PRESS RELEASE
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Results for the first quarter of 2021

AN ACTIVE AND INVOLVED GROUP. *Éditions La Presse* published ***Desjardins: Together for 120 Years***, a book that traces the history, highlights, development and importance of the cooperative in people's lives and hearts. The book provides clear proof that the cooperative model, as represented by Desjardins, is more relevant than ever.

Desjardins posts excellent financial results for the first quarter of 2021

Lévis, May 13, 2021 – For the first quarter ended March 31, 2021, Desjardins Group, North America's leading financial cooperative group, recorded surplus earnings before member dividends of $798 million, up $513 million from the same quarter of 2020. In the first quarter of 2021, the growth in surplus earnings was mainly due to a decline in the provision for credit losses, good performance from the caisse network and a lower auto insurance loss experience in the Property and Casualty Insurance segment. It's worth noting that surplus earnings for the first quarter of 2020 were affected by the beginning of the COVID-19 pandemic. The provision for credit losses was affected by the deterioration in the economic outlook, and provisions were recognized in travel insurance.

Desjardins Group continues to be a very strong financial institution that has demonstrated its ability to support its members and clients despite the COVID-19 pandemic.

For the first quarter of 2021, the provision for member dividends was $90 million, up $13 million from the same period in 2020. Sponsorships, donations and scholarships were $12 million, including $5 million from caisse Community Development Funds, while $4 million was paid out through the Desjardins Member Advantages program. This amounted to a total of $106 million returned to members and the community, which is relatively unchanged from what was recorded for the same period in 2020. In the first quarter of 2021, Desjardins also announced $7 million in commitments related to the GoodSpark Fund which seeks in particular to provide social and economic support to the regions.

"Desjardins began the first quarter of 2021 with solid financial results despite the background of economic uncertainty stemming from the pandemic," said Desjardins President and CEO Guy Cormier. "I am proud of our results and the efforts made by the whole Desjardins team. We are very well positioned to proactively respond to the needs of our members and clients, as well as our communities. In addition, we responded to the government's invitation to limit the spread of COVID-19 by adding the Cité de la coopération, in Lévis, to the list of vaccination sites."

COVID-19: Desjardins Group supports its members and clients and takes part in the vaccination effort

Desjardins rolled out a many relief measures to support members and clients during the COVID-19 pandemic.

The main relief measures, which were implemented on March 16, 2020, are still in place and have been further developed to offer solutions for members and clients in financial difficulty at any time, regardless of their circumstances. Desjardins seeks to support members and clients experiencing financial hardship by offering them the solutions that best meet their needs at the times they need them most.

From the start of the pandemic in 2020 up to March 31, 2021, Desjardins Group received a total of 368,083 requests for payment deferrals on Desjardins financing products. Of this amount, 165,825 requests concerned credit cards and other personal financing. A total of 167,675 requests were also received for payment deferrals on residential mortgages and consumer loans, including 147,355 relating to mortgages. Meanwhile, requests for payment deferrals on business loans totalled 34,583.

For business owners, we also introduced measures designed to complement government programs. Between the start of the pandemic in 2020 and March 31, 2021, Desjardins Group granted 144,135 loans for a total amount of $4.8 billion in connection with the federal Canada Business Emergency Account (CBEA) program. Under this program, loans are offered on an interest-free basis until December 31, 2022 and at a rate of 5% thereafter.

In 2020, Desjardins granted $155 million in premium rebates to more than 2.1 million auto insurance clients.

In addition, Desjardins recently launched Flexi Visa, a no fee, low rate credit card. This product will provide a longer-term solution to cardholders who need it, at any time.

As of May 18, Desjardins Group will also take part in the vaccination effort, with the Cité de la coopération in Lévis joining the list of COVID-19 vaccination sites. It is important to note that Desjardins will be following the government's directives on vaccination priority and will not give preference to its employees, members or clients.

Support for economic and social recovery

Desjardins is contributing to regional development and economic recovery through both the GoodSpark Fund, which has set aside $250 million to stimulate social and economic activity in communities, and the Momentum Fund for businesses.

Since the creation of the GoodSpark Fund, Desjardins has committed a total of $130 million to 567 projects. Meanwhile, the Momentum Fund has also supported 676 businesses for a total outlay of close to $4 million.

Giving back to the community

During this pandemic, Desjardins has been more involved than ever in people's lives and continues to support initiatives for diversity, inclusion and cooperation. Here are some of the ways that Desjardins is making a positive difference in people's lives since the first quarter of 2021:

- Partnership with Montréal International to develop an online tool for recruiting foreign workers to meet the pressing labour needs in the metropolitan area. Desjardins' multilingual team provides tailored support to newcomers to help them integrate.
- Launch of *Desjardins, Together for 120 Years*, a book that traces the history, development and importance of Desjardins in Québec, the rest of Canada and internationally. Organized into thematic chapters, it eloquently presents the highlights of Desjardins Group over time, demonstrating its current ambitions and its importance in the lives and hearts of people.
- Guy Cormier, President and Chief Executive Officer of Desjardins Group, also continues to be involved in Academos. After becoming its first sponsor in 2020, he will now take on the role of mentor. Mr. Cormier will talk with young people about his experiences and listen to their concerns about their careers and the rapidly changing job market.

Innovating

Desjardins is constantly innovating to meet the needs of its members and clients in an environment where the pandemic is still with us. Here are just a few examples since the first quarter of 2021:

- Launch of Desjardins RI Emerging Markets Low CO_2, a new exchange traded fund (ETF). This fund complements the range of ETFs with a significantly lower carbon footprint than traditional market indexes. It also confirms our position as a leader in the Canadian market for responsible investment solutions.
- Launch of the new Omni mobile app, which gives users access to their Desjardins group insurance and retirement savings plans. Omni users can quickly and easily submit health insurance claims, conduct transactions for their group retirement savings plans and access helpful tools and resources right from their mobile device.
- New version of Ajusto from Desjardins Insurance to recognize users for good driving habits and encourage them to think about safety first when behind the wheel.
- Implementation of an ambitious plan for Desjardins to achieve net zero emissions by 2040 in its extended operations and in its financing and capital investment activities in 3 carbon-intensive sectors: energy, transportation and real estate. This plan includes building a $2 billion investment portfolio in renewable energy infrastructure (a 66% increase over 2020).

Financial highlights

Comparison of first quarter of 2021 with first quarter of 2020:

- Surplus earnings before member dividends of $798 million, up $513 million.
- Operating income[1] of $4,783 million, up $141 million or 3.0%.
- Financial impacts largely related to the COVID-19 pandemic, including:
  - Lower provision for credit losses compared to the corresponding quarter of 2020, which reflected a gloomier economic outlook,
  - Travel insurance and credit balance insurance provisions recognized in the first quarter of 2020,
  - Favourable impact of markets on guaranteed investment funds, compared to an unfavourable impact in the same quarter of 2020,
  - Decrease in business volumes from payment and financing activities at Desjardins Card Services for the current year, and
  - Lower auto insurance claims experience for the current year, mainly due to changes in driving habits.
- $106 million returned to members and the community, comparable to the corresponding period of 2020.

Other highlights from the first quarter of 2021:

- Total capital ratio of 22.6%, unchanged from December 31, 2020.
- Total assets grew 4.1% since December 31, 2020, to reach $377.0 billion at March 31, 2021.
- Issue of $1.0 billion in Canadian medium-term notes on January 21, 2021.
- Issue of €500 million in covered bonds on the European market on April 8, 2021.

[1] See the "Non-GAAP Measures" section.

FINANCIAL HIGHLIGHTS

(in millions of dollars and as a percentage)	As at and for the 3 month periods ended **March 31, 2021**	 December 31, 2020	 March 31, 2020
Results			
Net interest income	**$ 1,403**	$ 1,455	$ 1,353
Net premiums	**2,585**	2,626	2,522
Other operating income[1]	**795**	749	767
Operating income[1]	**4,783**	4,830	4,642
Investment income (loss)[1]	**(1,748)**	534	54
Total income	**3,035**	5,364	4,696
Provision for credit losses	**4**	169	324
Claims, benefits, annuities and changes in insurance contract liabilities	**(206)**	1,781	2,071
Non-interest expense	**2,165**	2,332	1,999
Income taxes on surplus earnings	**274**	206	17
Surplus earnings before member dividends	**$ 798**	$ 876	$ 285
Contribution to combined surplus earnings by business segment[2]			
Personal and Business Services	**$ 414**	$ 364	$ 190
Wealth Management and Life and Health Insurance	**125**	249	(41)
Property and Casualty Insurance	**248**	378	73
Other	**11**	(115)	63
	$ 798	$ 876	$ 285
Amount returned to members and the community			
Member dividends	**$ 90**	$ 93	$ 77
Sponsorships, donations and scholarships[3]	**12**	28	16
Desjardins Member Advantages	**4**	10	11
	$ 106	$ 131	$ 104
Indicators			
Net interest margin[1][4]	**2.10%**	2.17%	2.37%
Return on equity[1]	**10.3**	11.4	4.0
Productivity index[1]	**66.8**	65.1	76.2
Credit loss provisioning rate[1]	**0.01**	0.32	0.63
Gross credit-impaired loans/gross loans and acceptances ratio[1]	**0.57**	0.62	0.56
Liquidity coverage ratio[5]	**155**	157	125
On-balance sheet and off-balance sheet			
Assets	**$ 376,981**	$ 362,035	$ 326,919
Net loans and acceptances	**215,005**	211,749	206,326
Deposits	**230,919**	225,236	205,495
Equity	**31,644**	30,263	28,950
Assets under administration	**464,678**	458,177	395,770
Assets under management[6]	**77,169**	77,474	63,435
Capital ratio and leverage ratio			
Tier 1A capital ratio	**22.1%**	21.9%	22.2%
Tier 1 capital ratio	**22.1**	21.9	22.2
Total capital ratio	**22.6**	22.6	22.2
Leverage ratio	**8.7**	8.5	9.2
Other information			
Number of employees	**50,172**	48,930	48,420

(1) See the "Non-GAAP Measures" section.
(2) The breakdown by line item is presented in Note 10, “Segmented information,” to the Interim Combined Financial Statements.
(3) Including $5 million from the caisse Community Development Funds ($15 million for the fourth quarter of 2020 and $6 million for the first quarter of 2020).
(4) Data for 2020 have been adjusted to conform to the current period’s presentation because of a refinement in methodology.
(5) The ratio is presented based on the average of daily data for the quarter.
(6) Assets under management may also be administered by Desjardins Group. When this is the case, they are included in assets under administration.

Assets of $377.0 billion, up $14.9 billion

As at March 31, 2021, Desjardins Group had total assets of $377.0 billion, up $14.9 billion or 4.1% since December 31, 2020. This growth was largely due to increases in cash and deposits with financial institutions, securities borrowed or purchased under reverse repurchase agreements, and net loans and acceptances, partly offset by the decline in securities.

Desjardins Group’s cash and deposits with financial institutions increased by $7.7 billion or 63.7%, and securities borrowed or purchased under reverse repurchase agreements increased by $4.0 billion or 41.2%. Securities declined by $4.2 billion or 4.8%.

Desjardins Group's outstanding loan portfolio, including acceptances, net of the provision for credit losses, increased by $3.3 billion, or 1.5%. This growth was due to residential mortgages, which play a large role in Desjardins Group's financing activities and accounted for 64.0% of its portfolio as at March 31, 2021.

Very strong capital base

Desjardins Group maintains very good capitalization levels in accordance with Basel III rules. As at March 31, 2021, its Tier 1A and total capital ratios stood at 22.1% and 22.6%, respectively, compared to 21.9% and 22.6% as at December 31, 2020.

Analysis of business segment results

PERSONAL AND BUSINESS SERVICES SEGMENT

Results for the first quarter

For the first quarter of 2021, surplus earnings before member dividends were $414 million, up $224 million from the same period in 2020. This increase was due to a lower provision for credit losses in the first quarter of 2021 than the provision taken in the corresponding quarter of 2020, which reflected the gloomier economic outlook resulting from the COVID-19 pandemic. In addition, the growth in surplus earnings is attributable to good performance by the caisse network and by Desjardins Securities Inc. In contrast, the increase in investments, particularly related to the digital shift and information security, and the decrease in business volumes from payment and financing activities at Desjardins Card Services due to the COVID-19 pandemic had an unfavourable impact on surplus earnings.

WEALTH MANAGEMENT AND LIFE AND HEALTH INSURANCE SEGMENT

Results for the first quarter

For the first quarter of 2021, the segment posted $125 million in net surplus earnings compared to a net deficit of $41 million in the first quarter of 2020. This change was mainly due to the provisions recognized in travel insurance and credit balance insurance during the first quarter of 2020. It can also be attributed to the markets’ positive impact on guaranteed investment funds in the first quarter of 2021, versus their negative impact in the same quarter of 2020.

PROPERTY AND CASUALTY INSURANCE SEGMENT

Results for the first quarter

For the first quarter of 2021, net surplus earnings were $248 million, up $175 million from the same period in 2020. This increase was due to a decrease in auto insurance claims in the current year, mainly due to changes in driving habits attributable to the COVID-19 pandemic. Mild weather conditions in the first quarter of 2021 had a favourable impact on the loss ratio for the current year, as they did in the corresponding period of 2020. The growth in surplus earnings is also attributable to the increase in investment income, excluding the change in the fair value of matched bonds, as well as to the increase in net premiums.

OTHER CATEGORY

Results for the first quarter

Net surplus earnings for the first quarter of 2021 were $11 million, compared to net surplus earnings of $63 million for the corresponding period in 2020. Treasury activities, market rate fluctuations and changes in hedging positions for matching activities had a favourable overall impact on surplus earnings. However, the Other category also includes investments related to the continued implementation of Desjardins-wide strategic projects, including those aimed at creating innovative technological platforms, protecting privacy, ensuring security and improving business processes.

More detailed financial information can be found in Desjardins Group's interim Management's Discussion and Analysis (MD&A), available on the SEDAR website under the Fédération des caisses Desjardins du Québec and Desjardins Capital Inc. profiles.

About Desjardins Group

Desjardins Group is the largest cooperative financial group in North America and the fifth largest cooperative financial group in the world, with assets of $377.0 billion. In 2020 it was ranked as one of the world's Top 100 Employers by *Forbes* magazine. To meet the diverse needs of its members and clients, Desjardins offers a full range of products and services to individuals and businesses through its extensive distribution network, online platforms and subsidiaries across Canada. Ranked among the world's strongest banks according to *The Banker* magazine, Desjardins has some of the highest capital ratios and credit ratings in the industry.

Caution concerning forward-looking statements

Certain statements made in this press release may be forward-looking. They include, but are not limited to, comments about the potential impacts of the COVID-19 pandemic on its operations, results and financial position as well as on economic conditions and financial markets. By their very nature, forward-looking statements involve assumptions, uncertainties and inherent risks, both general and specific. It is therefore possible that, due to many factors, the assumptions made may be incorrect, or the 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 results differ materially. Furthermore, the uncertainty created by the COVID-19 pandemic has greatly increased this risk by adding to the difficulty of making assumptions, predictions, forecasts or other forward-looking statements compared to previous periods. Desjardins cautions readers against placing undue reliance on forward-looking statements since various factors that are beyond Desjardins Group's control, and whose impacts are therefore difficult to predict, could influence, individually or collectively, the accuracy of the forward-looking statements in this press release. Additional information on these and other factors are available under Section 4.0, "Risk management" and under "COVID-19 pandemic" in Section 1.3, "Significant events", of Desjardins Group's 2020 MD&A and its MD&A for the first quarter of 2021. Although Desjardins Group believes that the expectations expressed in these forward-looking statements are reasonable and based on a valid foundation, it cannot guarantee that these expectations will materialize or prove to be correct. Desjardins Group cautions readers against placing undue reliance on these forward-looking statements when making decisions since actual results, conditions, actions or future events could differ significantly from the targets, expectations, estimates or intentions advanced in them, either explicitly or implicitly. Desjardins Group does not undertake to update any verbal or written forward-looking statements that may be made from time to time by or on behalf of Desjardins Group, except as required under applicable securities legislation.

Basis of presentation of financial information

The financial information in this document comes primarily from the 2021 Interim Combined Financial Statements. Those 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 and the accounting requirements of the *Autorité des marchés financiers* in Québec, which do not differ from IFRS. IFRS represent Canada's generally accepted accounting principles (GAAP). The Interim Combined Financial Statements of Desjardins Group have been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting". For more information about the accounting policies used, see Note 2, "Basis of presentation and significant accounting policies", to the Annual Combined Financial Statements. Unless otherwise indicated, all amounts are presented in Canadian dollars ($) and are primarily from Desjardins Group's Annual and Interim Combined Financial Statements.

Non-GAAP Measures

To assess its performance, Desjardins Group uses GAAP (IFRS) measures and various non-GAAP financial measures. Non-GAAP financial measures, other than the regulatory ratios, do not have standardized definitions and are not directly comparable to similar measures used by other companies, and may not be directly comparable to any GAAP measures. Investors, among others, may find these non-GAAP measures useful in analyzing financial performance.

These non-GAAP measures are defined as follows:

Productivity index

The productivity index is used to measure efficiency and is equal to the ratio of non-interest expense to total income, net of expenses related to claims, benefits, annuities and changes in insurance contract liabilities, expressed as a percentage. A lower ratio indicates greater productivity.

Net interest margin

Net interest margin is used to measure profitability. It is equal to net interest income expressed as a percentage of average interest-bearing assets.

Gross credit-impaired loans/gross loans and acceptances

The gross credit-impaired loans/gross loans and acceptances ratio is used to measure loan portfolio quality and is equal to gross credit-impaired loans expressed as a percentage of total gross loans and acceptances.

Return on equity

Return on equity is used to measure profitability resulting in value creation for members and clients. Expressed as a percentage, it is equal to surplus earnings before member dividends, excluding the non-controlling interests' share, divided by average equity before non-controlling interests.

Income

Operating income

The concept of operating income is used to analyze financial results. This concept allows for better structuring of financial data and makes it easier to compare operating activities from one period to the next by excluding the volatility of results specific to investments, particularly regarding the extent of life and health insurance and Property and Casualty (P&C) insurance operations, for which a very large proportion of investments are recognized at fair value through profit or loss. The analysis therefore breaks down Desjardins Group's income into 2 parts, namely operating income and investment income, which make up total income. This measure is not directly comparable to similar measures used by other companies.

Operating income includes net interest income, generated mainly by the Personal and Business Services segment and the Other category, net premiums and other operating income such as deposit and payment service charges, lending fees and credit card service revenues, income from brokerage and investment fund services, management and custodial service fees, foreign exchange income as well as other income. These items, taken individually, correspond to those presented in the Combined Financial Statements.

Investment income

Investment income includes net investment income on securities classified and designated as being at fair value through profit or loss, net investment income on securities classified as being at fair value through other comprehensive income, and net investment income on securities measured at amortized cost and other investment income included in the Combined Statement of Income under "Net investment income". It also includes the overlay approach adjustment for insurance operations financial assets. The life and health insurance and P&C insurance subsidiaries' matching activities, which include changes in fair value, gains and losses on disposals and interest and dividend income on securities, are presented with investment income, given that these assets back insurance liabilities, which are recognized under expenses related to claims, benefits, annuities and changes in insurance contract liabilities in the Combined Financial Statements. In addition, this investment income includes changes in the fair value of investments for the Personal and Business Services segment, recognized at fair value through profit or loss.

The following table shows the correspondence of total income between the MD&A and the Combined Financial Statements.

	For the 3 month periods ended		
(in millions of dollars)	**March 31, 2021**	December 31, 2020	March 31, 2020
Presentation of income in the Combined Financial Statements			
Net interest income	**$ 1,403**	$ 1,455	$ 1,353
Net premiums	**2,585**	2,626	2,522
Other income			
Deposit and payment service charges	**99**	104	105
Lending fees and credit card service revenues	**187**	165	196
Brokerage and investment fund services	**273**	243	241
Management and custodial service fees	**169**	168	150
Net investment income (loss)[1]	**(1,602)**	646	(458)
Overlay approach adjustment for insurance operations financial assets	**(146)**	(112)	512
Foreign exchange income	**30**	21	46
Other	**37**	48	29
Total income	**$ 3,035**	$ 5,364	$ 4,696
Presentation of income in the MD&A			
Net interest income	**$ 1,403**	$ 1,455	$ 1,353
Net premiums	**2,585**	2,626	2,522
Other operating income			
Deposit and payment service charges	**99**	104	105
Lending fees and credit card service revenues	**187**	165	196
Brokerage and investment fund services	**273**	243	241
Management and custodial service fees	**169**	168	150
Foreign exchange income	**30**	21	46
Other	**37**	48	29
Operating income	**4,783**	4,830	4,642
Investment income (loss)			
Net investment income (loss)[1]	**(1,602)**	646	(458)
Overlay approach adjustment for insurance operations financial assets	**(146)**	(112)	512
Investment income (loss)	**(1,748)**	534	54
Total income	**$ 3,035**	$ 5,364	$ 4,696

[1] The breakdown of this line item is presented in Note 9, "Net interest income and net investment income (loss)", to the Interim Combined Financial Statements.

Credit loss provisioning rate

The credit loss provisioning rate is used to measure loan portfolio quality and is equal to the provision for credit losses divided by average gross loans and acceptances.

The following table presents the calculation of the credit loss provisioning rate as presented in the MD&A.

	For the 3 month periods ended		
(in millions of dollars and as a percentage)	**March 31, 2021**	December 31, 2020	March 31, 2020
Provision for credit losses	**$ 4**	$ 169	$ 324
Average gross loans	**214,224**	211,756	205,445
Average gross acceptances	**241**	164	231
Average gross loans and acceptances	**$ 214,465**	$ 211,920	$ 205,676
Credit loss provisioning rate(1)	**0.01%**	0.32%	0.63%

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

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