,848	$ —	Interest rate
Securities					
Securities at fair value through profit or loss	46,384	15,217	31,167	—	Interest rate, FX, price
Securities at fair value through other comprehensive income	59,251	—	59,251	—	Interest rate, FX, price
Securities at amortized cost	42	—	42	—	Interest rate
Securities borrowed or purchased under reverse repurchase agreements	22,809	15,703	7,106	—	Interest rate
Loans, net of allowance for credit losses	314,703	—	314,703	—	Interest rate
Segregated fund net assets	34,079	—	34,079	—	Interest rate, price
Derivative financial instruments	10,862	521	10,341	—	Interest rate, FX, price
Other assets	16,264	—	—	16,264	
Total assets	$ 510,242	$ 31,441	$ 462,537	$ 16,264	
Liabilities and equity					
Deposits	$ 329,494	$ —	$ 329,494	$ —	Interest rate
Insurance contract liabilities	34,737	—	34,737	—	Interest rate
Commitments related to securities sold short	15,913	15,128	785	—	Interest rate
Commitments related to securities lent or sold under repurchase agreements	15,937	11,768	4,169	—	Interest rate
Derivative financial instruments	8,861	653	8,208	—	Interest rate, FX, price
Segregated fund net liabilities – Investment contracts	30,496	—	30,496	—	Interest rate, price
Other liabilities	27,682	—	655	27,027	Interest rate
Subordinated notes	4,810	—	4,810	—	Interest rate
Equity	42,312	—	—	42,312	
Total liabilities and equity	$ 510,242	$ 27,549	$ 413,354	$ 69,339	

(1) Trading activity positions for which the risk measure is Value at Risk (VaR).
(2) The amounts presented under trading activities take inter-company 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 day-to-day basis under specific frameworks, which set out the risk factors that must be measured and the limit for each of these factors as well as the total. Tolerance limits are also provided for various stress testing. Compliance with these limits is monitored daily and a market risk dashboard is produced on a daily basis and reported to senior management. Any limit exceeded is immediately analyzed and the 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 period of time 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 following table presents the aggregate VaR of trading activities. 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.

Market risk measures for the trading portfolio

(in millions of dollars)	As at June 30, 2026	For the quarter ended June 30, 2026 Average	High	Low	For the quarters ended March 31, 2026 As at March 31, 2026	Average	June 30, 2025 As at June 30, 2025	Average
Equities	**$ 0.2**	**$ 0.5**	**$ 1.6**	**$ 0.1**	$ 0.6	$ 0.6	$ 0.5	$ 0.4
Foreign exchange	**0.8**	**0.6**	**1.0**	**0.3**	0.7	0.6	0.8	0.6
Interest rate	**6.1**	**5.6**	**8.3**	**3.1**	6.5	4.5	6.2	5.7
Diversification effect[1]	**(1.1)**	**(1.1)**	**N/A[2]**	**N/A[2]**	(1.2)	(1.1)	(1.2)	(1.0)
Aggregate VaR	**$ 6.0**	**$ 5.6**	**$ 8.3**	**$ 3.2**	$ 6.6	$ 4.6	$ 6.3	$ 5.7

(1) Represents 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 highs and lows of the various market risk categories can refer to different dates. It is not relevant to calculate a diversification effect.

The average of the trading portfolio's aggregate VaR was $5.6 million for the quarter ended June 30, 2026, up $1.0 million compared to the quarter ended March 31, 2026.

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

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 non-trading banking activities, 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 on the date indicated and can change significantly in subsequent quarters 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:
- Trend in interest rate level and volatility.
- Changes in the shape of the interest rate curve.
- Member and client behaviour in their choice of products.
- Financial intermediation margin evolution.
- Optionality of the various financial products offered.

In order to mitigate these 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. Stress testing is 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 based on portfolio volatility (daily, monthly and quarterly).

The assumptions used in the stress testing 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 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 or 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.

Interest rate sensitivity (before income taxes)

	As at June 30, 2026		As at March 31, 2026		As at June 30, 2025	
(in millions of dollars)	Net interest income[(1)]	Economic value of equity[(2)]	Net interest income[(1)]	Economic value of equity[(2)]	Net interest income[(1)]	Economic value of equity[(2)]
Impact of a 100-basis-point increase in interest rates	$ 69	$ (1,443)	$ 108	$ (1,439)	$ 23	$ (1,331)
Impact of a 100-basis-point decrease in interest rates	(32)	1,402	(70)	1,409	5	1,170

(1) Represents the interest rate sensitivity of net interest income for the next 12 months.
(2) Represents the sensitivity of the present value of assets, liabilities and off-balance sheet instruments.

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.

Basel III standards strengthen 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 and regularly reports on these ratios to the AMF.

The AMF has revised its *Liquidity Adequacy Guideline*. The revised version came into effect on January 1, 2026. This revised Guideline raises expectations for producing, documenting and communicating liquidity information, including intraday liquidity, in keeping with Basel III standards. These adjustments did not have a significant impact on our liquidity ratios and practices.

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.

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 BCBS in *Basel III: International Framework for Liquidity Risk Measurement, Standards and Monitoring*. The scenarios make it possible to:
- measure the extent 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.

Liquid assets(1)

As at June 30, 2026

(in millions of dollars)	Liquid assets held by Desjardins Group	Securities held as collateral – Securities financing and derivatives trading	Total liquid assets	Encumbered liquid assets	Unencumbered liquid assets
Cash and deposits with financial institutions	**$ 5,842**	**$ —**	**$ 5,842**	**$ 849**	**$ 4,993**
Securities					
Issued or guaranteed by Canada, provinces and municipal corporations in Canada, school or public corporations in Canada, and foreign public administrations	**60,189**	**30,078**	**90,267**	**31,285**	**58,982**
Other securities in Canada	**8,931**	**2,221**	**11,152**	**2,240**	**8,912**
Issued or guaranteed by foreign issuers	**564**	**82**	**646**	**75**	**571**
Loans					
Insured residential mortgage-backed securities	**12,676**	**—**	**12,676**	**1,041**	**11,635**
Total	**$ 88,202**	**$ 32,381**	**$ 120,583**	**$ 35,490**	**$ 85,093**

As at December 31, 2025

(in millions of dollars)	Liquid assets held by Desjardins Group	Securities held as collateral – Securities financing and derivatives trading	Total liquid assets	Encumbered liquid assets	Unencumbered liquid assets
Cash and deposits with financial institutions	$ 5,047	$ —	$ 5,047	$ 675	$ 4,372
Securities					
Issued or guaranteed by Canada, provinces and municipal corporations in Canada, school or public corporations in Canada, and foreign public administrations	60,228	22,441	82,669	32,152	50,517
Other securities in Canada	7,755	1,304	9,059	1,508	7,551
Issued or guaranteed by foreign issuers	348	18	366	20	346
Loans					
Insured residential mortgage-backed securities	14,542	—	14,542	1,020	13,522
Total	$ 87,920	$ 23,763	$ 111,683	$ 35,375	$ 76,308

(1) Excluding assets held by insurance subsidiaries.

Unencumbered liquid assets by entity(1)

(in millions of dollars)	As at June 30, 2026	As at December 31, 2025
Federation	**$ 64,893**	$ 54,177
Caisse network	**16,319**	19,135
Other entities	**3,881**	2,996
Total	**$ 85,093**	$ 76,308

(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 tables present, 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.

Encumbered assets
As at June 30, 2026

				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	$ 7,688	$ —	$ 7,688	$ 201	$ 849	$ 4,792	$ 1,846
Securities	107,574	37,145	144,719	38,896	1,870	66,064	37,889
Securities borrowed or purchased under reverse repurchase agreements	31,134	—	31,134	—	—	—	31,134
Loans, net of allowance for credit losses	325,208	—	325,208	48,080	—	89,160	187,968
Segregated fund net assets	37,408	—	37,408	—	—	—	37,408
Other assets	34,490	—	34,490	—	—	—	34,490
Total	**$ 543,502**	**$ 37,145**	**$ 580,647**	**$ 87,177**	**$ 2,719**	**$ 160,016**	**$ 330,735**

As at December 31, 2025

				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[3]	Other[2][3]
Cash and deposits with financial institutions	$ 5,848	$ —	$ 5,848	$ 202	$ 675	$ 4,170	$ 801
Securities	105,677	32,180	137,857	42,339	1,091	57,081	37,346
Securities borrowed or purchased under reverse repurchase agreements	22,809	—	22,809	—	—	—	22,809
Loans, net of allowance for credit losses[3]	314,703	—	314,703	46,300	—	83,876	184,527
Segregated fund net assets	34,079	—	34,079	—	—	—	34,079
Other assets	27,126	—	27,126	—	—	—	27,126
Total	$ 510,242	$ 32,180	$ 542,422	$ 88,841	$ 1,766	$ 145,127	$ 306,688

(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.

(3) Comparative figures have been restated to conform with the presentation for the current year due to a more refined methodology.

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 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*, high-quality liquid assets 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.

Liquidity coverage ratio(1)

(in millions of dollars and as a percentage)	For the quarter ended June 30, 2026 — Total non-weighted value(2) (average(3))	For the quarter ended June 30, 2026 — Total weighted value(4) (average(3))	For the quarter ended March 31, 2026 — Total weighted value(4) (average(3))
High-quality liquid assets			
Total high-quality liquid assets	**N/A**	**$ 72,172**	$ 66,108
Cash outflows			
Retail deposits and small business deposits, including:	**$ 114,366**	**9,026**	8,958
Stable deposits	**53,609**	**1,608**	1,555
Less stable deposits	**60,757**	**7,418**	7,403
Unsecured wholesale funding, including:	**53,781**	**22,142**	21,359
Operational deposits (all counterparties) and deposits in cooperative bank networks	**18,194**	**4,406**	4,323
Non-operational deposits (all counterparties)	**29,843**	**11,992**	10,383
Unsecured debt	**5,744**	**5,744**	6,653
Secured wholesale funding	**N/A**	**572**	253
Additional requirements, including:	**27,474**	**5,680**	5,877
Outflows related to exposures on derivatives and other collateral required	**2,225**	**2,225**	2,217
Outflows related to funding loss on debt products	**144**	**144**	289
Credit and liquidity facilities	**25,105**	**3,311**	3,371
Other contractual funding liabilities	**4,353**	**2,311**	1,358
Other contingent funding liabilities	**95,672**	**2,650**	2,678
Total cash outflows	**N/A**	**$ 42,381**	$ 40,483
Cash inflows			
Secured loans (e.g., reverse repurchase agreements)	**$ 25,900**	**$ 876**	$ 802
Inflows related to completely effective exposures	**4,085**	**2,042**	2,035
Other cash inflows	**151**	**151**	60
Total cash inflows	**$ 30,136**	**$ 3,069**	$ 2,897
		Total adjusted value(5)	Total adjusted value(5)
Total high-quality liquid assets		**$ 72,172**	$ 66,108
Total net cash outflows		**39,312**	37,586
Liquidity coverage ratio		**184%**	176%

(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's average LCR was 184% for the quarter ended June 30, 2026, compared to 176% for the previous quarter. This ratio largely exceeds regulatory requirements. For the quarter ended June 30, 2026, the high quality liquid asset average was approximately $72.2 billion, 96% (95% as at March 31, 2026) of which was composed of Level 1 assets according to Basel III criteria, an increase of $6.1 billion compared to March 31, 2026. 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 ongoing 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.

Net Stable Funding Ratio[1]

(in millions of dollars and as a percentage)	As at June 30, 2026					As at March 31, 2026
	Unweighted value by residual maturity					
	No maturity	< 6 months	6 months to < 1 year	≥ 1 year	Weighted value	Weighted value
Available Stable Funding (ASF) item						
Capital	$ 45,804	$ —	$ —	$ 5,020	$ 50,824	$ 49,208
Regulatory capital	45,804	—	—	5,020	50,824	49,208
Other capital instruments	—	—	—	—	—	—
Retail deposits and deposits from small business customers	84,531	48,668	19,857	41,306	180,668	176,860
Stable deposits	48,799	7,546	5,009	11,551	69,838	68,162
Less stable deposits	35,732	41,122	14,848	29,755	110,830	108,698
Wholesale funding	33,111	53,945	12,032	35,851	71,103	65,108
Operational deposits	18,703	—	—	—	9,351	10,222
Other wholesale funding	14,408	53,945	12,032	35,851	61,752	54,886
Liabilities with matching interdependent assets	—	975	1,037	23,269	—	—
Other liabilities[2]	36,173			26,078	—	—
NSFR derivative liabilities[2]	N/A			7,000	N/A	N/A
All other liabilities and equity not included in the above categories	36,173	19,078	—	—	—	—
Total ASF	N/A	N/A	N/A	N/A	$ 302,595	$ 291,176
Required Stable Funding (RSF) item						
Total NSFR high-quality liquid assets	N/A	N/A	N/A	N/A	$ 963	$ 926
Deposits held by other financial institutions for operational purposes	$ —	$ —	$ —	$ —	—	—
Performing loans and securities	23,276	84,076	42,803	183,707	204,832	200,472
Performing loans to financial institutions secured by Level 1 high-quality liquid assets	—	28,177	—	—	1,409	1,110
Performing loans to financial institutions secured by non-Level 1 high-quality liquid assets and unsecured performing loans to financial institutions	—	4,564	300	100	716	340
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:	17,007	30,893	20,774	80,849	106,696	106,222
Loans with a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk	—	11,417	7,266	11,578	7,526	7,054
Performing residential mortgages, of which:	6,269	19,560	20,074	101,219	93,434	89,814
Loans with a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk	6,269	19,560	20,074	101,219	93,434	89,814
Securities that are not in default and do not qualify as high-quality liquid assets, including exchange-traded equities	—	882	1,655	1,539	2,577	2,986
Assets with matching interdependent liabilities	—	975	1,037	23,269	—	—
Other assets[2]	—			42,184	19,136	18,840
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			790	671	614
NSFR derivative assets[2]	N/A			13,314	506	437
NSFR derivative liabilities before deduction of variation margin posted[2]	N/A			10,121	—	—
All other assets not included in the above categories	—	2	2	17,955	17,959	17,789
Off-balance sheet items[2]	N/A			120,134	3,161	3,141
Total RSF	N/A	N/A	N/A	N/A	$ 228,092	$ 223,379
Net Stable Funding Ratio	N/A	N/A	N/A	N/A	133%	130%

(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 June 30, 2026, the NSFR ratio stood at 133%, compared to 130% for the previous quarter. This increase is attributable to a more significant increase in the amount of available stable funding, notably relating to growth in deposits, than for stable funding required. The ratio continues to largely exceed the regulatory requirements.

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. Total deposits, including wholesale funding, presented on the Combined Balance Sheets amounted to $347.7 billion as at June 30, 2026, up $18.2 billion since December 31, 2025. Additional information on deposits is presented in the "Balance sheet management" section 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 the first six months of 2026, 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 period. 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:

Main funding programs
As at June 30, 2026

	Maximum authorized amount
Short-term notes (U.S.)	**US$20 billion**
Short-term notes (multi-currency)	**€5 billion**
Medium-term notes (Canadian)[1]	**$13 billion**
Medium-term and subordinated notes (multi-currency)[1]	**€15 billion**
Medium-term and subordinated notes (Australian)[1]	**AU$3 billion**
Covered bonds (multi-currency)[1][2]	**$32 billion**
NVCC subordinated notes (Canadian)[1]	**$9 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.

Remaining contractual term to maturity of wholesale funding

	As at June 30, 2026								As at December 31, 2025
(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	$ 694	$ 162	$ 9	$ 8	$ 873	$ —	$ —	$ 873	$ 1,071
Commercial paper	7,780	3,282	1,014	5,114	17,190	—	—	17,190	19,418
Medium-term notes	—	486	—	3,060	3,546	4,490	11,693	19,729	17,182
Mortgage loan securitization	—	575	397	1,032	2,004	1,537	21,530	25,071	22,517
Covered bonds	—	1,216	2,004	1,680	4,900	4,788	10,430	20,118	17,999
Subordinated notes	—	—	—	—	—	—	5,026	5,026	4,810
Total	$ 8,474	$ 5,721	$ 3,424	$ 10,894	$ 28,513	$ 10,815	$ 48,679	$ 88,007	$ 82,997
Including:									
Secured	$ —	$ 1,791	$ 2,401	$ 2,712	$ 6,904	$ 6,325	$ 31,960	$ 45,189	$ 40,516
Unsecured	8,474	3,930	1,023	8,182	21,609	4,490	16,719	42,818	42,481

Desjardins Group's total wholesale funding shown in the table above was carried out by the Federation. Total wholesale funding increased $5.0 billion compared to December 31, 2025, driven mainly by growth in mortgage loan securitization, medium-term notes and covered bonds offset, notably, by commercial paper. 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' and clients' 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

(in millions of dollars and as a percentage)		As at June 30, 2026			As at December 31, 2025[(1)]	
Canadian dollars	**$**	**36,375**	**41.3%**	$	33,498	40.4%
U.S. dollars		**25,317**	**28.8**		25,841	31.1
Euros		**13,926**	**15.8**		13,059	15.7
Other		**12,389**	**14.1**		10,599	12.8
Total	**$**	**88,007**	**100.0%**	$	82,997	100.0%

(1) Some data have been reclassified to conform with the presentation for the current period.

Moreover, the Federation participated in new issues under the NHA Mortgage-Backed Securities Program for a total amount of $3.1 billion in the first six months of 2026. The Federation also made the following issues:
- On January 16, 2026, an issue totalling C$1.5 billion subject to the bail-in regime, under its medium-term note program.
- On January 21, 2026, an issue totalling €1.0 billion subject to the bail-in regime, under its multi-currency medium-term note program.
- On March 3, 2026, an issue totalling C$1.0 billion in subordinated notes eligible as NVCC under its Canadian NVCC subordinated notes program.
- On March 20, 2026, an issue totalling US$1.0 billion under its legislative covered bond program.
- On May 27, 2026, an issue totalling US$750 million subject to the bail-in regime, under its multi-currency medium-term note program.
- On May 27, 2026, an issue totalling €750 million under its legislative covered bond program.
- On May 29, 2026, an issue totalling US$565 million subject to the bail-in regime, under its multi-currency medium-term note program.
- On June 4, 2026, an issue totalling 24.0 billion yen in NVCC-eligible subordinated notes under its multi-currency medium-term note program.

Outstanding notes issued under the Federation's medium-term funding programs amounted to $64.9 billion as at June 30, 2026, compared to $57.7 billion as at December 31, 2025. 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 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 Quebec 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 May 12, 2026, Fitch revised the long-term deposit credit rating of Desjardins from 'AA' to 'AA+'. On July 30, 2026, Fitch revised the derivative counterparty rating and the rating for senior medium- and long-term debt excluded from the internal recapitalization (bail-in) regime of Desjardins, from 'AA' to 'AA+'. Fitch also confirmed the ratings assigned to other instruments issued by the Federation, while maintaining their outlook as "stable".
- On July 10, 2026, DBRS maintained the ratings of the instruments issued by the Federation and their outlook as "stable".
- On July 30, 2026, Moody's placed the counterparty risk assessment, as well as the credit rating for Desjardins' senior medium- and long-term debt excluded from bail-in regime, under review for upgrade. Moody's also maintained the ratings of the other instruments issued by the Federation and their outlook as "stable".

The following table shows the different credit ratings assigned to the Federation's financial instruments.

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 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.

ADDITIONAL INFORMATION

CONTROLS AND PROCEDURES

During the six-month period ended June 30, 2026, Desjardins Group made no changes to its policies, procedures or other processes with regard to internal control that materially affected, or may materially affect, internal control over financial reporting. The parties involved and their responsibilities regarding such internal control are described on pages 92 and 93 of the Desjardins Group's 2025 annual MD&A.

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 on terms similar to those offered to unrelated parties.

Furthermore, Desjardins Group provides its financial products and services to its directors, its key management personnel and the persons related to them on terms similar to those offered to unrelated parties.

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. These policies and procedures have not changed significantly since December 31, 2025.

Additional information on related party transactions is provided in Note 30, "Related party disclosures," to the Annual Combined Financial Statements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

A description of the accounting policies used by Desjardins Group is essential to understanding the Annual and Interim Combined Financial Statements. The significant accounting policies are described in Note 2, "Accounting policies," to Desjardins Group's Annual Combined Financial Statements on pages 123 to 143 of the 2025 Annual Report, except for the changes described in the "Changes in accounting policies" section of Note 2, "Accounting policies," to the Desjardins Group's Interim Combined Financial Statements following the adoption of amendments to IFRS 7, "*Financial Instruments: Disclosures*", and IFRS 9, "*Financial Instruments*".

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 affect the reported amounts of some assets, liabilities, income and expenses, as well as related information. Explanations of the significant accounting policies that have required management to make difficult, subjective or complex judgments, often about matters that are inherently uncertain, are provided on pages 93 to 99 of the 2025 annual MD&A. No significant changes were made to these accounting policies during the first six months of 2026.

All the accounting policies that required management to make difficult, subjective or complex judgments, often about matters that are inherently uncertain, are presented in Note 1, "Basis of presentation," to the Annual Combined Financial Statements, except for the changes described in the "Changes in accounting policies" section of Note 2, "Accounting policies." to these Interim Combined Financial Statements of the Desjardins Group.

The global economic and geopolitical conditions continue to have an impact on the judgments and significant estimates and assumptions made by management in preparing the Interim Combined Financial Statements for the six-month period ended June 30, 2026. 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 Interim Combined Financial Statements for the six-month period ended June 30, 2026. Desjardins Group is closely monitoring developments and their impact on its surplus earnings and financial position.

FUTURE ACCOUNTING CHANGES

Accounting standards issued by the IASB but not yet effective as at December 31, 2025 are described in Note 2, "Accounting policies," to Desjardins Group's Annual Combined Financial Statements, on page 142 and 143 of the 2025 Annual Report. The IASB has since issued amendments to the following standard:

IAS 28, *Investments in Associates and Joint Ventures*

In June 2026, the IASB issued amendments to IAS 28, "*Investments in Associates and Joint Ventures*," to clarify which entities are eligible to measure their investments in associates and joint ventures using the fair value option. The amendments clarify that an entity whose primary business is investing in particular types of assets, consistent with the concept introduced by IFRS 18, "*Presentation and Disclosures in Financial Statements*", may be considered a similar entity for purposes of applying this option.

Desjardins Group is assessing the impact of these amendments that will apply for fiscal periods beginning on or after January 1, 2027.

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 under "Desjardins Group profile") 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 compared to that of Desjardins Group is presented in the table below.

CDO financial information

	As at June 30, 2026			As at December 31, 2025		
(in millions of dollars and as a percentage)	**CDO**	**Desjardins Group Combined Balance Sheets**	**% proportion**	CDO	Desjardins Group Combined Balance Sheets	% proportion
Total assets	**$ 16,830**	**$ 543,502**	**3.1%**	$ 15,190	$ 510,242	3.0%
Total liabilities	**15,883**	**499,150**	**3.2**	14,280	467,930	3.1
Total equity	**947**	**44,352**	**2.1**	910	42,312	2.2

	For the three-month periods ended									For the six-month periods ended					
	June 30, 2026			March 31, 2026			June 30, 2025			June 30, 2026			June 30, 2025		
(in millions of dollars and as a percentage)	**CDO**	**Desjardins Group Combined Statements of Income**	**% proportion**	CDO	Desjardins Group Combined Statements of Income	% proportion	CDO	Desjardins Group Combined Statements of Income	% proportion	**CDO**	**Desjardins Group Combined Statements of Income**	**% proportion**	CDO	Desjardins Group Combined Statements of Income	% proportion
Total net revenue	**$ 83**	**$ 4,623**	**1.8%**	$ 75	$ 4,101	1.8%	$ 77	$ 4,091	1.9%	**$ 158**	**$ 8,724**	**1.8%**	$ 139	$ 7,773	1.8%
Surplus earnings before member dividends	**17**	**1,213**	**1.4**	24	960	2.5	7	900	0.8	**41**	**2,173**	**1.9**	18	1,638	1.1
Net surplus earnings for the period after member dividends	**13**	**1,101**	**1.2**	20	850	2.4	4	816	0.5	**33**	**1,951**	**1.7**	12	1,470	0.8

GLOSSARY

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 quarter-end calculated from the quarter preceding the relevant period.

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 quarter-end balances calculated from the quarter preceding the relevant period.

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 quarter-end balances calculated from the quarter preceding the relevant period.

Average deposits
Average of deposits presented in the Combined Financial Statements at quarter-end calculated from the quarter preceding the relevant period.

Average equity – Group's share
Average equity – Group's share presented in the Combined Financial Statements at quarter-end calculated from the quarter preceding the relevant period.

Average gross loans
Average of loans, presented in the Combined Financial Statements at quarter-end calculated from the quarter preceding the relevant period.

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 quarter-end balances calculated from the quarter preceding the relevant period.

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 quarter-end calculated from the quarter preceding the relevant period.

Average net loans
Average of loans, net of the allowance for credit losses, presented in the Combined Financial Statements at the quarter-end calculated from the quarter preceding the relevant period.

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 major 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.
- Major 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.

Credit valuation adjustment (CVA)

Adjustment applied to the value of over-the-counter derivatives to reflect the possibility that the counterparty will not meet its contractual obligations and that Desjardins Group will be unable to receive the full amounts owed.

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 written premiums

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.

Efficiency ratio - 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.

Effective tax rate on surplus earnings after member dividends

Income taxes on surplus earnings after member dividends expressed as a percentage of surplus earnings after member dividends.

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.

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.

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.

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 forecast 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 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.

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 high-quality liquid assets by the amount of net cash outflows for the next 30 days assuming an acute liquidity stress scenario.

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.

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 or 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.

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.

Probability of default (PD)
Probability that a borrower defaults on his obligations over a period of one year.

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 the "Capital management" section 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.

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 "Capital management" section 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.

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. The operational risk capital requirement is calculated by multiplying the BIC and the ILM, whereas operational risk-weighted assets represent these capital requirements multiplied by 12.5.

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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Combined Balance Sheets

(unaudited)

(in millions of Canadian dollars)	Notes	As at June 30, 2026[1]	As at December 31, 2025
ASSETS			
Cash and deposits with financial institutions		**$ 7,688**	$ 5,848
Securities			
Securities at fair value through profit or loss		**50,203**	46,384
Securities at fair value through other comprehensive income		**57,333**	59,251
Securities at amortized cost		**38**	42
		107,574	105,677
Securities borrowed or purchased under reverse repurchase agreements		**31,134**	22,809
Loans	5		
Residential mortgages		**206,818**	198,876
Consumer, credit card and other personal loans		**24,465**	24,426
Business and government		**95,363**	92,775
		326,646	316,077
Allowance for credit losses	5	**(1,438)**	(1,374)
		325,208	314,703
Segregated fund net assets		**37,408**	34,079
Other assets			
Derivative financial instruments		**13,381**	10,862
Amounts receivable from clients, brokers and financial institutions		**6,428**	3,030
Reinsurance contract assets	7	**1,815**	1,763
Right-of-use assets		**460**	425
Investment property		**742**	773
Property, plant and equipment		**1,396**	1,437
Goodwill		**1,030**	596
Intangible assets		**1,346**	1,225
Investments in companies accounted for using the equity method		**1,303**	1,241
Net defined benefit plan assets		**1,794**	1,301
Deferred tax assets		**844**	916
Other		**3,951**	3,557
		34,490	27,126
TOTAL ASSETS		**$ 543,502**	$ 510,242
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits	6		
Individuals		**$ 174,759**	$ 171,286
Business and government		**172,505**	157,800
Deposit-taking institutions		**444**	408
		347,708	329,494
Insurance contract liabilities	7	**35,389**	34,737
Other liabilities			
Commitments related to securities sold short		**19,263**	15,913
Commitments related to securities lent or sold under repurchase agreements		**13,194**	15,937
Derivative financial instruments		**10,444**	8,861
Amounts payable to clients, brokers and financial institutions		**19,585**	14,357
Lease liabilities		**552**	517
Reinsurance contract liabilities	7	**36**	35
Segregated fund net liabilities – Investment contracts		**33,853**	30,496
Net defined benefit plan liabilities		**642**	655
Deferred tax liabilities		**622**	618
Other		**12,836**	11,500
		111,027	98,889
Subordinated notes	6	**5,026**	4,810
TOTAL LIABILITIES		**499,150**	467,930
EQUITY			
Capital stock		**4,383**	4,522
Undistributed surplus earnings		**3,905**	3,789
Accumulated other comprehensive income	8	**602**	692
Reserves		**34,789**	32,696
Equity – Group's share		**43,679**	41,699
Non-controlling interests		**673**	613
TOTAL EQUITY		**44,352**	42,312
TOTAL LIABILITIES AND EQUITY		**$ 543,502**	$ 510,242

[1] The information as at June 30, 2026, reflects the amendments to IFRS 9, "*Financial Instruments*," adopted as at January 1, 2026. Comparative figures have not been restated. For more information, refer to Note 2, "Accounting policies."

The accompanying notes are an integral part of the Condensed Interim Combined Financial Statements.

Combined Statements of Income

(unaudited)

(in millions of Canadian dollars)	Notes	For the three-month periods ended June 30 2026	2025	For the six-month periods ended June 30 2026	2025
INTEREST INCOME[(1)]					
Loans		**$ 4,016**	$ 3,841	**$ 7,870**	$ 7,635
Securities		**610**	628	**1,173**	1,255
		4,626	4,469	**9,043**	8,890
INTEREST EXPENSE					
Deposits		**1,852**	1,885	**3,628**	3,788
Subordinated notes		**53**	47	**100**	95
Other		**422**	513	**829**	1,016
		2,327	2,445	**4,557**	4,899
NET INTEREST INCOME	10	**2,299**	2,024	**4,486**	3,991
INSURANCE SERVICE RESULT					
Insurance revenue		**3,160**	3,041	**6,267**	6,032
Insurance service expenses		**(2,466)**	(2,362)	**(5,186)**	(5,012)
Net reinsurance service income (expenses)		**(79)**	(86)	**(91)**	(137)
		615	593	**990**	883
NET INSURANCE FINANCE RESULT					
Net insurance investment income (loss)[(1)]		**1,278**	241	**1,477**	880
Net insurance finance income (expenses)		**(1,025)**	76	**(1,067)**	(411)
Net reinsurance finance income (expenses)		**36**	(5)	**38**	17
	7	**289**	312	**448**	486
NET INSURANCE SERVICE INCOME		**904**	905	**1,438**	1,369
OTHER INCOME					
Deposit and payment service charges		**132**	142	**269**	279
Lending fees and card service revenues		**273**	257	**553**	519
Brokerage and investment fund services		**427**	392	**857**	783
Management and custodial service fees		**409**	270	**711**	518
Net other investment income (loss)[(1)]	10	**(15)**	(64)	**13**	(3)
Foreign exchange income		**116**	95	**233**	192
Other		**78**	70	**164**	125
		1,420	1,162	**2,800**	2,413
TOTAL NET REVENUE		**4,623**	4,091	**8,724**	7,773
PROVISION FOR CREDIT LOSSES	5	**165**	203	**377**	413
NON-INTEREST EXPENSE					
Salaries and employee benefits		**1,582**	1,546	**3,117**	2,968
Professional fees		**232**	247	**428**	451
Technology		**373**	321	**708**	637
Commissions		**271**	209	**516**	415
Occupancy costs		**98**	97	**187**	194
Communications		**105**	101	**184**	197
Business and capital taxes		**41**	42	**92**	92
Other		**410**	387	**757**	732
Gross non-interest expense		**3,112**	2,950	**5,989**	5,686
Non-interest expense included in insurance service expenses		**(279)**	(259)	**(539)**	(492)
NET NON-INTEREST EXPENSE		**2,833**	2,691	**5,450**	5,194
OPERATING SURPLUS EARNINGS		**1,625**	1,197	**2,897**	2,166
Income taxes on surplus earnings		**412**	297	**724**	528
SURPLUS EARNINGS BEFORE MEMBER DIVIDENDS		**1,213**	900	**2,173**	1,638
Member dividends		**151**	113	**302**	226
Tax recovery on member dividends		**(39)**	(29)	**(80)**	(58)
NET SURPLUS EARNINGS FOR THE PERIOD AFTER MEMBER DIVIDENDS		**$ 1,101**	$ 816	**$ 1,951**	$ 1,470
of which:					
Group's share		**$ 1,067**	$ 783	**$ 1,900**	$ 1,432
Non-controlling interests' share		**34**	33	**51**	38

(1) Includes interest income calculated using the effective interest method of $4,531 million for the three-month period ended June 30, 2026 ($4,434 million for the three-month period ended June 30, 2025) and $8,891 million for the six-month period ended June 30, 2026 ($8,823 million for the six-month period ended June 30, 2025).

The accompanying notes are an integral part of the Condensed Interim Combined Financial Statements.

Combined Statements of Comprehensive Income

(unaudited)

(in millions of Canadian dollars)	For the three-month periods ended June 30 2026	For the three-month periods ended June 30 2025	For the six-month periods ended June 30 2026	For the six-month periods ended June 30 2025
Net surplus earnings for the period after member dividends	**$ 1,101**	$ 816	**$ 1,951**	$ 1,470
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	**286**	219	**366**	178
Net change in gains and losses on equity securities designated as at fair value through other comprehensive income	**30**	41	**15**	46
Net change in fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss	**(3)**	(3)	**1**	1
	313	257	**382**	225
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)	**158**	42	**77**	296
Reclassification of net (gains) losses to the Combined Statements of Income	**(47)**	(64)	**(125)**	(162)
	111	(22)	**(48)**	134
Net change in cash flow hedges				
Net gains (losses) on derivative financial instruments designated as cash flow hedges	**32**	(100)	**(120)**	155
Reclassification to the Combined Statements of Income of net (gains) losses on derivative financial instruments designated as cash flow hedges	**21**	45	**65**	93
	53	(55)	**(55)**	248
Net unrealized exchange gains (losses) on the translation of a net investment in a foreign operation	**12**	—	**12**	—
	176	(77)	**(91)**	382
Total other comprehensive income, net of income taxes	**489**	180	**291**	607
COMPREHENSIVE INCOME FOR THE PERIOD	**$ 1,590**	$ 996	**$ 2,242**	$ 2,077
of which:				
Group's share	**$ 1,548**	$ 962	**$ 2,186**	$ 2,036
Non-controlling interests' share	**42**	34	**56**	41

The accompanying notes are an integral part of the Condensed Interim Combined Financial Statements.

Income taxes on other comprehensive income

The tax expense (recovery) related to each component of other comprehensive income for the period is presented in the following table.

(in millions of Canadian dollars)	For the three-month periods ended June 30 2026	For the three-month periods ended June 30 2025	For the six-month periods ended June 30 2026	For the six-month periods ended June 30 2025
Items that will not be reclassified subsequently to the Combined Statements of Income				
Remeasurement of net defined benefit plan assets and liabilities	**$ 102**	$ 79	**$ 131**	$ 65
Net change in gains and losses on equity securities designated as at fair value through other comprehensive income	**10**	10	**6**	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	**(1)**	(1)	**—**	—
	111	88	**137**	78
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)	**57**	15	**37**	106
Reclassification of net (gains) losses to the Combined Statements of Income	**(18)**	(23)	**(46)**	(59)
	39	(8)	**(9)**	47
Net change in cash flow hedges				
Net gains (losses) on derivative financial instruments designated as cash flow hedges	**17**	(36)	**(38)**	56
Reclassification to the Combined Statements of Income of net (gains) losses on derivative financial instruments designated as cash flow hedges	**8**	17	**24**	34
	25	(19)	**(14)**	90
	64	(27)	**(23)**	137
Total income tax expense (recovery)	**$ 175**	$ 61	**$ 114**	$ 215

Combined Statements of Changes in Equity

(unaudited)

For the six-month periods ended June 30

(in millions of Canadian dollars)	Capital stock	Undistributed surplus earnings	Accumulated other comprehensive income (Note 8)	Reserves: Stabilization reserve	Reserves: Reserve for future member dividends	Reserves: General and other reserves	Reserves: Total reserves	Equity – Group's share	Non-controlling interests	Total equity
BALANCE AS AT DECEMBER 31, 2025	**$ 4,522**	**$ 3,789**	**$ 692**	**$ 646**	**$ 3,522**	**$ 28,528**	**$ 32,696**	**$ 41,699**	**$ 613**	**$ 42,312**
Net surplus earnings for the period after member dividends	**—**	**1,900**	**—**	**—**	**—**	**—**	**—**	**1,900**	**51**	**1,951**
Other comprehensive income for the period	**—**	**376**	**(90)**	**—**	**—**	**—**	**—**	**286**	**5**	**291**
Comprehensive income for the period	**—**	**2,276**	**(90)**	**—**	**—**	**—**	**—**	**2,186**	**56**	**2,242**
Dividends	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(63)**	**(63)**
Transactions related to non-controlling interests[1]	**—**	**23**	**—**	**—**	**—**	**—**	**—**	**23**	**67**	**90**
Transfer between undistributed surplus earnings and reserves	**—**	**(2,093)**	**—**	**24**	**(3)**	**2,072**	**2,093**	**—**	**—**	**—**
Other net changes	**(139)**	**(90)**	**—**	**—**	**—**	**—**	**—**	**(229)**	**—**	**(229)**
BALANCE AS AT JUNE 30, 2026	**$ 4,383**	**$ 3,905**	**$ 602**	**$ 670**	**$ 3,519**	**$ 30,600**	**$ 34,789**	**$ 43,679**	**$ 673**	**$ 44,352**
BALANCE AS AT DECEMBER 31, 2024	$ 4,731	$ 3,319	$ 256	$ 624	$ 3,522	$ 25,335	$ 29,481	$ 37,787	$ 903	$ 38,690
Net surplus earnings for the period after member dividends	—	1,432	—	—	—	—	—	1,432	38	1,470
Other comprehensive income for the period	—	222	382	—	—	—	—	604	3	607
Comprehensive income for the period	—	1,654	382	—	—	—	—	2,036	41	2,077
Dividends	—	—	—	—	—	—	—	—	(93)	(93)
Transactions related to non-controlling interests[2]	—	—	—	—	—	—	—	—	(264)	(264)
Transfer between undistributed surplus earnings and reserves	—	(1,588)	—	22	—	1,566	1,588	—	—	—
Other net changes	(95)	—	—	—	—	—	—	(95)	—	(95)
BALANCE AS AT JUNE 30, 2025	$ 4,636	$ 3,385	$ 638	$ 646	$ 3,522	$ 26,901	$ 31,069	$ 39,728	$ 587	$ 40,315

(1) For more information, refer to Note 12, "Significant acquisition."

(2) On January 1, 2025, through one of its subsidiaries, Desjardins Group redeemed preferred shares of $464 million and issued preferred shares of $200 million to holders of non-controlling interests.

The accompanying notes are an integral part of the Condensed Interim Combined Financial Statements.

Combined Statements of Cash Flows

(unaudited)

(in millions of Canadian dollars)	For the six-month periods ended June 30 2026[1]	2025
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Operating surplus earnings	$ 2,897	$ 2,166
Non-cash adjustments:		
Depreciation of right-of-use assets, property, plant and equipment and investment property, and amortization of intangible assets	259	240
Amortization of premiums and discounts	11	8
Provision for credit losses	377	413
Net realized (gains) losses on securities classified as at fair value through other comprehensive income	(89)	76
Net (gains) losses on disposal of property, plant and equipment, intangible assets and investment property	(5)	(94)
Other	3	28
Change in operating assets and liabilities:		
Securities at fair value through profit or loss	(3,297)	(2,481)
Securities borrowed or purchased under reverse repurchase agreements	(8,325)	(2,456)
Loans	(10,890)	(17,134)
Insurance and reinsurance contract assets and liabilities	601	231
Derivative financial instruments, net amount	(1,167)	(94)
Net amounts receivable from and payable to clients, brokers and financial institutions	2,444	(724)
Deposits	18,450	19,973
Commitments related to securities sold short	3,326	1,813
Commitments related to securities lent or sold under repurchase agreements	(2,743)	3,255
Other	1,157	338
Payment of the contingent consideration	(45)	(13)
Income taxes paid on surplus earnings	(838)	(850)
Payment of member dividends	(503)	(437)
	1,623	4,258
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Issuance of subordinated notes	1,204	1,807
Repayment of subordinated notes	(1,000)	(1,000)
Sale (purchase) of debt securities and subordinated notes to (from) third parties on the market	27	48
Repayment of lease liabilities	(43)	(38)
Other net changes	(139)	(95)
Remuneration on capital stock	(234)	(266)
Transactions related to non-controlling interests	—	(264)
Dividends paid	(63)	(93)
	(248)	99
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Purchase of securities at fair value through other comprehensive income and at amortized cost	(17,357)	(15,812)
Proceeds from disposals of securities at fair value through other comprehensive income and at amortized cost	15,936	9,442
Proceeds from maturities of securities at fair value through other comprehensive income and at amortized cost	3,469	3,136
Business acquisition, net of cash and cash equivalents acquired	(788)	—
Acquisitions of property, plant and equipment, intangible assets and investment property	(180)	(181)
Proceeds from disposal of property, plant and equipment, intangible assets and investment property	10	119
Acquisition of investments in companies accounted for using the equity method	(10)	(43)
Distributions received from investments in companies accounted for using the equity method	30	14
Other investing activities	(11)	44
	1,099	(3,281)
Net increase (decrease) in cash and cash equivalents	2,474	1,076
Cash and cash equivalents at beginning of period before the impact of adopting the amendments to IFRS 9	5,848	5,977
Impact of adopting the amendments to IFRS 9 as at January 1, 2026	(634)	N/A
Cash and cash equivalents at beginning of period	5,214	5,977
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 7,688	$ 7,053
Supplemental information on cash flows from operating activities		
Interest paid	$ 3,946	$ 4,219
Interest received	8,805	8,488
Dividends received	164	121

[1] The information for the six-month period ended June 30, 2026, reflects the amendments to IFRS 9 adopted as at January 1, 2026. Comparative figures have not been restated. For more information, refer to Note 2, "Accounting policies."

The accompanying notes are an integral part of the Condensed Interim Combined Financial Statements.

NOTES TO THE CONDENSED INTERIM COMBINED FINANCIAL STATEMENTS (unaudited)

NOTE 1 – BASIS OF PRESENTATION

Nature of operations

Desjardins Group is made up of the Desjardins caisses in Quebec, 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. The subsidiaries are primarily active across Canada. The address of its head office is 100 Des Commandeurs Street, Lévis, Quebec, Canada.

Combined Financial Statements

As an integrated financial services group, Desjardins Group is a complete economic entity. These unaudited Condensed Interim Combined Financial Statements (the Interim 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 Interim 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 Quebec, the Federation, CDO and the entities controlled by them, namely the Federation's 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 Quebec, the Federation and CDO.

Statement of Compliance

Pursuant to the *Act Respecting Financial Services Cooperatives*, these Interim 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), more specifically in accordance with International Accounting Standard (IAS) 34, *"Interim Financial Reporting,"* and the accounting requirements of the Autorité des marchés financiers (AMF) in Quebec, which do not differ from IFRS.

These Interim Combined Financial Statements should be read in conjunction with the audited Annual Combined Financial Statements (the Annual Combined Financial Statements) for the year ended December 31, 2025, and the shaded areas of section 4.0, "Risk management," of the related Management's Discussion and Analysis, which are an integral part of the Annual Combined Financial Statements.

These Interim Combined Financial Statements were approved by the Board of Directors of Desjardins Group, which is the Board of Directors of the Federation, on August 12, 2026.

Significant judgments, estimates and assumptions

All the accounting policies that required management to make difficult, subjective or complex judgments, often about matters that are inherently uncertain, are presented in Note 1, "Basis of presentation," to the Annual Combined Financial Statements, except for the changes described in the "Changes in accounting policies" section of Note 2, "Accounting policies."

The global economic and geopolitical conditions continue to have an impact on the judgments and significant estimates and assumptions made by management in preparing the Interim Combined Financial Statements for the six-month period ended June 30, 2026. 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 these Interim Combined Financial Statements. Desjardins Group is closely monitoring developments and their impact on its surplus earnings and financial position.

Presentation and functional currency

These Interim 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 Interim Combined Financial Statements are in millions of dollars, unless otherwise stated.

NOTE 2 – ACCOUNTING POLICIES

All accounting policies were applied as described in Note 2, "Accounting policies," to the Annual Combined Financial Statements, except for the changes described in the "Changes in accounting policies" section of this note.

FUTURE ACCOUNTING CHANGES

Accounting standards issued by the IASB, but not effective as at December 31, 2025, are described in Note 2, "Accounting policies," to the Annual Combined Financial Statements. The IASB has since issued amendments to the following standard:

IAS 28, *"Investments in Associates and Joint Ventures"*

In June 2026, the IASB issued amendments to IAS 28, "*Investments in Associates and Joint Ventures*," to clarify which entities are eligible to measure their investments in associates and joint ventures using the fair value option. The amendments clarify that an entity whose primary business is investing in particular types of assets, consistent with the concept introduced by IFRS 18, *"Presentation and Disclosures in Financial Statements,"* may be considered a similar entity for purposes of applying this option.

Desjardins Group is currently assessing the impact of these amendments, which will be effective for years beginning on or after January 1, 2027.

CHANGES IN ACCOUNTING POLICIES

Adoption of the amendments to IFRS 7, *"Financial Instruments: Disclosures,"* and IFRS 9, *"Financial Instruments"*

On January 1, 2026, Desjardins Group adopted the amendments to IFRS 9, *"Financial Instruments,"* retrospectively without restatement of comparative periods. The amendments to IFRS 9 clarify the recognition and derecognition date for certain financial assets and liabilities. They also clarify and provide 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 significant accounting policies that were changed as a result of adopting the amendments to IFRS 9 are described below, and the retrospective impact of adopting these amendments was recognized in the opening balances in the Combined Balance Sheet as at January 1, 2026, and is presented in the "Impact of changes in accounting policies" section of this note.

Desjardins Group also adopted the amendments to IFRS 7, *"Financial Instruments: Disclosures,"* which add new disclosures for certain instruments whose contractual terms could change cash flows and improve the disclosures about equity instruments designated as at fair value through other comprehensive income.

The information for the six-month period ended June 30, 2026, is presented in accordance with these amended standards, while the information for the comparative period is presented in accordance with the standards that were in effect before January 1, 2026, and the accounting policies described in the Annual Combined Financial Statements for the year ended December 31, 2025.

a) Financial assets and liabilities

Derecognition of financial assets and liabilities

A financial asset is derecognized from the Combined Balance Sheets on the date 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.

A financial liability is derecognized at the settlement date, which is the date the related obligation is discharged or cancelled or expires, or before such date if Desjardins Group elects to apply the permitted exception for a financial liability settled in cash using an electronic payment system and if, and only if, the payment instruction has been initiated and the criteria for the exception have been met. In that respect, management must use its judgment to determine when it no longer has the practical ability to withdraw, stop or cancel the payment instruction. Desjardins Group has elected to apply this exception.

The other accounting policies related to the derecognition of financial assets and liabilities have not been changed and are described in Note 2, "Accounting Policies," to the Annual Combined Financial Statements for the year ended December 31, 2025.

b) Cash and deposits with financial institutions

"Cash and deposits with financial institutions" includes cash and cash equivalents, which consist notably of deposits with the Bank of Canada, deposits with financial institutions and 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.

NOTE 2 – ACCOUNTING POLICIES *(continued)*

IMPACT OF CHANGES IN ACCOUNTING POLICIES

Adoption of the amendments to IFRS 9, *"Financial Instruments"*

The retrospective impact of adopting the amendments to IFRS 9 was recognized in the opening balances in the Combined Balance Sheet as at January 1, 2026, and is presented in the following table. There were no changes in the classification of Desjardins Group's financial assets as at January 1, 2026.

	Balance as at December 31, 2025	Adoption of the amendments to IFRS 9	Opening balance as at January 1, 2026
ASSETS			
Cash and deposits with financial institutions	$ 5,848	$ (634)	**$ 5,214**
Securities	105,677	—	**105,677**
Securities borrowed or purchased under reverse repurchase agreements	22,809	—	**22,809**
Loans	314,703	(19)	**314,684**
Segregated fund net assets	34,079	—	**34,079**
Other assets	27,126	645	**27,771**
TOTAL ASSETS	$ 510,242	$ (8)	**$ 510,234**
LIABILITIES			
Deposits	$ 329,494	$ (313)	**$ 329,181**
Insurance contract liabilities	34,737	—	**34,737**
Other liabilities	98,889	305	**99,194**
Subordinated notes	4,810	—	**4,810**
TOTAL LIABILITIES	$ 467,930	$ (8)	**$ 467,922**
EQUITY	$ 42,312	$ —	**$ 42,312**
TOTAL LIABILITIES AND EQUITY	$ 510,242	$ (8)	**$ 510,234**

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 June 30, 2026	**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	$ 1,107	$ 16	$ 717	$ —	$ 5,848	$ 7,688
Securities	28,703	21,500	56,355	978	38	107,574
Securities borrowed or purchased under reverse repurchase agreements	—	—	—	—	31,134	31,134
Loans, net of allowance for credit losses	—	1,563	—	—	323,645	325,208
Segregated fund net assets	37,537	—	—	—	(129)	37,408
Other financial assets						
Derivative financial instruments[2]	13,381	—	—	—	—	13,381
Amounts receivable from clients, brokers and financial institutions	—	—	—	—	6,428	6,428
Other	—	—	—	—	2,680	2,680
Total financial assets	$ 80,728	$ 23,079	$ 57,072	$ 978	$ 369,644	$ 531,501
Financial liabilities						
Deposits	$ —	$ 2,623	$ —	$ —	$ 345,085	$ 347,708
Other financial liabilities						
Commitments related to securities sold short	19,263	—	—	—	—	19,263
Commitments related to securities lent or sold under repurchase agreements	—	—	—	—	13,194	13,194
Derivative financial instruments[2]	10,444	—	—	—	—	10,444
Amounts payable to clients, brokers and financial institutions	—	—	—	—	19,585	19,585
Segregated fund net liabilities – Investment contracts	—	—	—	—	33,853	33,853
Other	31	—	—	—	7,561	7,592
Subordinated notes	—	—	—	—	5,026	5,026
Total financial liabilities	$ 29,738	$ 2,623	$ —	$ —	$ 424,304	$ 456,665

(1) As at June 30, 2026, 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 $33 million. Detailed information on the allowance for credit losses on loans is presented in Note 5, "Loans and allowance for credit losses."

(2) Include derivative financial instruments designated as hedging instruments amounting to $2,003 million in assets and $102 million in liabilities.

NOTE 3 – CARRYING AMOUNT OF FINANCIAL INSTRUMENTS *(continued)*

CLASSIFICATION AND CARRYING AMOUNT OF FINANCIAL INSTRUMENTS *(continued)*

	At fair value through profit or loss		At fair value through other comprehensive income			
As at December 31, 2025	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	$ 146	$ 32	$ 546	$ —	$ 5,124	$ 5,848
Securities	25,370	21,014	58,169	1,082	42	105,677
Securities borrowed or purchased under reverse repurchase agreements	—	—	—	—	22,809	22,809
Loans, net of allowance for credit losses	—	1,620	—	—	313,083	314,703
Segregated fund net assets	34,130	—	—	—	(51)	34,079
Other financial assets						
Derivative financial instruments[2]	10,862	—	—	—	—	10,862
Amounts receivable from clients, brokers and financial institutions	—	—	—	—	3,030	3,030
Other	—	—	—	—	2,486	2,486
Total financial assets	$ 70,508	$ 22,666	$ 58,715	$ 1,082	$ 346,523	$ 499,494
Financial liabilities						
Deposits	$ —	$ 2,246	$ —	$ —	$ 327,248	$ 329,494
Other financial liabilities						
Commitments related to securities sold short	15,913	—	—	—	—	15,913
Commitments related to securities lent or sold under repurchase agreements	—	—	—	—	15,937	15,937
Derivative financial instruments[2]	8,861	—	—	—	—	8,861
Amounts payable to clients, brokers and financial institutions	—	—	—	—	14,357	14,357
Segregated fund net liabilities – Investment contracts	—	—	—	—	30,496	30,496
Other	36	—	—	—	6,864	6,900
Subordinated notes	—	—	—	—	4,810	4,810
Total financial liabilities	$ 24,810	$ 2,246	$ —	$ —	$ 399,712	$ 426,768

(1) As at December 31, 2025, 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 $24 million. Detailed information on the allowance for credit losses on loans is presented in Note 5, "Loans and allowance for credit losses."

(2) Include derivative financial instruments designated as hedging instruments amounting to $1,749 million in assets and $131 million in liabilities.

During the six-month period ended June 30, 2026, and the year ended December 31, 2025, there were no material reclassifications of financial instruments.

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS

DETERMINATION OF THE FAIR VALUE OF FINANCIAL INSTRUMENTS

For a description of the valuation techniques and data used to determine the fair value of the main financial instruments, refer to Note 2, "Accounting policies," to the Annual Combined Financial Statements. No significant changes were made to our fair value measurement techniques during the quarter. Desjardins Group has implemented controls and procedures to ensure that financial instruments are appropriately and reliably measured.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of certain financial instruments measured at amortized cost does not reasonably approximate fair value. These financial instruments are presented in the following table.

	As at June 30, 2026		As at December 31, 2025	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Securities	**$ 38**	**$ 33**	$ 42	$ 37
Loans, net of allowance for credit losses	**323,645**	**323,616**	313,083	313,581
Financial liabilities				
Deposits	**345,085**	**348,051**	327,248	332,029
Subordinated notes	**5,026**	**5,144**	4,810	4,952
Other liabilities – Other	**1,727**	**1,691**	1,735	1,722

FAIR VALUE HIERARCHY

Fair value measurement is determined using a three-level fair value hierarchy. Refer to Note 4, "Fair value of financial instruments," to the Annual Combined Financial Statements, which contains a description of these three levels.

HIERARCHY OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

During the six-month period ended June 30, 2026, financial assets of $11,673 million measured at fair value through profit or loss and at fair value through other comprehensive income as well as commitments related to securities sold short of $1,052 million have been transferred from Level 2 to Level 1 of the fair value hierarchy. During the same period, financial assets of $6,120 million classified in the same categories as well as commitments related to securities sold short of $89 million have been transferred from Level 1 to Level 2. These transfers resulted from obtaining new or more precise information related to prices or fair value measurement data and changes in the active nature of the market.

During the year ended December 31, 2025, no material transfers attributable to changes to the measurement based on quoted prices (unadjusted) in active markets for identical assets and liabilities 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 MEASURED AT FAIR VALUE *(continued)*

The following tables present the hierarchy for financial instruments measured at fair value in the Combined Balance Sheets.

As at June 30, 2026	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss				
Cash and deposits with financial institutions	$ 33	$ 1,090	$ —	$ 1,123
Securities				
Debt securities issued or guaranteed by:				
Canadian governmental entities	12,349	16	—	12,365
Provincial governmental entities and municipal corporations in Canada	11,328	5,000	—	16,328
School or public corporations in Canada	6	79	—	85
Foreign public administrations	—	701	—	701
Other debt securities	9,404	3,272	475	13,151
Equity securities	3,573	294	3,706	7,573
	36,660	9,362	4,181	50,203
Loans				
Residential mortgages	—	—	990	990
Business and government	—	—	573	573
	—	—	1,563	1,563
Segregated fund net assets	8,271	28,408	858	37,537
Derivative financial instruments				
Interest rate contracts	—	347	—	347
Foreign exchange contracts	—	3,053	—	3,053
Other contracts	—	9,981	—	9,981
	—	13,381	—	13,381
Total financial assets at fair value through profit or loss	44,964	52,241	6,602	103,807
Financial assets at fair value through other comprehensive income				
Cash and deposits with financial institutions	14	703	—	717
Securities				
Debt securities issued or guaranteed by:				
Canadian governmental entities	6,629	9,470	—	16,099
Provincial governmental entities and municipal corporations in Canada	23,976	5,128	—	29,104
Foreign public administrations	—	153	—	153
Other debt securities	7,940	3,059	—	10,999
Equity securities	908	—	70	978
	39,453	17,810	70	57,333
Total financial assets at fair value through other comprehensive income	39,467	18,513	70	58,050
Total financial assets	$ 84,431	$ 70,754	$ 6,672	$ 161,857
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Deposits	$ —	$ 2,623	$ —	$ 2,623
Other liabilities				
Commitments related to securities sold short	18,971	292	—	19,263
Other	—	—	31	31
	18,971	2,915	31	21,917
Derivative financial instruments				
Interest rate contracts	—	380	—	380
Foreign exchange contracts	—	748	—	748
Other contracts	—	9,316	—	9,316
	—	10,444	—	10,444
Total financial liabilities	$ 18,971	$ 13,359	$ 31	$ 32,361

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS *(continued)*

HIERARCHY OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE *(continued)*

As at December 31, 2025	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss				
Cash and deposits with financial institutions	$ 10	$ 168	$ —	$ 178
Securities				
Debt securities issued or guaranteed by:				
Canadian governmental entities	10,180	—	—	10,180
Provincial governmental entities and municipal corporations in Canada	15,937	659	—	16,596
School or public corporations in Canada	22	65	—	87
Foreign public administrations	300	—	—	300
Other debt securities	428	11,953	435	12,816
Equity securities	2,810	355	3,240	6,405
	29,677	13,032	3,675	46,384
Loans				
Residential mortgages	—	—	1,053	1,053
Business and government	—	—	567	567
	—	—	1,620	1,620
Segregated fund net assets	8,974	24,356	800	34,130
Derivative financial instruments				
Interest rate contracts	—	285	—	285
Foreign exchange contracts	—	2,166	—	2,166
Other contracts	—	8,411	—	8,411
	—	10,862	—	10,862
Total financial assets at fair value through profit or loss	38,661	48,418	6,095	93,174
Financial assets at fair value through other comprehensive income				
Cash and deposits with financial institutions	26	520	—	546
Securities				
Debt securities issued or guaranteed by:				
Canadian governmental entities	13,053	9,111	—	22,164
Provincial governmental entities and municipal corporations in Canada	21,835	3,910	—	25,745
Foreign public administrations	138	—	—	138
Other debt securities	1,656	8,466	—	10,122
Equity securities	1,010	—	72	1,082
	37,692	21,487	72	59,251
Total financial assets at fair value through other comprehensive income	37,718	22,007	72	59,797
Total financial assets	$ 76,379	$ 70,425	$ 6,167	$ 152,971
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Deposits	$ —	$ 2,246	$ —	$ 2,246
Other liabilities				
Commitments related to securities sold short	14,599	1,314	—	15,913
Other	—	—	36	36
	14,599	3,560	36	18,195
Derivative financial instruments				
Interest rate contracts	—	365	—	365
Foreign exchange contracts	—	598	—	598
Other contracts	—	7,898	—	7,898
	—	8,861	—	8,861
Total financial liabilities	$ 14,599	$ 12,421	$ 36	$ 27,056

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS *(continued)*

FAIR VALUE OF FINANCIAL INSTRUMENTS CATEGORIZED WITHIN LEVEL 3

Desjardins Group has implemented various key controls and procedures to ensure that the financial instruments categorized within Level 3 are appropriately and reliably measured. During the six-month period ended June 30, 2026, no significant changes were made to key controls and procedures, valuation techniques, unobservable inputs and input value ranges used to determine fair value. For a description of the valuation process for financial instruments categorized within Level 3, refer to Note 4, "Fair value of financial instruments," to the Annual Combined Financial Statements.

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 six-month period ended June 30, 2026	Balance at beginning of period	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 period
Financial assets							
Financial assets at fair value through profit or loss							
Securities							
Other debt securities							
Mortgage bonds	$ 190	$ —	$ —	$ —	$ —	$ (9)	$ 181
Other	245	—	16	—	47	(14)	294
Equity securities	3,240	(2)	88	—	446	(66)	3,706
	3,675	(2)	104	—	493	(89)	4,181
Loans							
Residential mortgages	1,053	—	—	—	—	(63)	990
Business and government	567	—	1	—	18	(13)	573
	1,620	—	1	—	18	(76)	1,563
Segregated fund net assets	800	—	16	—	54	(12)	858
Total financial assets at fair value through profit or loss	6,095	(2)	121	—	565	(177)	6,602
Financial assets at fair value through other comprehensive income							
Equity securities	72	—	—	(2)	—	—	70
Total financial assets at fair value through other comprehensive income	72	—	—	(2)	—	—	70
Total financial assets	$ 6,167	$ (2)	$ 121	$ (2)	$ 565	$ (177)	$ 6,672
Financial liabilities							
Financial liabilities at fair value through profit or loss							
Other liabilities – Other							
Financial liability related to the contingent considerations	$ 36	$ —	$ 9	$ —	$ 31	$ (45)	$ 31
Total financial liabilities	$ 36	$ —	$ 9	$ —	$ 31	$ (45)	$ 31

(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 six-month period ended June 30, 2025	Balance at beginning of period	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]	Transfers of instruments into (out of) Level 3	Purchases / Issuances / Other	Sales / Settlements / Other	Balance at end of period
Financial assets								
Financial assets at fair value through profit or loss								
Securities								
Other debt securities								
Mortgage bonds	$ 238	$ —	$ 2	$ —	$ —	$ —	$ (13)	$ 227
Other	178	—	6	—	—	41	(8)	217
Equity securities	2,821	—	(5)	—	—	292	(38)	3,070
	3,237	—	3	—	—	333	(59)	3,514
Loans								
Residential mortgages	1,065	—	7	—	—	20	(22)	1,070
Business and government	597	—	5	—	—	—	(11)	591
	1,662	—	12	—	—	20	(33)	1,661
Segregated fund net assets	751	4	(14)	—	(2)	163	(187)	715
Total financial assets at fair value through profit or loss	5,650	4	1	—	(2)	516	(279)	5,890
Financial assets at fair value through other comprehensive income								
Equity securities	82	—	—	(19)	—	18	—	81
Total financial assets at fair value through other comprehensive income	82	—	—	(19)	—	18	—	81
Total financial assets	$ 5,732	$ 4	$ 1	$ (19)	$ (2)	$ 534	$ (279)	$ 5,971
Financial liabilities								
Financial liabilities at fair value through profit or loss								
Other liabilities – Other								
Financial liability related to the contingent consideration	$ 25	$ —	$ 11	$ —	$ —	$ —	$ (13)	$ 23
Total financial liabilities	$ 25	$ —	$ 11	$ —	$ —	$ —	$ (13)	$ 23

(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 5 – 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 28, "Probabilities of default of retail clients by risk level," and Table 29, "Probabilities of default of businesses, financial institutions and sovereign borrowers by risk level," in section 4.0, "Risk Management," of the 2025 Annual Management's Discussion and Analysis.

Loans

	Non-credit impaired		Credit-impaired	
As at June 30, 2026	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Residential mortgages				
Excellent	$ 60,168	$ 9	$ —	$ 60,177
Very low	84,901	724	—	85,625
Low	50,397	3,612	—	54,009
Moderate	2,399	2,010	—	4,409
High	8	768	—	776
Default	—	391	441	832
Total residential mortgages subject to expected credit losses	$ 197,873	$ 7,514	$ 441	$ 205,828
Residential mortgages at fair value through profit or loss(1)				990
Total gross residential mortgages	$ 197,873	$ 7,514	$ 441	$ 206,818
Allowance for credit losses	(47)	(32)	(31)	(110)
Total net residential mortgages	$ 197,826	$ 7,482	$ 410	$ 206,708
Consumer, credit card and other personal loans				
Excellent	$ 5,932	$ —	$ —	$ 5,932
Very low	6,301	3	—	6,304
Low	8,109	727	—	8,836
Moderate	1,084	826	—	1,910
High	16	1,169	—	1,185
Default	—	31	267	298
Total gross consumer, credit card and other personal loans	$ 21,442	$ 2,756	$ 267	$ 24,465
Allowance for credit losses	(94)	(225)	(190)	(509)
Total net consumer, credit card and other personal loans	$ 21,348	$ 2,531	$ 77	$ 23,956
Business and government loans				
Acceptable risk				
Investment grade	$ 30,472	$ 176	$ —	$ 30,648
Other than investment grade	51,385	5,798	—	57,183
Under watch	2,251	2,633	—	4,884
Default	—	172	1,903	2,075
Total business and government loans subject to expected credit losses	$ 84,108	$ 8,779	$ 1,903	$ 94,790
Business and government loans at fair value through profit or loss(1)				573
Total gross business and government loans	$ 84,108	$ 8,779	$ 1,903	$ 95,363
Allowance for credit losses	(209)	(163)	(447)	(819)
Total net business and government loans	$ 83,899	$ 8,616	$ 1,456	$ 94,544
Total gross loans	$ 303,423	$ 19,049	$ 2,611	$ 326,646
Allowance for credit losses	(350)	(420)	(668)	(1,438)
Total net loans	$ 303,073	$ 18,629	$ 1,943	$ 325,208

(1) Loans at fair value through profit or loss are not subject to expected credit losses.

NOTE 5 – 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	
As at December 31, 2025	Stage 1	Stage 2	Stage 3	Total
Residential mortgages				
Excellent	$ 60,114	$ 18	$ —	$ 60,132
Very low	81,047	1,094	—	82,141
Low	46,288	3,317	—	49,605
Moderate	2,298	1,982	—	4,280
High	3	793	—	796
Default	—	423	446	869
Total residential mortgages subject to expected credit losses	$ 189,750	$ 7,627	$ 446	$ 197,823
Residential mortgages at fair value through profit or loss(1)				1,053
Total gross residential mortgages	$ 189,750	$ 7,627	$ 446	$ 198,876
Allowance for credit losses	(43)	(29)	(33)	(105)
Total net residential mortgages	$ 189,707	$ 7,598	$ 413	$ 198,771
Consumer, credit card and other personal loans				
Excellent	$ 5,613	$ —	$ —	$ 5,613
Very low	6,327	2	—	6,329
Low	8,439	608	—	9,047
Moderate	1,087	746	—	1,833
High	11	1,292	—	1,303
Default	—	34	267	301
Total gross consumer, credit card and other personal loans	$ 21,477	$ 2,682	$ 267	$ 24,426
Allowance for credit losses	(105)	(232)	(190)	(527)
Total net consumer, credit card and other personal loans	$ 21,372	$ 2,450	$ 77	$ 23,899
Business and government loans				
Acceptable risk				
Investment grade	$ 29,629	$ 205	$ —	$ 29,834
Other than investment grade	50,374	5,111	—	55,485
Under watch	2,159	2,590	—	4,749
Default	—	172	1,968	2,140
Total business and government loans subject to expected credit losses	$ 82,162	$ 8,078	$ 1,968	$ 92,208
Business and government loans at fair value through profit or loss(1)				567
Total gross business and government loans	$ 82,162	$ 8,078	$ 1,968	$ 92,775
Allowance for credit losses	(169)	(123)	(450)	(742)
Total net business and government loans	$ 81,993	$ 7,955	$ 1,518	$ 92,033
Total gross loans	$ 293,389	$ 18,387	$ 2,681	$ 316,077
Allowance for credit losses	(317)	(384)	(673)	(1,374)
Total net loans	$ 293,072	$ 18,003	$ 2,008	$ 314,703

(1) Loans at fair value through profit or loss are not subject to expected credit losses.

NOTE 5 – 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 June 30, 2026	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Residential mortgages, consumer, credit card and other personal loans				
Excellent	$ 53,301	$ —	$ —	$ 53,301
Very low	26,212	19	—	26,231
Low	9,911	568	—	10,479
Moderate	477	430	—	907
High	7	221	—	228
Default	—	6	48	54
Total	$ 89,908	$ 1,244	$ 48	$ 91,200
Allowance for credit losses	(42)	(23)	—	(65)
Total, net of allowance for credit losses	$ 89,866	$ 1,221	$ 48	$ 91,135
Business and government				
Acceptable risk				
Investment grade	$ 40,703	$ 120	$ —	$ 40,823
Other than investment grade	17,711	1,640	—	19,351
Under watch	377	512	—	889
Default	—	16	374	390
Total	$ 58,791	$ 2,288	$ 374	$ 61,453
Allowance for credit losses	(35)	(24)	—	(59)
Total, net of allowance for credit losses	$ 58,756	$ 2,264	$ 374	$ 61,394
Total off-balance sheet items	$ 148,699	$ 3,532	$ 422	$ 152,653
Allowance for credit losses	(77)	(47)	—	(124)
Total off-balance sheet items, net of allowance for credit losses	$ 148,622	$ 3,485	$ 422	$ 152,529

	Non-credit impaired		Credit-impaired	
As at December 31, 2025	Stage 1	Stage 2	Stage 3	Total
Residential mortgages, consumer, credit card and other personal loans				
Excellent	$ 52,313	$ 1	$ —	$ 52,314
Very low	25,677	10	—	25,687
Low	9,568	509	—	10,077
Moderate	361	436	—	797
High	7	228	—	235
Default	—	8	60	68
Total	$ 87,926	$ 1,192	$ 60	$ 89,178
Allowance for credit losses	(43)	(22)	—	(65)
Total, net of allowance for credit losses	$ 87,883	$ 1,170	$ 60	$ 89,113
Business and government				
Acceptable risk				
Investment grade	$ 38,178	$ 110	$ —	$ 38,288
Other than investment grade	17,818	1,438	—	19,256
Under watch	335	526	—	861
Default	—	12	465	477
Total	$ 56,331	$ 2,086	$ 465	$ 58,882
Allowance for credit losses	(29)	(17)	—	(46)
Total, net of allowance for credit losses	$ 56,302	$ 2,069	$ 465	$ 58,836
Total off-balance sheet items	$ 144,257	$ 3,278	$ 525	$ 148,060
Allowance for credit losses	(72)	(39)	—	(111)
Total off-balance sheet items, net of allowance for credit losses	$ 144,185	$ 3,239	$ 525	$ 147,949

(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 5 – 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.

For the six-month period ended June 30, 2026	Non-credit impaired Stage 1	Non-credit impaired Stage 2	Credit-impaired Stage 3	Allowance for credit losses
Residential mortgages				
Balance at beginning of period	$ 47	$ 29	$ 33	$ 109
Provision for credit losses				
Transfers to[1]:				
Stage 1	12	(10)	(2)	—
Stage 2	(5)	9	(4)	—
Stage 3	—	(1)	1	—
Net remeasurement due to transfers[2]	(4)	4	11	11
Changes in risks, parameters and models[3]	(10)	8	2	—
New originations or acquisitions[4]	15	—	—	15
Derecognitions and maturities[5]	(4)	(4)	(8)	(16)
Net drawdowns (repayments)[6]	—	(2)	—	(2)
	4	4	—	8
Write-offs and recoveries	—	—	—	—
Balance at end of period	$ 51	$ 33	$ 33	$ 117
Consumer, credit card and other personal loans				
Balance at beginning of period	$ 144	$ 254	$ 190	$ 588
Provision for credit losses				
Transfers to[1]:				
Stage 1	112	(102)	(10)	—
Stage 2	(35)	67	(32)	—
Stage 3	(1)	(30)	31	—
Net remeasurement due to transfers[2]	(33)	28	170	165
Changes in risks, parameters and models[3]	(72)	57	102	87
New originations or acquisitions[4]	31	—	—	31
Derecognitions and maturities[5]	(11)	(21)	(56)	(88)
Net drawdowns (repayments)[6]	(3)	(6)	(1)	(10)
	(12)	(7)	204	185
Write-offs and recoveries	—	—	(206)	(206)
Balance at end of period	$ 132	$ 247	$ 188	$ 567
Business and government				
Balance at beginning of period	$ 198	$ 140	$ 450	$ 788
Provision for credit losses				
Transfers to[1]:				
Stage 1	32	(31)	(1)	—
Stage 2	(28)	38	(10)	—
Stage 3	(1)	(8)	9	—
Net remeasurement due to transfers[2]	(15)	33	101	119
Changes in risks, parameters and models[3]	(12)	28	38	54
New originations or acquisitions[4]	104	—	—	104
Derecognitions and maturities[5]	(42)	(15)	(25)	(82)
Net drawdowns (repayments)[6]	8	2	(30)	(20)
	46	47	82	175
Write-offs and recoveries	—	—	(85)	(85)
Balance at end of period	$ 244	$ 187	$ 447	$ 878
Total balances at end of period	$ 427	$ 467	$ 668	$ 1,562
Composed of:				
Loans	$ 350	$ 420	$ 668	$ 1,438
Off-balance sheet items[7]	77	47	—	124

(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, risk levels, parameters and models, after transfers between stages.
(4) Represent the increase in the allowance for new originations or acquisitions during the period, 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 5 – LOANS AND ALLOWANCE FOR CREDIT LOSSES *(continued)*

ALLOWANCE FOR CREDIT LOSSES *(continued)*

	Non-credit impaired		Credit-impaired	Allowance for
For the six-month period ended June 30, 2025	Stage 1	Stage 2	Stage 3	credit losses
Residential mortgages				
Balance at beginning of period	$ 42	$ 26	$ 30	$ 98
Provision for credit losses				
Transfers to[1]:				
Stage 1	13	(11)	(2)	—
Stage 2	(5)	8	(3)	—
Stage 3	—	(2)	2	—
Net remeasurement due to transfers[2]	(4)	3	11	10
Changes in risks, parameters and models[3]	(11)	8	(1)	(4)
New originations or acquisitions[4]	13	—	—	13
Derecognitions and maturities[5]	(3)	(4)	(8)	(15)
	3	2	(1)	4
Write-offs and recoveries	—	—	2	2
Balance at end of period	$ 45	$ 28	$ 31	$ 104
Consumer, credit card and other personal loans				
Balance at beginning of period	$ 150	$ 255	$ 165	$ 570
Provision for credit losses				
Transfers to[1]:				
Stage 1	129	(120)	(9)	—
Stage 2	(44)	73	(29)	—
Stage 3	(1)	(32)	33	—
Net remeasurement due to transfers[2]	(38)	38	162	162
Changes in risks, parameters and models[3]	(72)	100	104	132
New originations or acquisitions[4]	40	—	—	40
Derecognitions and maturities[5]	(12)	(26)	(47)	(85)
Net drawdowns (repayments)[6]	(1)	(5)	—	(6)
	1	28	214	243
Write-offs and recoveries	—	—	(194)	(194)
Balance at end of period	$ 151	$ 283	$ 185	$ 619
Business and government				
Balance at beginning of period	$ 151	$ 181	$ 420	$ 752
Provision for credit losses				
Transfers to[1]:				
Stage 1	34	(33)	(1)	—
Stage 2	(25)	30	(5)	—
Stage 3	(2)	(12)	14	—
Net remeasurement due to transfers[2]	(16)	30	94	108
Changes in risks, parameters and models[3]	—	(27)	75	48
New originations or acquisitions[4]	88	—	—	88
Derecognitions and maturities[5]	(27)	(18)	(28)	(73)
Net drawdowns (repayments)[6]	8	—	(11)	(3)
	60	(30)	138	168
Write-offs and recoveries	—	—	(11)	(11)
Balance at end of period	$ 211	$ 151	$ 547	$ 909
Total balances at end of period	$ 407	$ 462	$ 763	$ 1,632
Composed of:				
Loans	$ 329	$ 419	$ 763	$ 1,511
Off-balance sheet items[7]	78	43	—	121

(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, risk levels, parameters and models, after transfers between stages.
(4) Represent the increase in the allowance for new originations or acquisitions during the period, 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 5 – LOANS AND ALLOWANCE FOR CREDIT LOSSES *(continued)*

KEY DATA AND ASSUMPTIONS

The following information is an update, compared to the most recent Annual Combined Financial Statements, of key data and assumptions underlying the measurement of the allowance for expected credit losses. For more information, see Notes 2, "Accounting policies," and 7, "Loans and allowance for credit losses," to the Annual Combined Financial Statements.

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

The macroeconomic scenarios prepared 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 June 30, 2026	**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%**	**2.5%**	**1.7%**	**(3.0)%**	**1.7%**
Unemployment rate (average)	**5.6%**	**4.7%**	**5.3%**	**3.9%**	**7.7%**	**6.7%**
Consumer Price Index (annualized change)	**1.8%**	**1.9%**	**2.3%**	**2.0%**	**2.4%**	**2.3%**
Housing prices (annualized change)	**2.5%**	**3.2%**	**5.1%**	**4.0%**	**(15.6)%**	**2.0%**
Corporate credit spread[2] (average)	**110 bp**	**120 bp**	**85 bp**	**85 bp**	**205 bp**	**152 bp**
S&P/TSX stock index[2] (annualized change)	**8.0%**	**9.1%**	**15.7%**	**10.1%**	**(39.6)%**	**12.0%**

	Base scenario		Upside scenario		Downside scenario	
As at December 31, 2025	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%	1.5%	2.6%	1.8%	(1.5)%	1.3%
Unemployment rate (average)	5.5%	4.5%	5.2%	3.9%	6.7%	6.1%
Consumer Price Index (annualized change)	1.8%	2.0%	3.3%	2.1%	2.2%	2.0%
Housing prices (annualized change)	2.2%	2.9%	5.2%	4.1%	(13.2)%	1.4%
Corporate credit spread[2] (average)	106 bp	118 bp	90 bp	90 bp	195 bp	153 bp
S&P/TSX stock index[2] (annualized change)	10.3%	7.0%	16.1%	8.0%	(35.5)%	10.7%

(1) All macroeconomic variables relate to the Quebec economy, unless otherwise noted.
(2) Macroeconomic variables related to the Canadian economy.

NOTE 5 – LOANS AND ALLOWANCE FOR CREDIT LOSSES *(continued)*

KEY DATA AND ASSUMPTIONS *(continued)*

The base scenario forecasts an acceleration in economic growth in the second half of 2026. It assumes stabilization in tariffs, including continued exemptions for goods exported by Canada that comply with the rules of the free-trade agreement with the United States and Mexico. The unemployment rate in Quebec should gradually decrease over the next quarters. It should drop back to below 5% in 2028 as a result of improvement in the economy and slower growth in the number of available workers. Inflation should begin to decline in summer 2026 and converge to 2% in a few quarters. The Bank of Canada should keep its monetary policy unchanged in 2026. Two 25-basis points increases in the overnight rate are expected in 2027 as a result of a more robust economy. This would bring the Canadian monetary policy closer to its neutral position. The housing market is losing momentum in Quebec, but housing prices should continue to grow moderately.

The downside scenario forecasts a recession, which could result from a new escalation in trade tensions, a prolonged oil shock or increased volatility in financial markets. The Quebec real GDP would decrease by nearly 3% over a horizon of approximately one year. The unemployment rate would rise and reach a high of 8.3% in Quebec in 2027. This scenario also assumes that inflation would rise more in the short term due to new tariffs and a prolonged oil shock. Consequently, the Bank of Canada would be forced to raise interest rates a few times in 2026. The discount rate would reach 3.50% at the end of the year, and could then be lowered as soon as in 2027 as a result of the disinflationary pressures arising from the recession. The forecast for the housing market is also more pessimistic in this scenario. The greater uncertainty, in particular with respect to the labour market, would contribute to weakening demand and prices for residential properties. The price decrease could be close to 20% in Quebec.

The upside scenario essentially assumes that the economy will be stronger than in the base scenario, supported by the abandonment of most of the tariffs currently in place. A sharper rebound in investments and productivity gains would help drive economic growth. Other factors, such as a quick and lasting end to the conflicts in Ukraine and the Middle East, could also support the global economy. In this scenario, the unemployment rate could go down to below 4% in Quebec by 2029. The inflationary pressures would however be more considerable than in the base scenario as a result of more vibrant economic activity. The Bank of Canada could have to raise the discount rate up to 3.75% in 2027. In the longer term, the discount rate could be cut back to 3.50%, which is at the high end of the Bank of Canada's estimated neutral range. Average housing prices would be driven by a stronger labour market, but hampered by higher interest rates. Ultimately, housing price growth would be slightly greater than in the base scenario.

The development of the economic outlook after June 30, 2026, 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 June 30, 2026	As at December 31, 2025
Under IFRS 9	**$ 894**	$ 812
Weighting of 100% assigned to the scenario:		
Base	**$ 727**	$ 730
Upside	**670**	676
Downside	**1,366**	1,078

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 June 30, 2026	As at December 31, 2025
Under IFRS 9	**$ 894**	$ 812
If all non-credit impaired loans and off-balance sheet items had been included in Stage 1	**$ 735**	$ 674

NOTE 6 – DEPOSITS AND SUBORDINATED NOTES

DEPOSITS

Deposits consist of demand deposits, notice deposits and term deposits. 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 June 30, 2026				As at December 31, 2025			
	Demand deposits	**Notice deposits**	**Term deposits**	**Total**	Demand deposits	Notice deposits	Term deposits	Total
Individuals	**$ 75,305**	**$ 4,036**	**$ 95,418**	**$ 174,759**	$ 74,553	$ 4,102	$ 92,631	$ 171,286
Business and government	**68,916**	**119**	**103,470**	**172,505**	62,661	139	95,000	157,800
Deposit-taking institutions	**406**	**—**	**38**	**444**	398	—	10	408
	$ 144,627	**$ 4,155**	**$ 198,926**	**$ 347,708**	$ 137,612	$ 4,241	$ 187,641	$ 329,494

SUBORDINATED NOTES

On March 3, 2026, the Federation issued subordinated notes eligible as Non-Viability Contingent Capital (NVCC) amounting to $1 billion. The notes bear interest at an annual fixed rate of 3.856% for the first five years and at an annual rate equal to daily compounded CORRA (Canadian Overnight Repo Rate Average) plus 1.28% until maturity on March 3, 2036. These notes are redeemable at the option of the issuer on or after March 3, 2031, subject to conditions and the prior approval of the regulatory authority.

On May 28, 2026, the Federation redeemed subordinated notes eligible as NVCC amounting to $1 billion and maturing on May 28, 2031, at a price equal to their par value, plus accrued and unpaid interest to May 28, 2026, exclusively.

On June 4, 2026, the Federation issued subordinated notes eligible as NVCC amounting to 24 billion yen (JPY). The notes bear interest at an annual fixed rate of 2.901% for the first five years and at the semi-annual TONA (Tokyo Overnight Average Rate) five-year mid-swap rate plus 0.99% until maturity on September 4, 2036. These notes are redeemable at the option of the issuer on September 4, 2031, subject to conditions and the prior approval of the regulatory authority.

NOTE 7 – 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 June 30, 2026			As at December 31, 2025		
	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]	**$ 27,349**	**$ 8,086**	**$ 35,435**	$ 26,971	$ 7,824	$ 34,795
Asset for insurance acquisition cash flows	**(46)**	**—**	**(46)**	(58)	—	(58)
	$ 27,303	**$ 8,086**	**$ 35,389**	$ 26,913	$ 7,824	$ 34,737
Reinsurance contract assets	**$ 1,037**	**$ 778**	**$ 1,815**	$ 992	$ 771	$ 1,763
Reinsurance contract liabilities	**$ 36**	**$ —**	**$ 36**	$ 35	$ —	$ 35

(1) The balance for life and health insurance includes an amount of $3,526 million ($3,547 million as at December 31, 2025) corresponding to the obligation to segregated fund holders and an amount of $401 million ($417 million as at December 31, 2025) related to segregated fund guarantees.

NOTE 7 – INSURANCE AND REINSURANCE CONTRACTS *(continued)*

INSURANCE FINANCE RESULT

Finance expenses and investment income

The following tables present insurance finance income (expenses) and the return on assets held in respect of insurance activities.

	2026			2025		
For the three-month periods ended June 30	**Life and health insurance activities**	**Property and casualty insurance activities**	**Total**	Life and health insurance activities	Property and casualty insurance activities	Total
Return on assets held in respect of insurance activities						
Net insurance investment income (loss)						
Insurance contracts	**$ 797**	**$ 215**	**$ 1,012**	$ (44)	$ 150	$ 106
Segregated fund contracts	**266**	**—**	**266**	135	—	135
	1,063	**215**	**1,278**	91	150	241
Net change in insurance investment gains and losses recognized in the Combined Statements of Comprehensive Income	**30**	**35**	**65**	48	11	59
	1,093	**250**	**1,343**	139	161	300
Net insurance and reinsurance finance income (expenses)						
Net insurance finance income (expenses)						
Capitalized interest	**(143)**	**(65)**	**(208)**	(152)	(72)	(224)
Effect related to changes in discount rates and other financial assumptions	**(449)**	**(39)**	**(488)**	349	34	383
Change in the fair value of underlying assets of insurance contracts with direct participation features:						
Insurance contracts	**(74)**	**—**	**(74)**	(29)	—	(29)
Segregated fund contracts	**(266)**	**—**	**(266)**	(135)	—	(135)
Effect of financial risk mitigation	**25**	**—**	**25**	70	—	70
Other	**(14)**	**—**	**(14)**	11	—	11
	(921)	**(104)**	**(1,025)**	114	(38)	76
Net reinsurance finance income (expenses)						
Capitalized interest	**7**	**6**	**13**	4	8	12
Effect related to changes in discount rates and other financial assumptions	**20**	**3**	**23**	(16)	(4)	(20)
Other	**—**	**—**	**—**	3	—	3
	27	**9**	**36**	(9)	4	(5)
	(894)	**(95)**	**(989)**	105	(34)	71
Total	**$ 199**	**$ 155**	**$ 354**	$ 244	$ 127	$ 371
Composed of:						
Net insurance finance result in the Combined Statements of Income	**$ 169**	**$ 120**	**$ 289**	$ 196	$ 116	$ 312
Net insurance finance result in the Combined Statements of Comprehensive Income	**30**	**35**	**65**	48	11	59

NOTE 7 – INSURANCE AND REINSURANCE CONTRACTS *(continued)*

INSURANCE FINANCE RESULT *(continued)*

Finance expenses and investment income *(continued)*

	2026			2025		
For the six-month periods ended June 30	**Life and health insurance activities**	**Property and casualty insurance activities**	**Total**	Life and health insurance activities	Property and casualty insurance activities	Total
Return on assets held in respect of insurance activities						
Net insurance investment income (loss)						
Insurance contracts	**$ 874**	**$ 343**	**$ 1,217**	$ 392	$ 333	$ 725
Segregated fund contracts	**260**	**—**	**260**	155	—	155
	1,134	**343**	**1,477**	547	333	880
Net change in insurance investment gains and losses recognized in the Combined Statements of Comprehensive Income	**—**	**—**	**—**	63	19	82
	1,134	**343**	**1,477**	610	352	962
Net insurance and reinsurance finance income (expenses)						
Net insurance finance income (expenses)						
Capitalized interest	**(283)**	**(115)**	**(398)**	(322)	(126)	(448)
Effect related to changes in discount rates and other financial assumptions	**(318)**	**(16)**	**(334)**	223	(30)	193
Change in the fair value of underlying assets of insurance contracts with direct participation features:						
Insurance contracts	**(80)**	**—**	**(80)**	(47)	—	(47)
Segregated fund contracts	**(260)**	**—**	**(260)**	(155)	—	(155)
Effect of financial risk mitigation	**29**	**—**	**29**	46	—	46
Other	**(24)**	**—**	**(24)**	—	—	—
	(936)	**(131)**	**(1,067)**	(255)	(156)	(411)
Net reinsurance finance income (expenses)						
Capitalized interest	**11**	**10**	**21**	12	14	26
Effect related to changes in discount rates and other financial assumptions	**16**	**1**	**17**	(15)	3	(12)
Other	**—**	**—**	**—**	3	—	3
	27	**11**	**38**	—	17	17
	(909)	**(120)**	**(1,029)**	(255)	(139)	(394)
Total	**$ 225**	**$ 223**	**$ 448**	$ 355	$ 213	$ 568
Composed of:						
Net insurance finance result in the Combined Statements of Income	**$ 225**	**$ 223**	**$ 448**	$ 292	$ 194	$ 486
Net insurance finance result in the Combined Statements of Comprehensive Income	**—**	**—**	**—**	63	19	82

NOTE 7 – INSURANCE AND REINSURANCE CONTRACTS *(continued)*

RECONCILIATIONS OF INSURANCE CONTRACT 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

For the six-month period ended June 30, 2026	Remaining coverage: Excluding the loss component	Remaining coverage: Loss component	Incurred claims: Contracts other than those to which the premium allocation approach has been applied	Incurred claims: Contracts to which the premium allocation approach has been applied: Estimates of the present value of future cash flows	Incurred claims: Contracts to which the premium allocation approach has been applied: Risk adjustment for non-financial risk	Total
Liability balance at beginning of period	$ 21,665	$ 248	$ 373	$ 4,563	$ 122	$ 26,971
Insurance revenue						
Contracts to which the fair value approach has been applied	(526)	—	—	—	—	(526)
Other contracts	(1,670)	—	—	—	—	(1,670)
	(2,196)	—	—	—	—	(2,196)
Insurance service expenses						
Incurred claims and other incurred insurance service expenses	—	(38)	574	1,096	1	1,633
Amortization of insurance acquisition cash flows	205	—	—	—	—	205
Losses and reversals of losses on onerous contracts	—	44	—	—	—	44
	205	6	574	1,096	1	1,882
Insurance service result	(1,991)	6	574	1,096	1	(314)
Net insurance finance expenses (income)	843	2	5	83	3	936
Total items recognized in the Combined Statements of Income	$ (1,148)	$ 8	$ 579	$ 1,179	$ 4	$ 622
Investment components	(1,168)	—	506	662	—	—
Cash flows						
Premiums and other amounts received	2,848	—	—	—	—	2,848
Insurance acquisition cash outflows	(276)	—	—	—	—	(276)
Claims and other insurance service expenses paid (including investment components)	—	—	(1,067)	(1,749)	—	(2,816)
Total cash flows	$ 2,572	$ —	$ (1,067)	$ (1,749)	$ —	$ (244)
Liability balance at end of period	$ 21,921	$ 256	$ 391	$ 4,655	$ 126	$ 27,349

NOTE 7 – INSURANCE AND REINSURANCE CONTRACTS *(continued)*

Life and health insurance activities *(continued)*

	Remaining coverage		Incurred claims Contracts			
				To which the premium allocation approach has been applied		
For the six-month period ended June 30, 2025	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 period	$ 21,899	$ 209	$ 369	$ 4,420	$ 118	$ 27,015
Insurance revenue						
Contracts to which the fair value approach has been applied	(537)	—	—	—	—	(537)
Other contracts	(1,605)	—	—	—	—	(1,605)
	(2,142)	—	—	—	—	(2,142)
Insurance service expenses						
Incurred claims and other incurred insurance service expenses	—	(25)	555	1,021	(1)	1,550
Amortization of insurance acquisition cash flows	196	—	—	—	—	196
Losses and reversal of losses on onerous contracts	—	23	—	—	—	23
	196	(2)	555	1,021	(1)	1,769
Insurance service result	(1,946)	(2)	555	1,021	(1)	(373)
Net insurance finance expenses (income)	169	4	4	76	2	255
Total items recognized in the Combined Statements of Income	$ (1,777)	$ 2	$ 559	$ 1,097	$ 1	$ (118)
Investment components	(1,054)	—	435	619	—	—
Cash flows						
Premiums and other amounts received	2,878	—	—	—	—	2,878
Insurance acquisition cash outflows	(276)	—	—	—	—	(276)
Claims and other insurance service expenses paid (including investment components)	—	—	(1,000)	(1,663)	—	(2,663)
Total cash flows	$ 2,602	$ —	$ (1,000)	$ (1,663)	$ —	$ (61)
Liability balance at end of period	$ 21,670	$ 211	$ 363	$ 4,473	$ 119	$ 26,836

NOTE 7 – INSURANCE AND REINSURANCE CONTRACTS *(continued)*

Property and casualty insurance activities

For the six-month period ended June 30, 2026	**Remaining coverage**		**Incurred claims**		
	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 period	$ 212	$ 257	$ 6,838	$ 517	$ 7,824
Insurance revenue	(4,071)	—	—	—	(4,071)
Insurance service expenses					
Incurred claims and other incurred insurance service expenses	—	(197)	2,875	104	2,782
Amortization of insurance acquisition cash flows	638	—	—	—	638
Changes related to claims incurred in prior years	—	—	(283)	(97)	(380)
Losses and reversals of losses on onerous contracts	—	264	—	—	264
	638	67	2,592	7	3,304
Insurance service result	(3,433)	67	2,592	7	(767)
Net insurance finance expenses (income)	—	—	122	9	131
Total items recognized in the Combined Statements of Income	$ (3,433)	$ 67	$ 2,714	$ 16	$ (636)
Cash flows					
Premiums and other amounts received	4,094	—	—	—	4,094
Insurance acquisition cash outflows	(672)	—	—	—	(672)
Claims and other insurance service expenses paid (including investment components)	—	—	(2,524)	—	(2,524)
Total cash flows	$ 3,422	$ —	$ (2,524)	$ —	$ 898
Liability balance at end of period	$ 201	$ 324	$ 7,028	$ 533	$ 8,086

For the six-month period ended June 30, 2025	Remaining coverage		Incurred claims		
	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 period	$ 269	$ 196	$ 6,606	$ 505	$ 7,576
Insurance revenue	(3,890)	—	—	—	(3,890)
Insurance service expenses					
Incurred claims and other incurred insurance service expenses	—	(165)	2,706	94	2,635
Amortization of insurance acquisition cash flows	579	—	—	—	579
Changes related to claims incurred in prior years	—	—	(252)	(95)	(347)
Losses and reversals of losses on onerous contracts	—	376	—	—	376
	579	211	2,454	(1)	3,243
Insurance service result	(3,311)	211	2,454	(1)	(647)
Net insurance finance expenses (income)	—	—	145	11	156
Total items recognized in the Combined Statements of Income	$ (3,311)	$ 211	$ 2,599	$ 10	$ (491)
Cash flows					
Premiums and other amounts received	3,892	—	—	—	3,892
Insurance acquisition cash outflows	(588)	—	—	—	(588)
Claims and other insurance service expenses paid (including investment components)	—	—	(2,503)	—	(2,503)
Total cash flows	$ 3,304	$ —	$ (2,503)	$ —	$ 801
Liability balance at end of period	$ 262	$ 407	$ 6,702	$ 515	$ 7,886

NOTE 7 – INSURANCE AND REINSURANCE CONTRACTS *(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

For the six-month period ended June 30, 2026	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
Liability balance at beginning of period	$ 19,066	$ 774	$ 2,395	$ 204	$ 22,439
Changes that relate to current service					
Amount of the contractual service margin	—	—	(95)	(7)	(102)
Change in the risk adjustment for non-financial risk for expired risks	—	(24)	—	—	(24)
Experience adjustments	(13)	—	—	—	(13)
	(13)	(24)	(95)	(7)	(139)
Changes that relate to future service					
Changes in estimates that adjust the contractual service margin	(42)	(7)	62	(13)	—
Changes in estimates that result in losses or reversal of losses on onerous contracts	4	(1)	—	—	3
Contracts initially recognized in the period	(59)	21	—	43	5
	(97)	13	62	30	8
Insurance service result	(110)	(11)	(33)	23	(131)
Net insurance finance expenses (income)	799	26	22	4	851
Total items recognized in the Combined Statements of Income	$ 689	$ 15	$ (11)	$ 27	$ 720
Cash flows					
Premiums and other amounts received	748	—	—	—	748
Insurance acquisition cash outflows	(80)	—	—	—	(80)
Claims and other insurance service expenses paid (including investment components)	(1,068)	—	—	—	(1,068)
Total cash flows	$ (400)	$ —	$ —	$ —	$ (400)
Liability balance at end of period	$ 19,355	$ 789	$ 2,384	$ 231	$ 22,759

NOTE 7 – INSURANCE AND REINSURANCE CONTRACTS *(continued)*

Life and health insurance activities *(continued)*

For the six-month period ended June 30, 2025		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
Liability balance at beginning of period	$	18,999	$	785	$	2,695	$	143	$	22,622
Changes that relate to current service										
Amount of the contractual service margin		—		—		(104)		(5)		(109)
Change in the risk adjustment for non-financial risk for expired risks		—		(23)		—		—		(23)
Experience adjustments		(8)		—		—		—		(8)
		(8)		(23)		(104)		(5)		(140)
Changes that relate to future service										
Changes in estimates that adjust the contractual service margin		(21)		11		20		(10)		—
Changes in estimates that result in losses or reversal of losses on onerous contracts		3		(1)		—		—		2
Contracts initially recognized in the period		(61)		22		—		42		3
		(79)		32		20		32		5
Insurance service result		(87)		9		(84)		27		(135)
Net insurance finance expenses (income)		152		(4)		25		3		176
Total items recognized in the Combined Statements of Income	$	65	$	5	$	(59)	$	30	$	41
Cash flows										
Premiums and other amounts received		859		—		—		—		859
Insurance acquisition cash outflows		(89)		—		—		—		(89)
Claims and other insurance service expenses paid (including investment components)		(1,000)		—		—		—		(1,000)
Total cash flows	$	(230)	$	—	$	—	$	—	$	(230)
Liability balance at end of period	$	18,834	$	790	$	2,636	$	173	$	22,433

NOTE 8 – ACCUMULATED OTHER COMPREHENSIVE INCOME

The following table presents the main components of "Accumulated other comprehensive income" (net of taxes).

	As at June 30, 2026				As at December 31, 2025			
		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]	**$**	**309**	**$**	**3**	$	356	$	4
Net gains (losses) on derivative financial instruments designated as cash flow hedges		**281**		**—**		336		—
Net unrealized exchange gains (losses) on the translation of a net investment in a foreign operation		**12**		**—**		—		—
Accumulated other comprehensive income	**$**	**602**	**$**	**3**	$	692	$	4

(1) Take into account an allowance for credit losses of $33 million as at June 30, 2026, ($24 million as at December 31, 2025) on securities classified as at fair value through other comprehensive income.

NOTE 9 – CAPITAL MANAGEMENT

The goal of capital management at Desjardins Group is 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 the financial capital costs, the organization has adopted a target capital structure that takes into account the banking industry regulatory requirements, Desjardins Group's ambitions for maintaining its credit ratings and the risk profiles of the organization and its components. The target structure is updated based on changes in the above factors and approved annually by the Federation's Board of Directors.

Desjardins Group's capital ratios are calculated using the Capital Adequacy Guideline issued by the AMF and applicable in particular to financial services cooperatives.

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. In addition, Desjardins Group is required by the AMF to meet a minimum leverage ratio of 3.5%.

Desjardins Group also 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%.

As at June 30, 2026, Desjardins Group was in compliance with the AMF's capital ratio and leverage ratio regulatory requirements.

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 June 30, 2026	As at December 31, 2025
Capital and other TLAC instruments		
Tier 1A capital	**$ 37,509**	$ 36,468
Tier 1 capital	**37,509**	36,468
Total capital	**41,355**	40,082
Available total loss absorbing capacity (TLAC)(1)	**56,498**	53,170
Risk-weighted assets		
Credit risk	**128,794**	125,293
Market risk	**5,807**	4,504
Operational risk	**24,344**	23,884
Total risk-weighted assets	**$ 158,945**	$ 153,681
Total risk-weighted assets for TLAC ratio purposes(1)	**153,404**	148,562
Leverage ratio exposure	**497,690**	468,023
TLAC leverage ratio exposure(1)	**488,364**	459,957
Ratios		
Tier 1A capital	**23.6%**	23.7%
Tier 1 capital	**23.6**	23.7
Total capital	**26.0**	26.1
TLAC(1)	**36.8**	35.8
Leverage	**7.5**	7.8
TLAC leverage(1)	**11.6**	11.6

(1) Data calculated at the resolution group level that is deemed to be Desjardins Group excluding CDO.

NOTE 10 – 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 three-month periods ended June 30		For the six-month periods ended June 30	
	2026	2025	**2026**	2025
Interest income on financial assets				
At amortized cost	**$ 4,044**	$ 3,880	**$ 7,925**	$ 7,714
At fair value through other comprehensive income	**394**	447	**776**	902
At fair value through profit or loss	**188**	142	**342**	274
	4,626	4,469	**9,043**	8,890
Interest expense on financial liabilities				
At amortized cost	**2,181**	2,316	**4,272**	4,635
At fair value through profit or loss	**146**	129	**285**	264
	2,327	2,445	**4,557**	4,899
	$ 2,299	$ 2,024	**$ 4,486**	$ 3,991

NET OTHER INVESTMENT INCOME (LOSS)

The following tables present the breakdown of net investment income (loss) according to the classification of financial assets and liabilities.

	2026			2025		
For the three-month periods ended June 30	**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	**$ (1)**	**$ 108**	**$ 107**	$ (18)	$ 38	$ 20
Designated as at fair value through profit or loss	**—**	**(121)**	**(121)**	—	(43)	(43)
Classified as at fair value through other comprehensive income	**8**	**5**	**13**	11	(9)	2
At amortized cost and other	**(14)**	**—**	**(14)**	(43)	—	(43)
	$ (7)	**$ (8)**	**$ (15)**	$ (50)	$ (14)	$ (64)

	2026			2025		
For the six-month periods ended June 30	**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	**$ (43)**	**$ 206**	**$ 163**	$ (114)	$ 243	$ 129
Designated as at fair value through profit or loss	**—**	**(189)**	**(189)**	—	(89)	(89)
Classified as at fair value through other comprehensive income	**18**	**35**	**53**	21	(21)	—
At amortized cost and other	**(14)**	**—**	**(14)**	(43)	—	(43)
	$ (39)	**$ 52**	**$ 13**	$ (136)	$ 133	$ (3)

NOTE 11 – SEGMENTED INFORMATION

RESULTS BY BUSINESS SEGMENT

The following tables provide a summary of Desjardins Group's financial results by business segment.

For the three-month periods ended June 30	Personal and Business Services		Wealth Management and Life and Health Insurance		Property and Casualty Insurance		Other		Combined	
	2026	2025[(1)]	**2026**	2025	**2026**	2025	**2026**	2025[(1)]	**2026**	2025
Net interest income	**$ 2,201**	$ 1,920	**$ 92**	$ 69	**$ —**	$ —	**$ 6**	$ 35	**$ 2,299**	$ 2,024
Net insurance service income	**—**	—	**308**	342	**570**	532	**26**	31	**904**	905
Other income	**680**	672	**891**	695	**(1)**	(2)	**(150)**	(203)	**1,420**	1,162
Total net revenue	**2,881**	2,592	**1,291**	1,106	**569**	530	**(118)**	(137)	**4,623**	4,091
Provision for (recovery of) credit losses	**157**	214	**6**	(9)	**2**	(2)	**—**	—	**165**	203
Net non-interest expense	**1,889**	1,875	**957**	823	**157**	121	**(170)**	(128)	**2,833**	2,691
Operating surplus earnings	**835**	503	**328**	292	**410**	411	**52**	(9)	**1,625**	1,197
Income taxes on surplus earnings	**202**	133	**76**	66	**107**	104	**27**	(6)	**412**	297
Surplus earnings before member dividends	**633**	370	**252**	226	**303**	307	**25**	(3)	**1,213**	900
Member dividends, net of income tax recovery	**112**	84	**—**	—	**—**	—	**—**	—	**112**	84
Net surplus earnings for the period after member dividends	**$ 521**	$ 286	**$ 252**	$ 226	**$ 303**	$ 307	**$ 25**	$ (3)	**$ 1,101**	$ 816
of which:										
Group's share	**$ 521**	$ 286	**$ 250**	$ 226	**$ 271**	$ 274	**$ 25**	$ (3)	**$ 1,067**	$ 783
Non-controlling interests' share	**—**	—	**2**	—	**32**	33	**—**	—	**34**	33

(1) In 2026, changes were made to the model used to allocate intersegment net interest income. For the three-month period ended June 30, 2025, these changes would have resulted in an increase of $75 million in "Net interest income" and a decrease of $35 million in "Other income" for the Personal and Business Services segment, and a reverse change of the same items in the Other category. Comparative data have not been restated.

NOTE 11 – SEGMENTED INFORMATION *(continued)*

RESULTS BY BUSINESS SEGMENT *(continued)*

For the six-month periods ended June 30	Personal and Business Services		Wealth Management and Life and Health Insurance		Property and Casualty Insurance		Other		Combined	
	2026	2025[(1)]	**2026**	2025	**2026**	2025	**2026**	2025[(1)]	**2026**	2025
Net interest income	**$ 4,315**	$ 3,738	**$ 173**	$ 138	**$ —**	$ —	**$ (2)**	$ 115	**$ 4,486**	$ 3,991
Net insurance service income	**—**	—	**484**	603	**892**	698	**62**	68	**1,438**	1,369
Other income	**1,363**	1,342	**1,676**	1,387	**(6)**	(9)	**(233)**	(307)	**2,800**	2,413
Total net revenue	**5,678**	5,080	**2,333**	2,128	**886**	689	**(173)**	(124)	**8,724**	7,773
Provision for (recovery of) credit losses	**367**	415	**9**	(1)	**1**	(1)	**—**	—	**377**	413
Net non-interest expense	**3,663**	3,627	**1,831**	1,625	**267**	233	**(311)**	(291)	**5,450**	5,194
Operating surplus earnings	**1,648**	1,038	**493**	504	**618**	457	**138**	167	**2,897**	2,166
Income taxes on surplus earnings	**408**	269	**111**	110	**161**	116	**44**	33	**724**	528
Surplus earnings before member dividends	**1,240**	769	**382**	394	**457**	341	**94**	134	**2,173**	1,638
Member dividends, net of income tax recovery	**222**	168	**—**	—	**—**	—	**—**	—	**222**	168
Net surplus earnings for the period after member dividends	**$ 1,018**	$ 601	**$ 382**	$ 394	**$ 457**	$ 341	**$ 94**	$ 134	**$ 1,951**	$ 1,470
of which:										
Group's share	**$ 1,018**	$ 601	**$ 380**	$ 394	**$ 408**	$ 303	**$ 94**	$ 134	**$ 1,900**	$ 1,432
Non-controlling interests' share	**—**	—	**2**	—	**49**	38	**—**	—	**51**	38

(1) In 2026, changes were made to the model used to allocate intersegment net interest income. For the six-month period ended June 30, 2025, these changes would have resulted in an increase of $160 million in "Net interest income" and a decrease of $53 million in "Other income" for the Personal and Business Services segment, and a reverse change of the same items in the Other category. Comparative data have not been restated.

SEGMENT ASSETS

	Personal and Business Services	Wealth Management and Life and Health Insurance	Property and Casualty Insurance	Other	Combined
As at June 30, 2026	**$ 401,941**	**$ 91,021**	**$ 14,491**	**$ 36,049**	**$ 543,502**
As at December 31, 2025	$ 384,301	$ 82,940	$ 14,226	$ 28,775	$ 510,242

NOTE 12 – SIGNIFICANT ACQUISITION

On March 23, 2026, Desjardins Group, through Desjardins Global Asset Management Inc. (DGAM), an indirect subsidiary of the Federation, completed the acquisition of all the outstanding shares of Guardian Capital Group Limited (Guardian), a global investment management company that serves institutional, retail and private clients, and was publicly traded. This acquisition increases Desjardins Group's assets under management, strengthens its presence on the Canadian asset management market and supports its international development.

This transaction qualifies as a business combination and was accounted for using the acquisition method. The determination of the fair value of the identifiable assets acquired, the liabilities assumed and the consideration transferred remains provisional and may be adjusted during the measurement period. As at June 30, 2026, Desjardins Group revised the purchase price allocation to reflect new information obtained about facts and circumstances that existed at the acquisition date and, if known at that date, would have affected the amounts initially recognized in the Interim Combined Financial Statements. Consequently, certain amounts that had been presented on a provisional basis were adjusted. The accounting for the business combination will be completed in the coming quarters.

The estimates of the fair value of identifiable assets acquired and liabilities assumed at the acquisition date are presented below.

	As at March 23, 2026 Preliminary	Adjustments	As at March 23, 2026 Updated
Identifiable net assets acquired			
Cash and deposits with financial institutions	$ 705	$ 88	$ 793
Securities at fair value through profit or loss	622	(100)	522
Right-of-use assets	47	—	47
Property, plant and equipment	5	—	5
Intangible assets	109	—	109
Deferred tax assets	23	—	23
Investments in companies accounted for using the equity method	—	206	206
Other assets – Other	106	—	106
Deposits	(77)	—	(77)
Commitments related to securities sold short	(24)	—	(24)
Lease liabilities	(47)	—	(47)
Deferred tax liabilities	(6)	—	(6)
Other liabilities – Other	(226)	(194)	(420)
	1,237	—	1,237
Goodwill	434	—	434
Total identifiable net assets acquired and goodwill	$ 1,671	$ —	$ 1,671
Consideration transferred			
Cash and cash equivalents acquired	$ 705	$ 88	$ 793
Net cash used for the acquisition	876	(88)	788
Issuance of common shares[1]	90	—	90
Acquisition consideration	$ 1,671	$ —	$ 1,671

[1] DGAM issued 994,447 common shares, having a total value of $90 million, representing 10% of its voting shares. The fair value of the common shares issued as consideration was determined under the market approach, using comparable companies' multiples.

Goodwill is attributable to the synergies that should result from the acquisition of Guardian by Desjardins Group. Goodwill is not tax deductible.

Since the acquisition, the contribution of the Guardian operations to Desjardins Group's "Total net revenue" has been $93 million. The acquisition did not have a significant impact on "Net surplus earnings for the period after member dividends." If the acquisition had occurred at the beginning of the year, the contribution of Guardian would have increased "Total net revenue" by $164 million for the six-month period ended June 30, 2026, without significant impact on "Net surplus earnings for the period after member dividends."

Impact on subsidiary ownership

As a result of the issuance of shares by DGAM, equity attributable to Desjardins Group increased by $23 million, which reflects the dilutive effect arising from the recognition of a non-controlling interest. This transaction is an equity transaction. The cumulative share of other comprehensive income associated with the diluted interest was reallocated to equity attributable to non-controlling interests.

GENERAL INFORMATION

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La version française de ce rapport trimestriel est disponible sur demande.