**PRESS RELEASE**
**Under embargo – May 12, 2023**

## Results for the first quarter of 2023


**AN ACTIVE AND INVOLVED GROUP**. *For the 9th consecutive year, Desjardins has been recognized by Mediacorp as one of the greenest employers in Canada.*

# Desjardins continues to support members and clients, posting $342 million in surplus earnings for the first quarter of 2023

**Lévis, May 12, 2023** – For the first quarter ended March 31, 2023, Desjardins Group, North America's largest financial cooperative group, recorded surplus earnings before member dividends of $342 million, down $109 million from the same quarter of 2022 and restated following the adoption of IFRS 17, "Insurance Contracts," on January 1, 2023. This decrease in surplus earnings was mainly attributable to an increase in claims in the Property and Casualty Insurance segment, chiefly reflecting a higher average cost of claims in automobile insurance largely related to the impact of inflation and an increase in auto thefts. In addition, there was an increase in the provision for credit losses compared to the corresponding period of 2022, primarily for the personal loan and credit card portfolios. The decline in surplus earnings was also due to greater spending on personnel, technology and security to support business growth and enhance the services offered to members and clients. However, the decrease in surplus earnings was partially offset by growth in net interest income as well as by as an increase in other income.

For the first quarter of 2023, the provision for member dividends was $106 million, up $4 million or 3.9%, from the same period in 2022. Sponsorships, donations and scholarships came to $26 million, including $8 million from caisse Community Development Funds. This amounted to a total of $132 million returned to members and the community[(1)], up $14 million or 11.9% from the same period in 2022.

"Desjardins's financial strength has allowed us to continue implementing the projects in our strategic plan and helping our operations expand across Canada. I'm also immensely proud of the work done by the whole Desjardins team to make more than 1,500 affordable housing units available by the end of 2025," said Desjardins Group President and CEO Guy Cormier.

**Supporting a green economic and social recovery**

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

Since the creation of the GoodSpark Fund, Desjardins has committed a total of $165 million to 741 projects.

Desjardins is also working to help members and clients transition to a low-carbon economy. It announced the introduction of cash back to encourage companies to invest according to environmental, social and governance (ESG) criteria. The new ESG swap financial product is designed to cover the debt's interest rate risk and reward companies for achieving concrete results on ESG key performance indicators. The amount of the cash back is based on the ESG impact of the commitments and the efforts required by the business to achieve them.

With more than $1 billion in investments in renewable energy infrastructure and a new responsible investment policy, Desjardins Group's pension plan was recognized for best practices in responsible investment in Canada by *Corporate Knights,* magazine in its second edition of the Canadian pensions dashboard for responsible investing resources. And this is only the beginning! Desjardins currently has several initiatives underway to make the pension plan even greener.

**Connecting with young people**

After many meetings with young entrepreneurs across Québec to talk about the issues they care about most, Guy Cormier announced the launch of the *Dream the Impossible* initiative. This is a major event that will be held in Montreal on June 19 and 20, 2023 to discuss and find solutions to the issues identified by young people, including the environment, education, employment, finance and the economy. Young people will also have privileged access to influential leaders, workshops with renowned experts, and meetings with artists and other inspiring figures. More than 400 young people are expected to attend in person, along with hundreds of online participants.

In addition, Mr. Cormier continued to visit universities across Québec and Ontario to meet with students and talk about his career path and leadership approach. Since this tour began in February, he has met more than 400 participants at 6 universities.

[(1)] For more information on non-GAAP financial measures and supplemental financial measures, see "Non-GAAP financial measures and other financial measures" on pages 9 to 11.

### Doing what's best for members and clients

Desjardins is involved in people's lives, whether by supporting community initiatives related to diversity, inclusion, cooperation, financial literacy and healthy living, or by offering innovative financial solutions to meet their needs. Here are some ways that Desjardins made a positive difference in people's lives in the first quarter of 2023.

### Giving back to the community

- For the ninth consecutive year, Desjardins has been recognized by Mediacorp as one of Canada's Greenest Employers, in particular for its alternative commuting program designed to encourage employees to use alternative modes of transportation on their daily trips.
- Grant of almost $1.2 million to support five organizations that help people experiencing homelessness in Montreal (in French only), including La rue des Femmes and Projets Autochtones du Québec.
- Contribution of more than $3.1 million to the Fondation du CHU de Québec (in French only) for health to help discover new treatments and offer a better quality of life to people who are ill.

### Innovating

- Web conference on the economy with Jimmy Jean, Chief Economist of Desjardins Group, for our members and clients to demystify the economy. Topics discussed included the possibility of recession, rising interest rates, labour shortages and the global economy. More than 4,000 participants attended the web conference.
- Partnership with the government (in French only) to create more than 1,000 affordable housing units. Thanks to our vast network of caisses, the Caisse d'économie solidaire and our one-stop-shop approach, Desjardins surpassed the government's goal. By 2025, more than 1,500 housing units will become available across 14 regions of Québec.
- Desjardins is expanding its responsible investing lineup by offering new unit classes for 3 Desjardins SocieTerra Funds. This initiative strengthens Desjardins's position as a responsible investment leader in Canada.

### Financial highlights

Desjardins Group adopted IFRS 17, "Insurance Contracts", as of January 1, 2023, restating comparative data for fiscal 2022. This new standard was introduced to increase transparency and the comparability of insurance companies, and may lead to volatility in Desjardins Group's results from one period to the next. This does not, however, change the economic value created by insurance contracts. The standard only introduces changes to the presentation and timing of results, so it has no impact on the results and returns generated over the life of insurance contracts. In addition, as permitted by IFRS 17, Desjardins has elected to recognize the impact of reclassifying its insurance-related investments as at January 1, 2023, and therefore not to restate the comparative period for this item. This limits the comparability of results with the previous period. It should be noted that certain financial statement headings have been modified to reflect the new naming convention required by IFRS 17. For more information on the changes to accounting policies, please refer to Note 2, "Significant accounting policies", to the Interim Combined Financial Statements. For more information on certain concepts introduced by IFRS 17, please refer to the glossary of terms in Desjardins Group's MD&A for the first quarter of 2023.

Comparison of first quarter 2023 with first quarter 2022:

- Surplus earnings before member dividends of $342 million, down $109 million or 24.2%.
- Total net income of $2,667 million, up $51 million or 1.9%:
  - Net interest income of $1,657 million, up $151 million or 10.0%, essentially due to growth in the average return on loans attributable to the higher interest rate environment, and growth in average residential mortgages and business loans outstanding, partly offset by the increase in the interest expense on deposits.
  - Insurance service result of $109 million, down $199 million or 64.6%, primarily due to an increased current-year loss experience reflecting the higher average cost of claims in automobile insurance resulting from the impact of inflation and increased auto thefts in the Property and Casualty Insurance segment.
  - Net insurance finance results of $123 million, up $23 million or 23.0%.
  - Other income of $778 million, up $76 million, or 10.8%, due primarily to an increase in business volumes from credit card payment activities.

- Provision for credit losses of $105 million, up $99 million compared to the corresponding period of 2022, primarily for the personal loan and credit card portfolios.
- Net non-interest expense of $2,096 million, up $92 million, mainly due to higher personnel, technology and security costs.
- $132 million returned to members and the community(1), up $14 million or 11.9%.

Other highlights:

- Tier 1A capital ratio(2) of 19.9%, compared to 20.2% as at December 31, 2022.
- Total capital ratio(2) of 21.4%, compared to 21.9% as at December 31, 2022.
- Total assets stood at $398.6 billion at March 31, 2023, compared to $403.9 billion as at December 31, 2022.
- Multi-currency medium-term note program subject to the bail-in regime:
  - Issuance of US$600 million on January 23, 2023;
  - Issuance of US$750 million on March 14, 2023;
  - Issuance of 34.3 billion Japanese yen on April 24, 2023.
- Legislative covered bond program:
  - Issuance of 325 million Swiss francs on January 31, 2023;
  - Issuance of 750 million euros on April 18, 2023.

(1) For more information on non-GAAP financial measures and supplemental financial measures, see "Non-GAAP financial measures and other financial measures" on pages 9 to 11.

(2) In accordance with the *Capital Adequacy Guideline* issued by the AMF for financial services cooperatives in particular.

## FINANCIAL HIGHLIGHTS

*(in millions of dollars and as a percentage)*

| | As at and for the three-month periods ended March 31, 2023 | December 31, 2022[1] Restated | March 31, 2022[1] Restated |
|---|---|---|---|
| **Results** | | | |
| Net interest income | **$ 1,657** | $ 1,579 | $ 1,506 |
| Net Insurance service income | **232** | 502 | 408 |
| Others income | **778** | 791 | 702 |
| **Total net income** | **$ 2,667** | $ 2,872 | $ 2,616 |
| Provision for credit losses | **105** | 80 | 6 |
| Non-interest expense | **2,096** | 2,263 | 2,004 |
| **Surplus earnings before member dividends[2]** | **$ 342** | $ 458 | $ 451 |
| **Contribution to combined surplus earnings by business segment[3]** | | | |
| Personal and Business Services | **$ 223** | $ 241 | $ 218 |
| Wealth Management and Life and Health Insurance | **109** | 140 | 162 |
| Property and Casualty Insurance | **(25)** | 104 | 53 |
| Other | **35** | (27) | 18 |
| | **$ 342** | **$ 458** | **$ 451** |
| **Returned to members and the community[4]** | | | |
| Member dividends | **$ 106** | $ 86 | $ 102 |
| Sponsorships, donations and scholarships[5] | **26** | 41 | 16 |
| | **$ 132** | **$ 127** | **$ 118** |
| **Indicators** | | | |
| Net interest margin[4] | **2.22 %** | 2.07 % | 2.09 % |
| Return on equity[4] | **4.3** | 5.6 | 5.5 |
| Credit loss provisioning rate[4] | **0.18** | 0.12 | 0.01 |
| Gross credit-impaired loans/gross loans and acceptances[4] | **0.50** | 0.47 | 0.46 |
| Liquidity coverage ratio[6] | **140** | 140 | 134 |
| Net stable funding ratio[6] | **127** | 126 | 129 |
| Productivity index – Personal and Business Services[4][7] | **81.7** | 81.8 | 84.4 |
| Direct Written Premiums - Wealth Management and Life and Health Insurance[4] | **$ 1,370** | $ 2,322 | $ 1,243 |
| Direct Written Premiums - Property and Casualty Insurance[4] | **1,440** | 1,491 | 1,320 |
| Loss ratio – Property and Casualty Insurance[4] | **75.1 %** | 64.5 % | 66.0 % |
| **On-balance sheet and off-balance sheet** | | | |
| Assets | **$ 398,604** | $ 403,944 | $ 393,829 |
| Net loans and acceptances | **252,401** | 249,695 | 233,444 |
| Deposits | **262,358** | 259,836 | 242,692 |
| Equity | **33,213** | 32,407 | 33,425 |
| Assets under administration[4] | **471,575** | 447,312 | 466,512 |
| Assets under management[4] | **79,390** | 76,169 | 85,511 |
| **Capital measures[8]** | | | |
| Tier 1A capital ratio[8] | **19.9 %** | 20.2 % | 20.6 % |
| Tier 1 capital ratio[8] | **19.9** | 20.2 | 20.6 |
| Total capital ratio[8] | **21.4** | 21.9 | 21.5 |
| TLAC ratio[9] | **29.3** | 28.7 | 25.8 |
| Leverage ratio[8] | **7.7** | 7.6 | 7.9 |
| TLAC leverage ratio[9] | **11.4** | 10.6 | 9.7 |
| Risk-weighted assets[8] | **$ 140,232** | $ 139,311 | $ 135,747 |
| **Other information** | | | |
| Number of employees | **59,384** | 58,774 | 55,740 |

(1) The data have been adjusted to conform to the current period's presentation notwithstanding IFRS 17, which was adopted on January 1, 2023.

(2) The breakdown by line item is presented in the Statement of Income in the Interim Combined Financial Statements.

(3) The breakdown by line item is presented in Note 11, "Segmented information", to the Interim Combined Financial Statements.

(4) For more information on non-GAAP financial measures, and ratios and supplementary financial measures, see "Non-GAA P financial measures and other financial measures" on pages 9 to 11.

(5) Including $8 million from the caisses' Community Development Fund ($19 million for the fourth quarter of 2022 and $6 million for the first quarter of 2022).

(6) In accordance with the *Liquidity Adequacy Guideline* issued by the *Autorité des marchés financiers* (AMF).

(7) Following the transition to IFRS 17, Desjardins Group now presents the productivity index of the Personal and Business Services segment, which is a supplementary financial measure, replacing Desjardins Group's productivity index, which was a non-GAAP financial measure.

(8) In accordance with the *Capital Adequacy Guideline* issued by the AMF for financial services cooperatives in particular.

(9) 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.

**Assets of $398.6 billion as at March 31, 2023**

Desjardins Group's total assets amounted to $398.6 billion as at March 31, 2023, down $5.3 billion or 1.3%, since December 31, 2022.

Desjardins Group's outstanding loan portfolio, including acceptances, net of the provision for credit losses, increased by $2.7 billion, or 1.1%. This growth was essentially due to business and government loans.

Desjardins Group's cash and deposits with financial institutions were down $3.7 billion, or 41.6%, and securities, including securities borrowed or purchased under reverse repurchase agreements, decreased by $7.1 billion, or 7.0%, reflecting cash management activities.

**Very strong capital base**

Desjardins Group maintains very strong capitalization levels, in accordance with Basel III rules. As at March 31, 2023, its Tier 1A and total capital ratios stood at 19.9% and 21.4%, respectively, compared to 20.2% and 21.9%, respectively, as at December 31, 2022. This decline was essentially due to the acquisition of Worldsource[(1)].

**Analysis of business segment results**

**PERSONAL AND BUSINESS SERVICES SEGMENT**

Results for the first quarter

For the first quarter of 2023, surplus earnings before member dividends were $223 million, up $5 million from the same period in 2022, mainly due to the increases in net interest income and other income. The higher surplus earnings were partly offset by growth in spending on personnel, technology and security to support business growth and enhance the services offered to members and clients. In addition, the provision for credit losses grew compared to the corresponding period of 2022, primarily for the consumer loan and credit card portfolios.

**WEALTH MANAGEMENT AND LIFE AND HEALTH INSURANCE SEGMENT**

Results for the first quarter

For the first quarter of 2023, the segment posted $109 million in net surplus earnings, down $53 million from the same period of 2022. This decrease is mainly due to lower net insurance financial results. In addition, non-interest expense was higher, including spending on personnel, technology and security to support business growth and enhance the services offered to members and clients. The result for the insurance activities also increased slightly, due to continued good long-term disability experience in group insurance, which was partly offset by a less favourable experience in individual insurance.

[(1)] On March 1, 2023, Desjardins Group acquired all outstanding shares of IDC Worldsource Insurance Network Inc., Worldsource Financial Management Inc. and Worldsource Securities Inc. through 9479-5176 Québec Inc., an indirectly wholly owned subsidiary of the Federation.

**PROPERTY AND CASUALTY INSURANCE SEGMENT**

Results for the first quarter

The net deficit for the first quarter of 2023 is $25 million, compared to net surpluses of $53 million for the same period of 2022. This decrease was due to higher expenses related to insurance activities. An increase was recorded in the current year's loss experience, primarily in automobile insurance, due to higher average cost of claims resulting from the impact of inflation and increased auto thefts. In addition, losses recognized on onerous contracts were higher than in the comparative period in 2022. The decrease was partly offset by higher net insurance financial results.

**OTHER CATEGORY**

Results for the first quarter

For the first quarter of 2023, net surplus earnings were $35 million, compared to $18 million from the same quarter of 2022. The Other category mainly includes treasury activities and those related to financial intermediation between the liquidity surpluses and needs of the caisses. It also includes investments in the continued implementation of Desjardins-wide strategic projects, which are aimed at creating innovative technological platforms, protecting privacy, ensuring security and improving business processes. The Other category also includes changes in contingencies relating to our business, agreements with suppliers, and the investment portfolio, as well as commitments made with the GoodSpark Fund to support, among other things, regional development and economic recovery.

More detailed financial information can be found in Desjardins Group's interim Management's Discussion and Analysis (MD&A) for the first quarter of 2023, available on the Desjardins.com website or on the SEDAR website, at www.sedar.com (under the Fédération des caisses Desjardins du Québec profile).

**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 $398.6 billion. It was named one of the World's Top Female-Friendly Companies 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**

Desjardins Group's public communications often include oral or written forward-looking statements, as defined by applicable securities legislation, particularly in Québec, Canada and the United States. Such forward-looking statements are contained in this press release and may be incorporated in other filings with Canadian regulators or in any other communications.

The forward-looking statements include, but are not limited to, comments about Desjardins Group's objectives regarding financial performance, priorities, operations, the review of economic conditions and financial markets, the outlook for the Québec, Canadian, US and global economies, and the impact of the COVID-19 pandemic on its operations, its results and its financial position, as well as on economic conditions and financial markets. Such forward-looking statements are typically identified by words or phrases such as "target", "objective", "believe", "expect", "count on", "anticipate", "intend", "estimate", "plan", "forecast", "aim", "propose", "should" and "may", words and expressions of similar import and future and conditional verbs.

By their very nature, such statements involve assumptions, uncertainties and inherent risks, both general and specific. Desjardins Group cautions readers against placing undue reliance on forward-looking statements 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 in this press release. 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 results differ significantly.

The factors that may affect the accuracy of the forward-looking statements in this press release include those discussed in the "Risk management" section of Desjardins Group's 2022 annual MD&A and of its MD&A for the first quarter of 2023, and, include, credit, market, liquidity, operational, insurance, strategic and reputational risk, environmental or social risk, and regulatory risk.

Such factors also include those related to security breaches, the housing market and household and corporate indebtedness, technological advancement and regulatory developments, including changes to liquidity and capital adequacy guidelines, and requirements relating to their presentation and interpretation, as well as interest rate fluctuations, climate change, biodiversity loss and geopolitical uncertainty. Furthermore, there are factors related to general economic and business conditions in regions in which Desjardins Group operates; monetary policies; the critical accounting estimates and accounting standards applied by Desjardins Group; new products and services to maintain or increase Desjardins Group's market share; geographic concentration; acquisitions and joint arrangements; credit ratings; reliance on third parties; the ability to recruit and retain talent; tax risk and the COVID-19 pandemic. Other factors include interest rate benchmark reform, unexpected changes in consumer spending and saving habits, the potential impact of international conflicts on operations, public health crises, such as pandemics and epidemics, or any other similar disease 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 on these factors is available under the "Risk management" section of Desjardins Group's 2022 Annual Report and of its MD&A for the first quarter of 2023.

It is important to note that the above list of factors that could influence future results is not exhaustive. Other factors could have an adverse effect on Desjardins Group's results. Additional information on these and other factors is available under the "Risk management" section of Desjardins Group's 2022 Annual MD&A and of its MD&A for the first quarter of 2023.

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. Desjardins Group cautions readers against placing undue reliance on these forward-looking statements when making decisions, given that actual results, conditions, actions or future events could differ significantly from the targets, expectations, estimates or intentions advanced in them, explicitly or implicitly. 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 economic assumptions underlying the forward-looking statements in this document are described in the "Economic environment and outlook" section of Desjardins Group's 2022 MD&A and of its MD&A for the first quarter of 2023. Readers are cautioned to consider the foregoing factors when reading this section. When relying on forward-looking statements to make decisions about Desjardins Group, they should carefully consider these factors, as well as other uncertainties and contingencies. To determine our economic growth forecasts in general, and for the financial services sector in particular, we mainly use historical economic data provided by recognized and reliable organizations, empirical and theoretical relationships between economic and financial variables, expert judgment and identified upside and downside risks for the domestic and global economies.

Any forward-looking statements contained in this press release 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.

**Basis of presentation of financial information**

The financial information in this document comes primarily from the Annual and 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 (IASB), and the accounting requirements of the AMF, 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”. All the accounting policies were applied as described in Note 2, “Significant accounting policies”, to the Annual Combined Financial Statements except for the changes that resulted from the adoption of IFRS 17, “Insurance contracts” as of January 1, 2023 and that are described in note 2, “Significant accounting policies” to the interim combined financial statements. The adoption of this standard resulted in significant changes to Desjardins Group's Combined Financial Statements. Certain comparative figures for the year ending December 31, 2022 have been restated, and a restated opening balance sheet as at January 1, 2022 is presented in the interim combined financial statements to reflect this new standard.

This press release has been prepared in accordance with the current regulations of the Canadian Securities Administrators on continuous disclosure obligations. 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 financial measures 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

Non-GAAP financial measures 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. Investors, among others, may find these non-GAAP financial measures useful in analyzing Desjardins Group’s overall performance or financial position. They are defined as follows:

Return to members and the community

By its very nature as a cooperative financial group, Desjardins Group’s goal is to improve the economic and social well-being of people and communities. The amounts returned to members and the community are in the form of member dividends, and sponsorships, donations and scholarships.

More detailed information about the amounts returned to members and the community may be found in the “Financial Highlights” table of this press release.

## Non-GAAP ratios

Non-GAAP ratios that are used by Desjardins Group and 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 which has at least one non-GAAP financial measure meets the definition of a non-GAAP ratio. Non-GAAP ratios can be useful to investors in analyzing Desjardins Group's financial position or performance. They are defined as follows.

### Net interest margin

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

Average interest-bearing assets and average interest-bearing liabilities are non-GAAP financial measures that reflect Desjardins Group's financial position and are equal to the average of month-end balances for the period. Average interest-bearing assets include securities, cash and deposits with financial institutions, as well as loans. Average interest-bearing liabilities include deposits, subordinated notes and other interest-bearing liabilities. Average interest-bearing assets and liabilities exclude insurance assets and liabilities as well as all other assets and liabilities not generating net interest income.

The following table provides more detailed information on net interest margin, average interest-bearing assets and average liabilities bearing interest.

**Net interest income on average assets and liabilities**

| | For the three-month periods ended | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **March 31, 2023** | | | December 31, 2022 | | | March 31, 2022 | | |
| *(in millions of dollars and as a percentage)* | **Average volume** | **Interest** | **Average rate** | Average volume | Interest | Average rate | Average volume | Interest | Average rate |
| **Assets** | | | | | | | | | |
| Interest-bearing assets | **$ 303,035** | **$ 3,138** | **4.20 %** | $ 302,142 | $ 2,925 | 3.84 % | $ 291,851 | $ 1,872 | 2.60 % |
| Other assets | **10,735** | | | 10,895 | | | 9,566 | | |
| **Total assets** | **$ 313,770** | **$ 3,138** | **4.06 %** | $ 313,037 | $ 2,925 | 3.71 % | $ 301,417 | $ 1,872 | 2.52 % |
| **Liabilities and equity** | | | | | | | | | |
| Interest-bearing liabilities | **$ 265,910** | **$ 1,481** | **2.26 %** | $ 262,241 | $ 1,346 | 2.04 % | $ 246,233 | $ 366 | 0.60 % |
| Other liabilities | **20,907** | | | 26,493 | | | 35,872 | | |
| Equity | **26,953** | | | 24,303 | | | 19,312 | | |
| **Total liabilities and equity** | **$ 313,770** | **$ 1,481** | **1.91 %** | $ 313,037 | $ 1,346 | 1.71 % | $ 301,417 | $ 366 | 0.49 % |
| **Net interest income** | | **$ 1,657** | | | $ 1,579 | | | $ 1,506 | |
| **Net interest margin** | | | **2.22 %** | | | 2.07 % | | | 2.09 % |

### Loss ratio

This ratio, which is net of reinsurance, is used to measure the performance of the Property and Casualty Insurance segment, and more specifically, to measure business quality.

The loss ratio is equal to the net claims expenses expressed as a percentage of net insurance service income. Net claims expenses constitute a non-GAAP financial measure, which is used to exclude the effect of policy costs, acquisition costs, losses and reversals of losses on onerous contracts, and to include in the indicators the effect of reinsurance held.

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 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 following table presents the calculation of the loss ratio for the Property and Casualty Insurance segment.

**Loss ratio**

| *(in millions of dollars and as a percentage)* | For the three-month periods ended<br>**March 31, 2023** | December 31, 2022 Restated | March 31, 2022 Restated |
|---|---|---|---|
| Insurance revenue | **$ 1,569** | $ 1,586 | $ 1,518 |
| Less: Premiums paid related to reinsurance activities[1] | **67** | 56 | 43 |
| **Net insurance service income** | **$ 1,502** | $ 1,530 | $ 1,475 |
| Insurance service expenses | **$ 1,593** | $ 1,424 | $ 1,355 |
| Less : Policy costs and acquisition costs | **312** | 326 | 317 |
| Less : Effect of loss component on onerous contracts | **106** | 84 | 36 |
| Less: Claims incurred and costs of ceded claims[1] | **47** | 27 | 29 |
| **Net claims expenses** | **$ 1,128** | $ 987 | $ 973 |
| **Loss ratio** | **75.1 %** | 64.5 % | 66.0 % |

(1) These items are included under "Net reinsurance service income (expenses)".

## 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 presented in the financial statements. Desjardins Group uses certain supplementary financial measures, and their composition is presented in the glossary on pages 53 to 60 of the MD&A for the first quarter of 2023.

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