



Desjardins

Fixed Income Investor Presentation Q2 2020 Results

*All figures are in Canadian dollars and as at June 30, 2020,
unless otherwise specified*



This presentation contains forward-looking statements regarding, among other things, Desjardins Group's business objectives and priorities, financial targets and maturity profile. These statements include, but are not limited to, observations regarding the possible impact of the COVID-19 pandemic on our operations, our results and our financial position, as well as on economic conditions and financial markets. Such statements are typically identified by words or phrases such as "believe", "expect", "anticipate", "intend", "estimate", "plan" 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. It is therefore possible that, due to many factors, the assumptions formulated may be incorrect, or the predictions, forecasts or 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. Desjardins Group cautions readers against placing undue reliance on these forward-looking statements since actual results, conditions, actions or future events could differ significantly from the targets, expectations, estimates or intentions advanced in them, explicitly or implicitly.

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 the accuracy of the forward-looking statements in this presentation. These factors include in particular: credit, market, liquidity, operational, insurance, strategic, and reputation risks; pension plan risks; environmental or social risks; legal and regulatory risks; cyberthreats; household indebtedness and changes in the housing market; technological developments; regulatory developments; interest rate developments; geopolitical uncertainties; general economic and business conditions in regions in which Desjardins Group operates; monetary policies; accuracy and completeness of information concerning clients and counterparties; critical accounting estimates and accounting standards; new products and services to maintain or increase market share; geographic concentration; acquisitions and joint arrangements; credit ratings; climate change; amendments to tax laws; unexpected changes in consumer spending and saving habits; talent recruitment and retention of key positions; the ability to implement Desjardins Group's disaster recovery plan within a reasonable time; the potential impact of international conflicts on operations; public health crises, such as pandemics and epidemics, including the COVID-19 coronavirus pandemic, or any other similar illness affecting the local, national or global economy; and Desjardins Group's ability to anticipate and properly manage the risks associated with these factors.

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 about these and other factors is found in the "Risk management" sections of Desjardins Group's most recently published annual and any subsequent quarterly MD&As in the section "COVID-19 pandemic".

Any forward-looking statements contained in this presentation 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 balance sheet as at the dates indicated or its results for the periods then ended, as well as its business objectives and priorities, as considered on the dates hereof. These 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.

6th Largest in Canada⁽¹⁾
Leader in the province of Quebec


**> 7 Million members
and clients**


> 48,000 employees

\$814 Million
Surplus earnings for the first
6 months of 2020

\$350 Billion
Total assets as at June 30, 2020

21.8% Tier 1A
(CET1 ratio for Banks)

 **\$445 Million in 2019**
Redistributed to members
and the community

 **A Strong, Shared
Commitment to Action**
On climate change

 **Carbon Neutral**
Since 2017

Our Goal

To become everyone's #1 choice



6th largest financial cooperative
group in the world by total
income



6th safest financial institution in
North America and 40th in the
world

The Banker

Ranked the best performing
financial institution in Canada

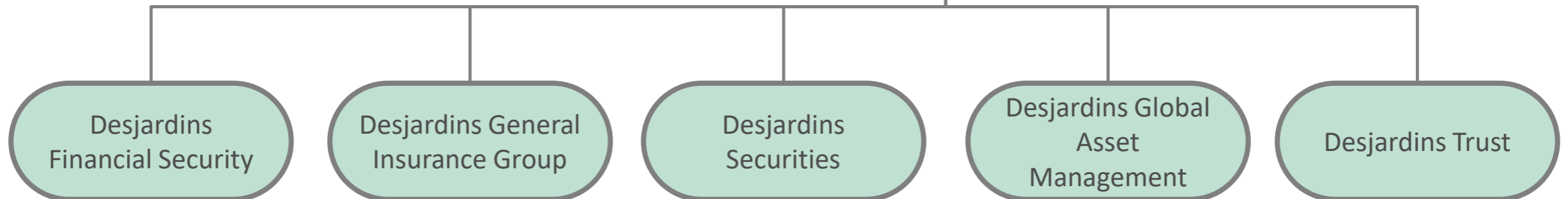


219 caisses

Capital Desjardins Inc.

Desjardins Security Fund

Fédération des caisses Desjardins du Québec



COVID – 19: We Support our Employees, our Members, our Customers and the Communities



Employees

- > 80% of our employees work from home
- Continue to pay employees who cannot work due to COVID -19
- Reimbursement of costs for certain equipment for employees working from home
- Reinforced health measures at our service centers and premises and measures for the overall health of employees and their families
- > 95% of transactions can be carried out without having to go to a point of service, whether in one of the 1,689 automated teller machines, by AccèsD Internet, telephone or mobile.

Personal Members & Clients

- Quick announcements of assistance efforts and increased support for those affected:
 - **Payment deferral:** for those eligible, on several products
 - **Credit cards:** temporary reduction in interest rate
 - **Insurance:** discount on car premiums
 - **Contactless payment:** Increased to \$250
 - **Student loans:** repayments suspended for 6 months
- Over 700 points of service are still open

Communities

- Donation of more than 60,000 protective masks
- Enhancement of the Fondation Desjardins program for scholarships which will total \$1.8 million in 2020
- \$475,000 for United Way, Food Banks, Red Cross and FeedOntario
- \$300,000 to help Info-Aidant in the COVID-19 situation
- \$210,000 for Kids Help Phone and AlloProf
- \$150 million to support the regions and businesses and stimulate social and economic activities
- \$155 million rebate to auto policyholders across Canada

Business Members & Clients

- Quick announcements to support affected businesses:
 - **Financing:** temporary review of financing conditions and capital moratorium
 - **Credit cards:** reduction in interest rate
 - **Insurance:** discount on premium for commercial vehicles and free psychological consultation for members and their families
- Partners with government programs, including
 - Emergency Business Account

FINANCIAL RESULTS

- Strong capital ratios and TLAC ratios higher than the April, 2022 requirements.
- Total Assets increased by 11.8% and 15.1% compared to December 31, 2019 and June 30, 2019 respectively.
- Deposits increased by 13.6% and 14.0% compared to December 31, 2019 and June 30, 2019 respectively.
- Consistent growth in operating income compared to the same period of 2019.
- Impact of COVID-19 Pandemic on surplus earnings are reflected by:
 - Increase in provision for credit losses;
 - \$155M rebates to auto policyholders across Canada.

(in \$ millions)	Q2 2020	Q1 2020	Q4 2019
Net interest income	1,353	1,353	1,424
Net premiums	2,238	2,522	2,527
Other Income ¹	685	770	676
Operating income¹	4,276	4,645	4,627
Provision for credit losses	271	324	113
Surplus earnings¹	529	285	626
Total Assets (\$B)	349.9	326.9	313.0
Total Loans (\$B)	208.2	207.2	204.1
Total Deposits (\$B)	220.3	205.5	193.9
Tier 1A Capital (%)	21.8	22.2	21.6
TLAC Ratio (%)	24.7	24.4	22.6
Leverage Ratio (%)	8.6	9.2	8.8
TLAC Leverage Ratio (%)	9.6	10.1	9.1

1. Q4 2019 adjusted to exclude the gain related to the sale of the entire portfolio of merchants receiving Desjardins Group services under the Monetico brand

- Important financial institution:
 - **#1** in savings, agriculture credit and residential mortgages in Quebec.
 - **#1** issuer of credit cards in Quebec and **#4** in Canada.
- Continued digital transformation, notably through:
 - New mobile app
 - Electronic signature
 - Online mortgage renewal

HIGHLIGHTS⁽¹⁾

- Surplus earnings decreased by \$256M, mainly attributable to increase in provision for credit losses related to COVID-19 pandemic.
- Growth of \$13.2B, or 7.0% of the average loan book.
- Total revenues increased by \$119M or 3.3%.

ABOUT US

Caisses	219
Points of sale ⁽²⁾	905
ATMs ⁽²⁾	1,689
Market Shares in Quebec ⁽²⁾ :	
• Personal savings	41%
• Residential mortgages	38%
• Agriculture credit	41%
• Consumer credit	23%
• Commercial & industrial	20%

AWARDS AND RECOGNITION

- Voted the second “coolest” financial institution according to Quebec millennials.
- Named one of Canada’s top 100 employers.
- Named one of Canada’s top Family-Friendly employers.
- Named one of Canada’s top employers for Young People.

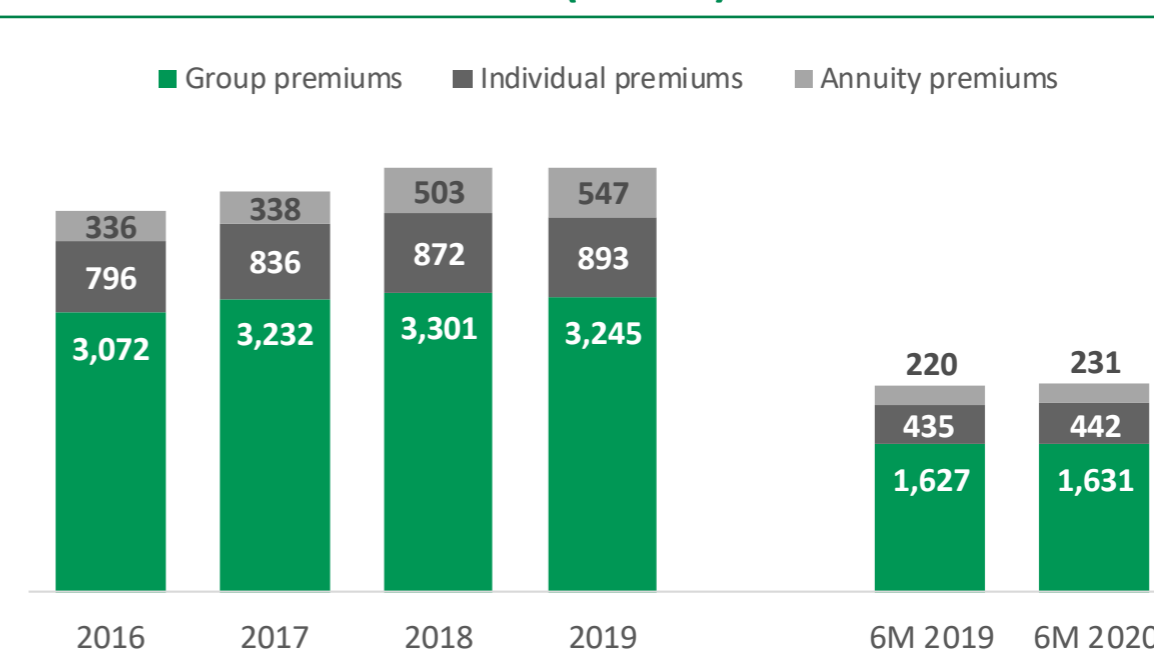
(1) Results are compared to the results of the same period of the prior year
 (2) As at December 31, 2019.

- Wealth Management:
 - **#1** in Quebec and in **#1** Canada for market-linked guaranteed investments.
 - Three awards for our Market-linked guaranteed investments.
 - Three new SocieTerra funds and eight new Responsible ETF's.
- Life Insurance:
 - **#2** in Quebec and **#5** in Canada.
 - Launch of Telemedicine pilot project.

ASSETS UNDER MANAGEMENT (IN \$B)



GROWTH IN PREMIUMS (IN \$M)



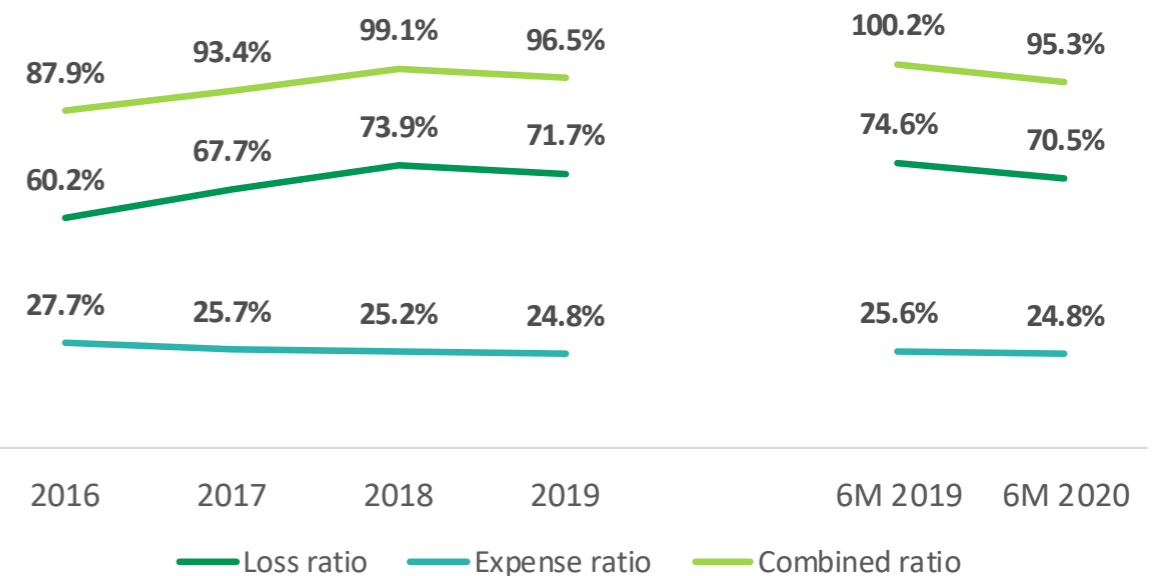
HIGHLIGHTS⁽¹⁾

- Surplus earnings of \$220M, a decrease of \$92M attributable to :
 - Increase in travel insurance provisions, revised during Q2 2020.
 - Markets negative impact on guaranteed investment funds.
- Increase in operating income of 1.3%.
- Continued growth in net premiums of 1.0%.

(1) Results are compared to the results of the same period of the prior year

- Important Property and Casualty insurer:
 - **#2** in Quebec
 - **#2** in Canada
- Continued digital transformation, notably through:
 - Online purchase of auto insurance in Quebec.
 - Online purchase of home insurance for tenants and condo insurance across Canada.

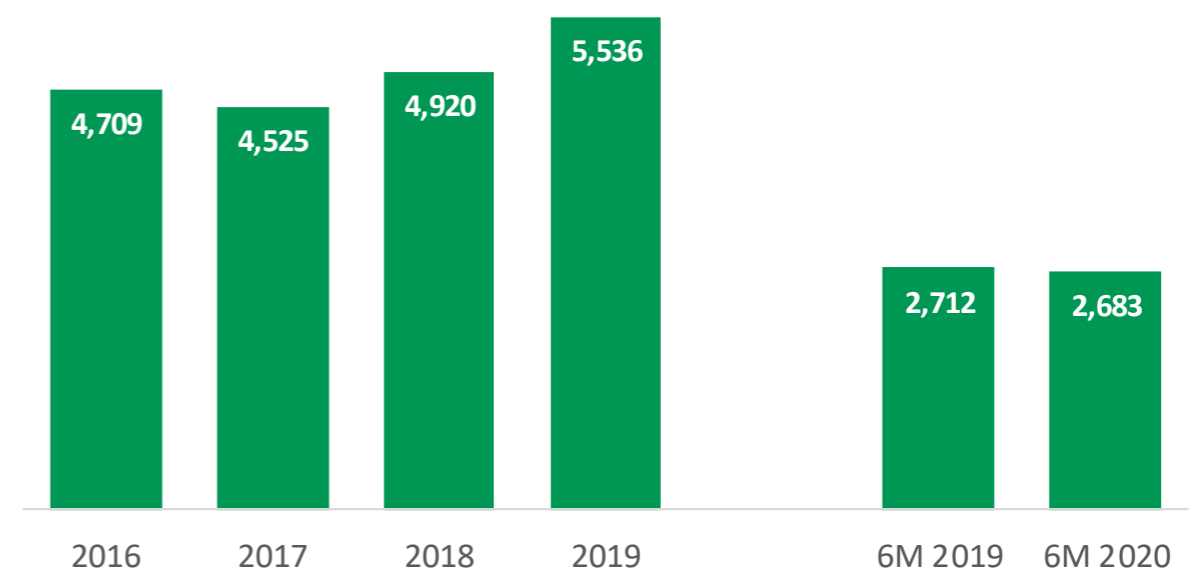
RATIOS



HIGHLIGHTS⁽¹⁾

- Net surplus earnings of \$89M attributable to higher net premiums and lower loss experience.
- Growth of 7.7% in net premiums despite the \$155M in rebates to auto policyholders across Canada.
- Expense ratio improved to 24.8%.

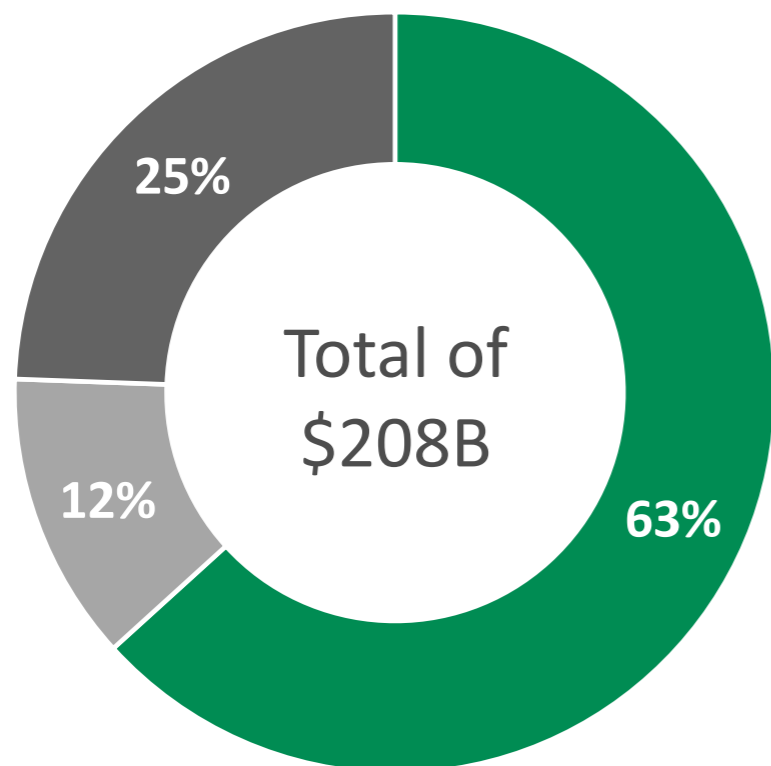
GROWTH IN GROSS WRITTEN PREMIUMS (IN \$M)



(1) Results are compared to the results of the same period of the prior year

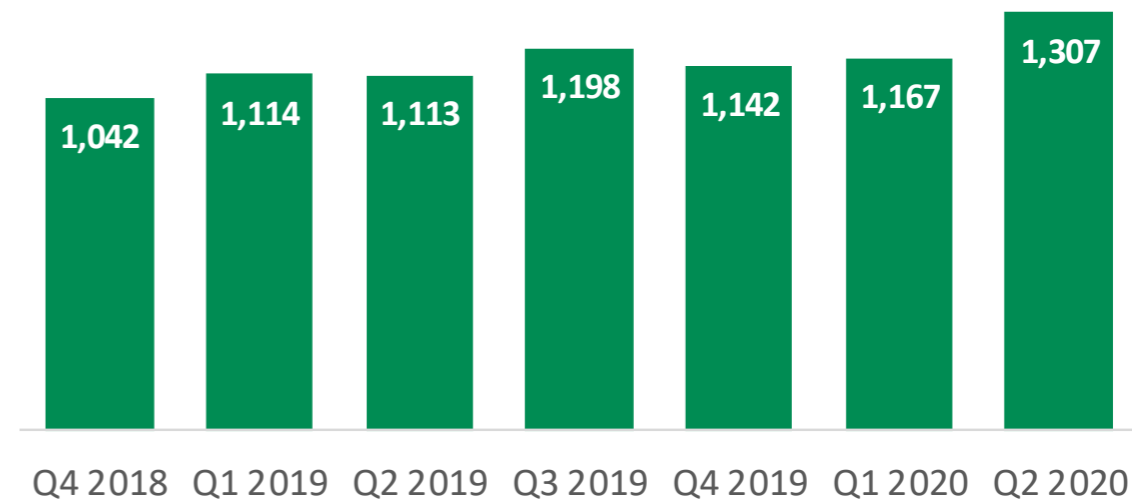
BALANCE SHEET QUALITY

LOAN BOOK AND ACCEPTANCES



- Residential mortgages
- Consumer, credit cards and other personal loans
- Business and government

GROSS IMPAIRED LOANS (IN \$M)

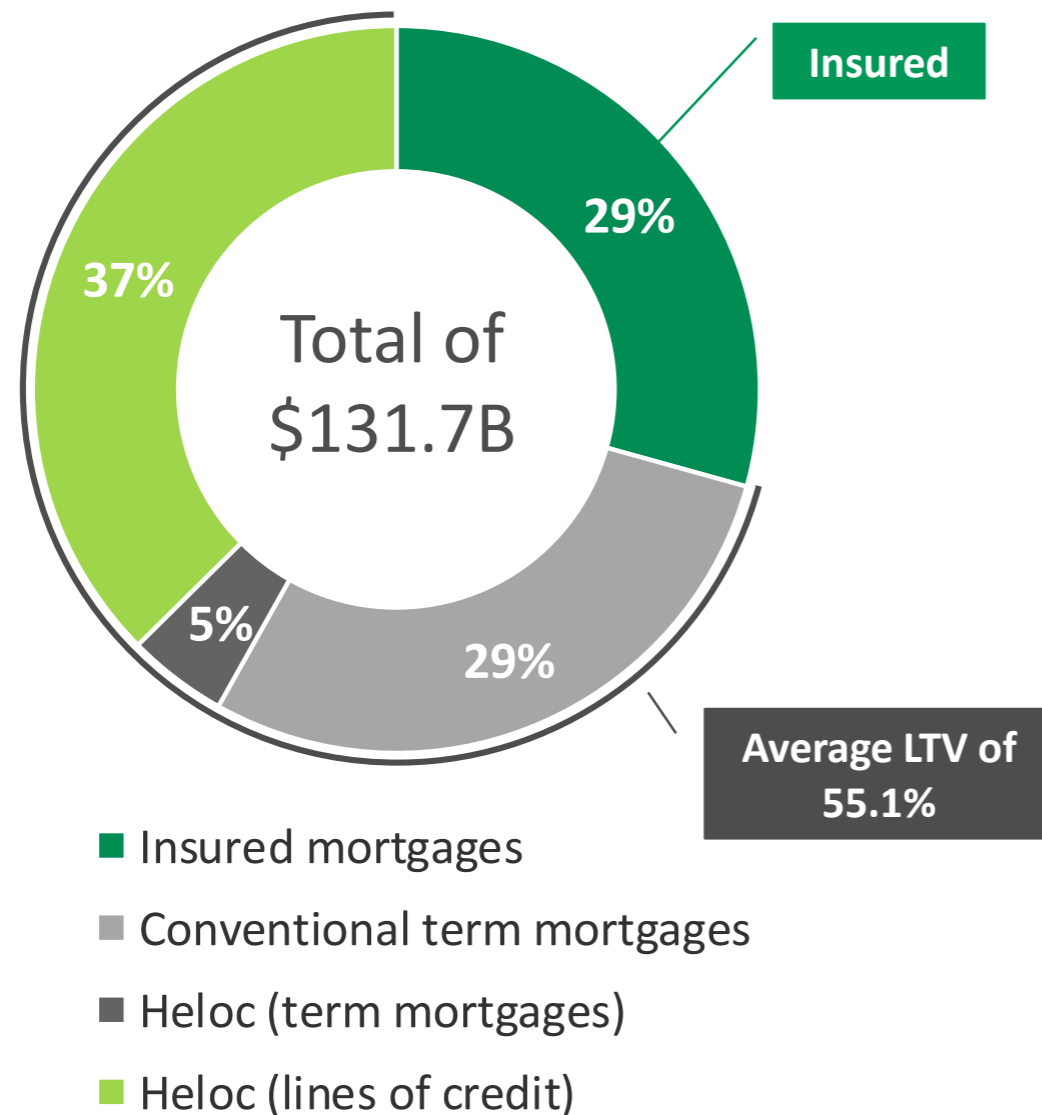


GROSS IMPAIRED LOANS RATIO BY PORTFOLIO¹

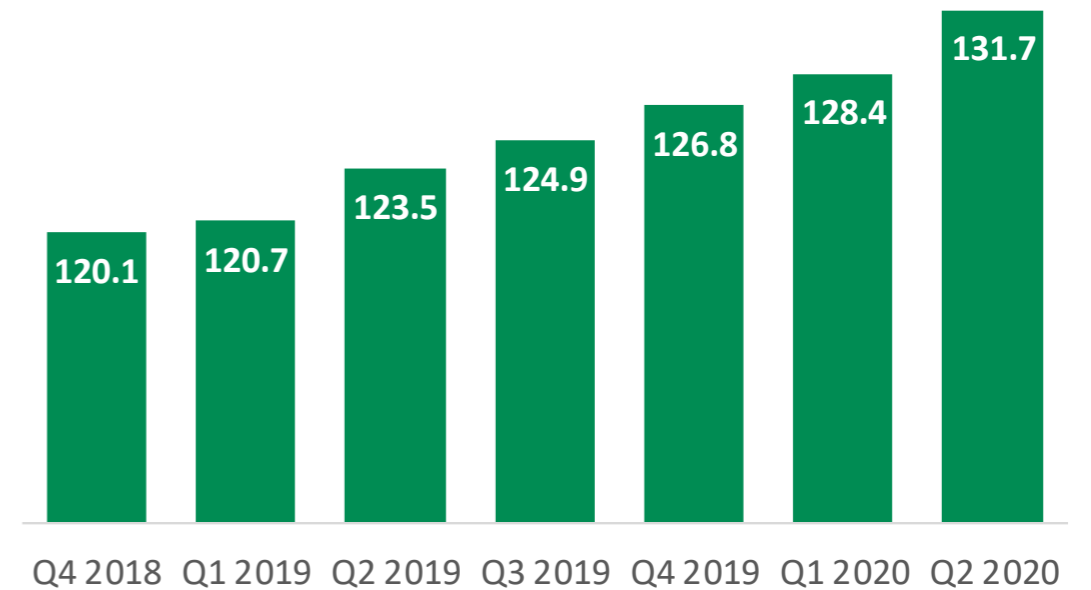
	Q2 2020	Q1 2020	Q4 2019
Residential mortgages	0.26%	0.26%	0.25%
Consumer, credit cards and other personal loans	1.10%	1.08%	1.02%
Business and government	1.34%	1.05%	1.08%
Total portfolio	0.63%	0.56%	0.56%

(1) Includes acceptances

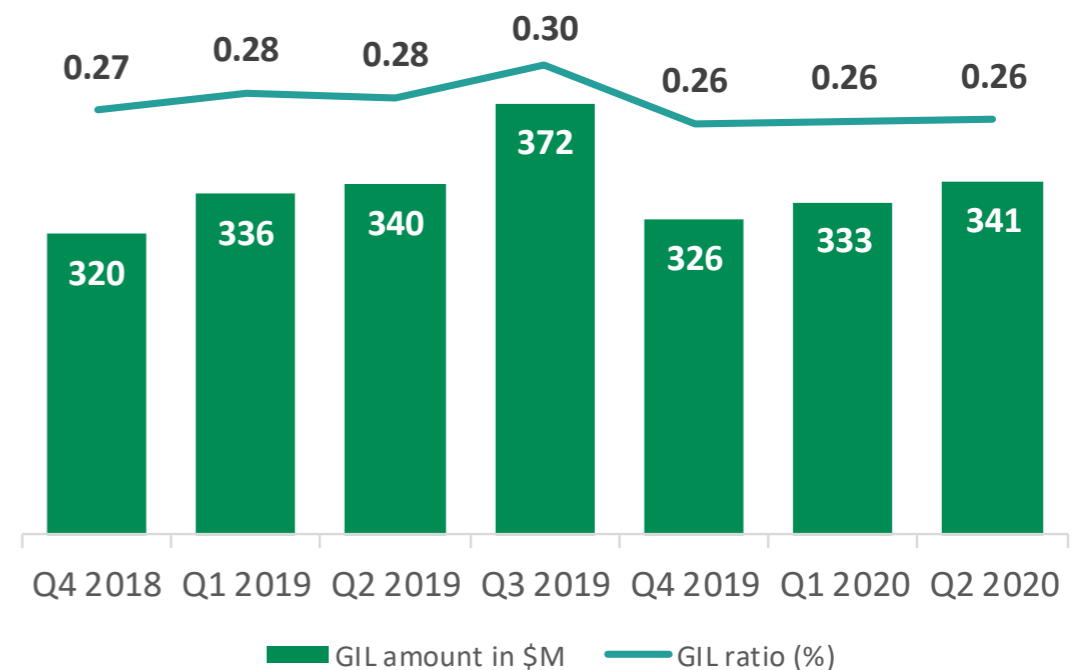
RESIDENTIAL MORTGAGE BOOK



GROWTH IN RESIDENTIAL BOOK (IN \$B)



GROSS IMPAIRED LOANS

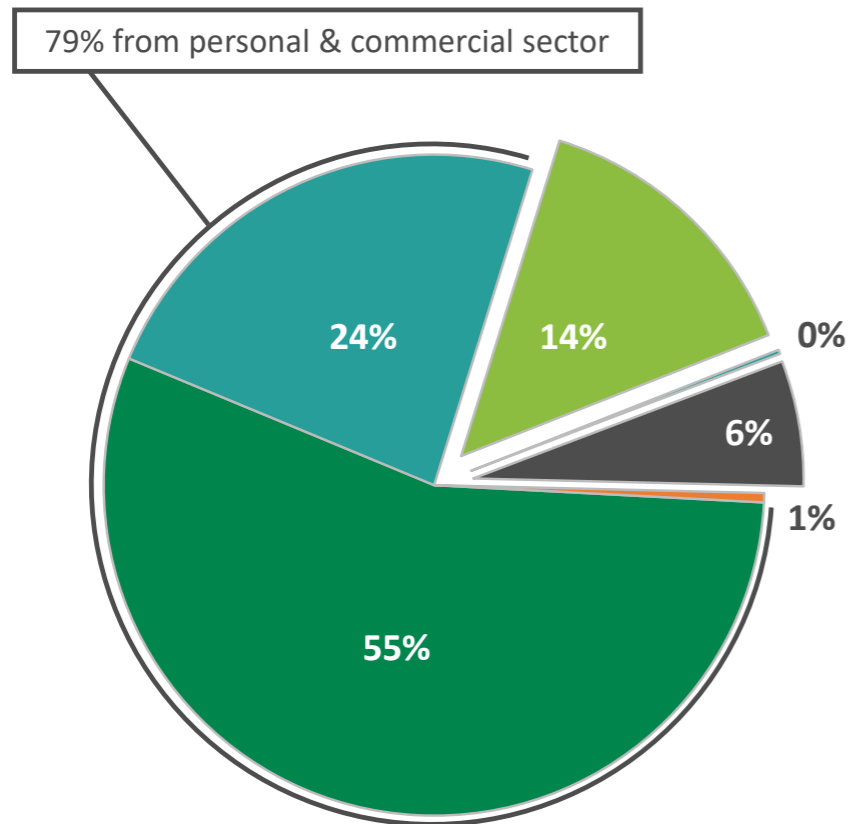


- Portfolio of high quality and well diversified.
- Gross impaired loans ratio of 1.35%.
- Mining, Oil and Gas represent less than 0.9% of total portfolio.

Borrower Category	Proportion of Total Portfolio	Gross Loans (\$M)	Impaired Loans (\$M)	Gross Impaired Loans Ratio (%)		
				Q2 2020	Q1 2020	Q4 2019
Agriculture	20%	10,141	133	1.31	1.52	1.47
Real estate	18%	9,193	22	0.24	0.23	0.21
Manufacturing	8%	4,122	131	3.18	1.30	1.43
Health care	7%	3,759	29	0.77	0.56	0.59
Construction	7%	3,508	159	4.53	3.55	3.85
Retail trade	6%	3,245	50	1.54	0.98	1.10
Public agency	8%	3,847	-	-	-	-
Finance and insurance	4%	2,117	-	-	-	-
Accommodation	4%	1,819	36	1.98	1.88	1.77
Wholesale trade	3%	1,490	15	1.01	0.62	0.66
Rest of the portfolio	15%	7,416	108	0.01	0.01	0.01
Total	100%	50,657	683	1.35	1.05	1.08

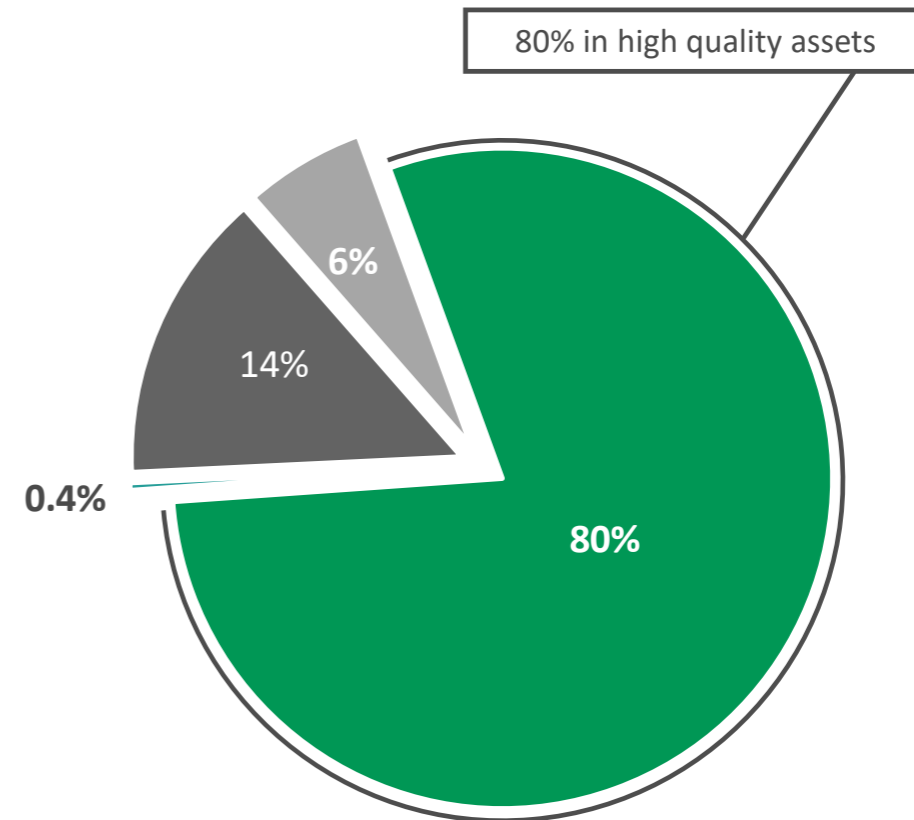
LIQUIDITY and FUNDING

TOTAL DEPOSITS



- Individual Deposits
- Business and Government
- Long Term Wholesale Funding
- Subordinated Debt non-NVCC (CDI)
- Short Term Funding
- Subordinated Debt NVCC

LIQUIDITY PORTFOLIO

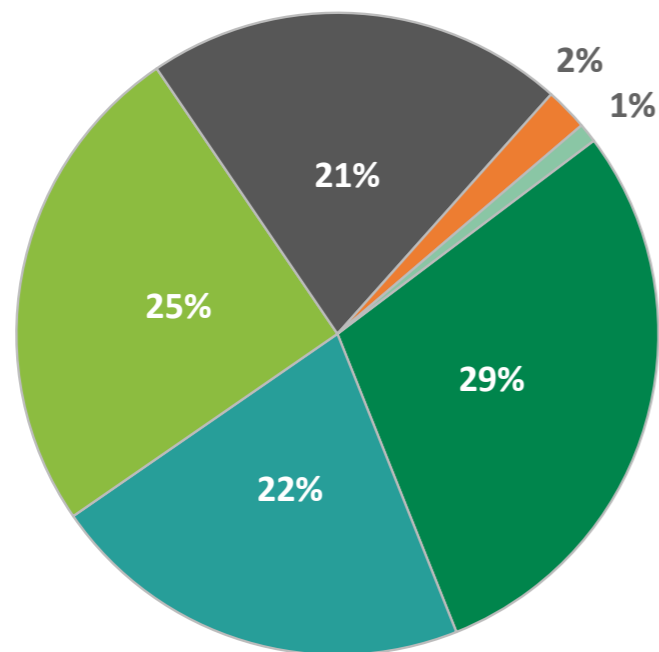


- Canadian and provincial governments
- Other governments
- Other issuers
- Equities

PROGRAMS	CURRENCY	LIMIT
<i>Short term</i>		
Commercial paper – Canada	Canadian	None
Commercial paper – United-States	United-States	US\$15B
Commercial paper – Europe	Euro	€3B
<i>Mid-Long term</i>		
Medium term notes – Canada	Canadian	C\$10B
Global medium term notes	Multi-currency	€7B
Covered bonds	Multi-currency	C\$26B
Securitization program (CMHC)	Canadian	Allocation
NVCC Subordinated debt	Canadian	C\$3B

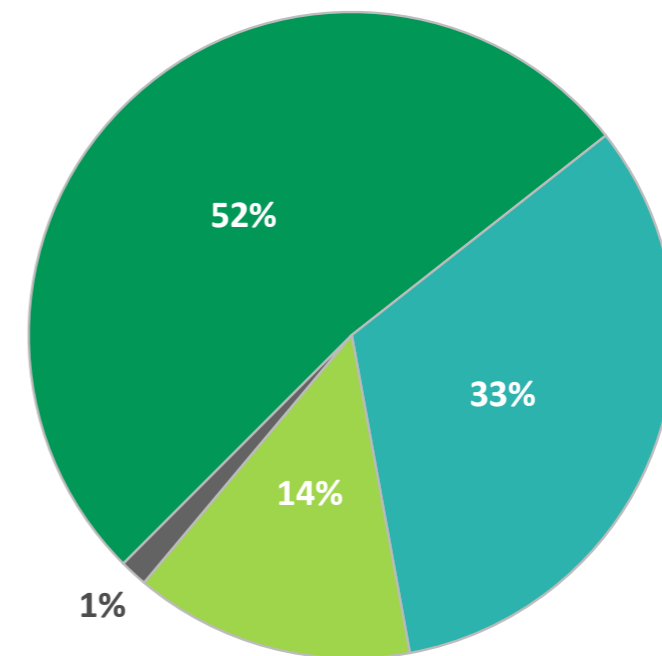
WHOLESALE FUNDING

BY PROGRAM TYPE



- Short Term
- Medium-term Notes
- Mortgage Securitization
- Covered Bonds
- Subordinated Debts (NVCC)
- Subordinated Debt non-NVCC (CDI)

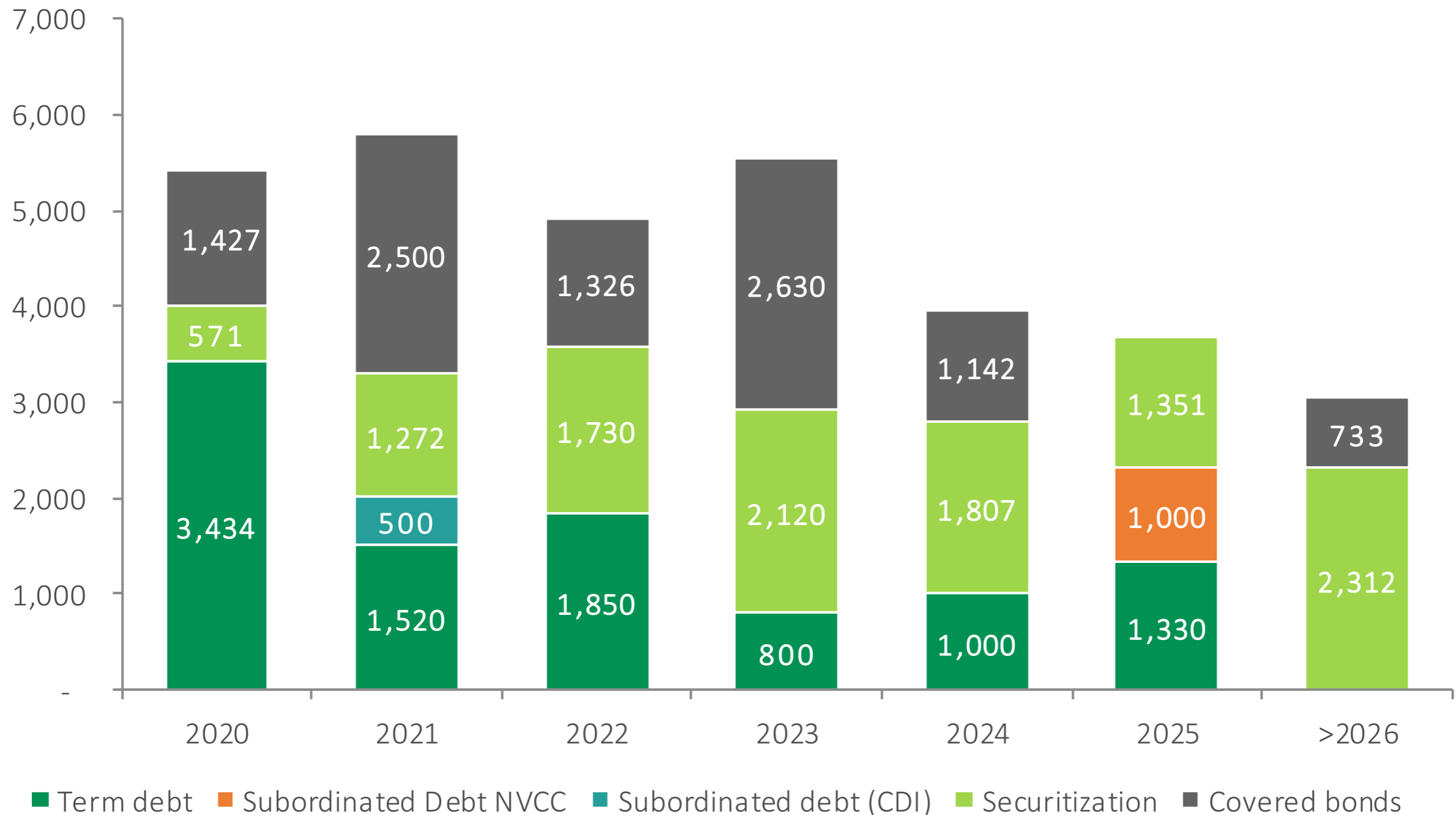
BY CURRENCY⁽¹⁾



- CAD
- USD
- EURO
- GBP

(1) Exchange rate used at the time of issuance of securities

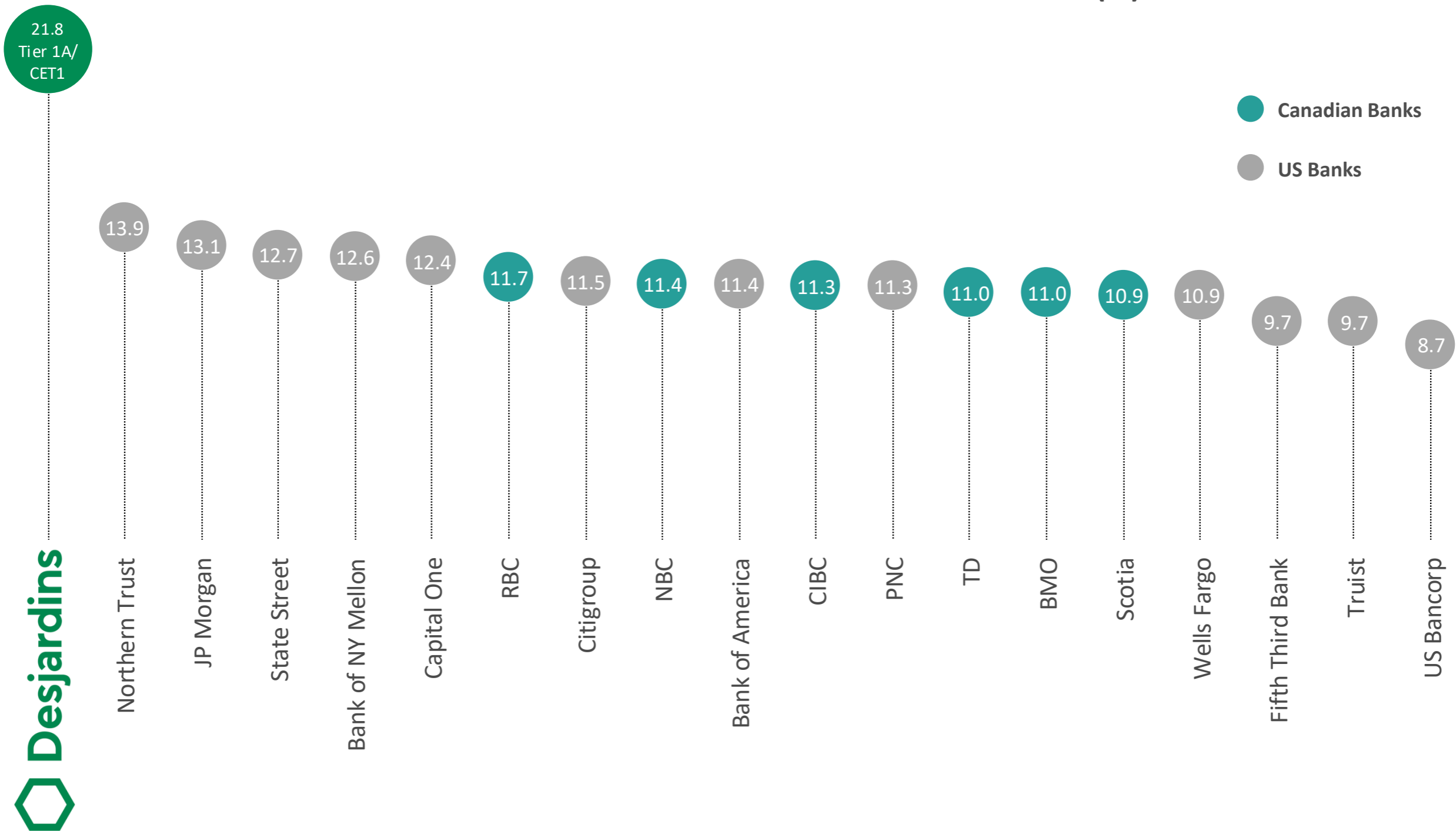
(IN \$M, AS AT JULY 31, 2020)



Note: exchange rate used at the time of issuance of securities

CAPITAL and BAIL-IN

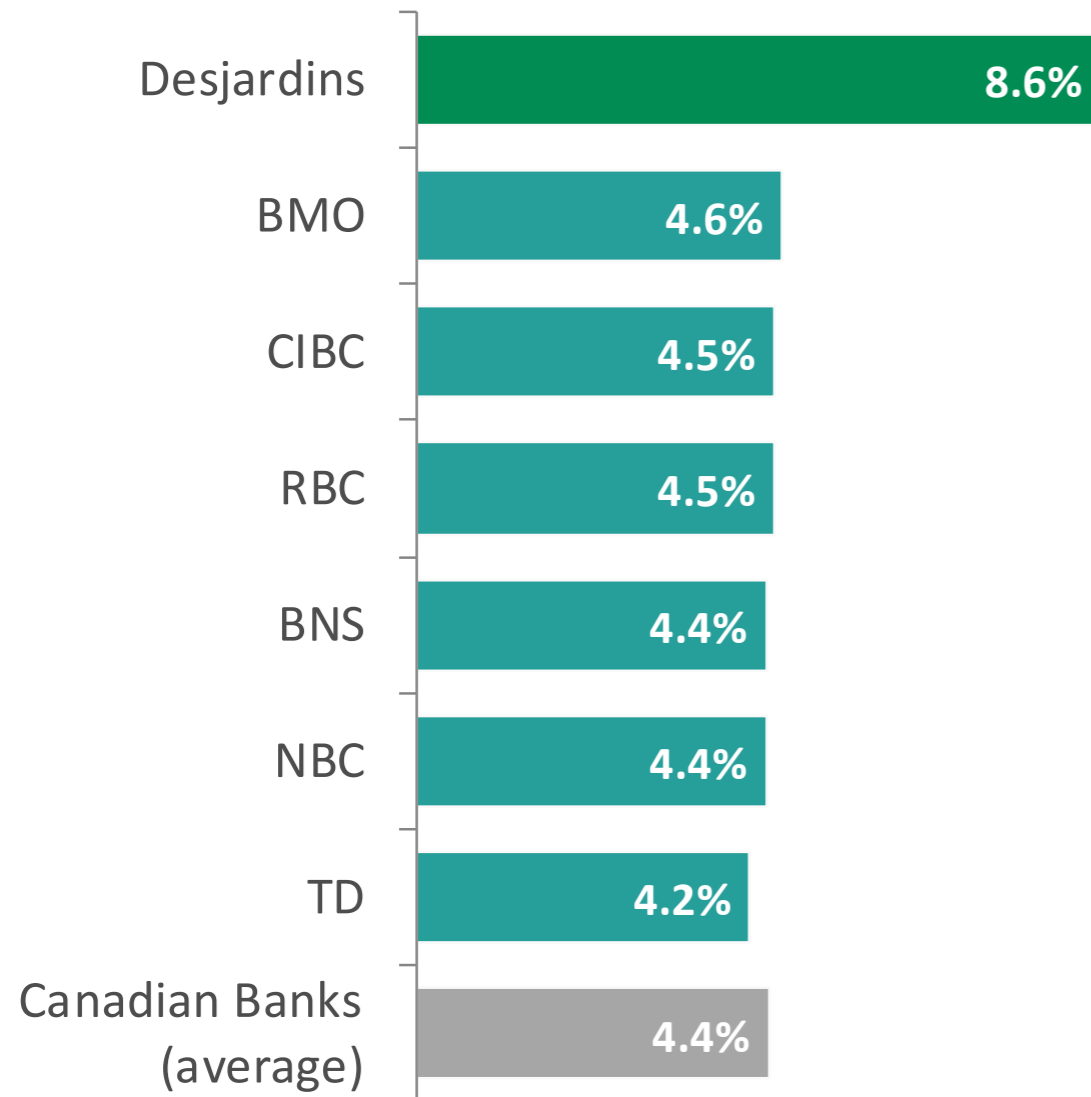
TIER 1A OR COMMON EQUITY TIER 1 CAPITAL RATIO (%)⁽¹⁾



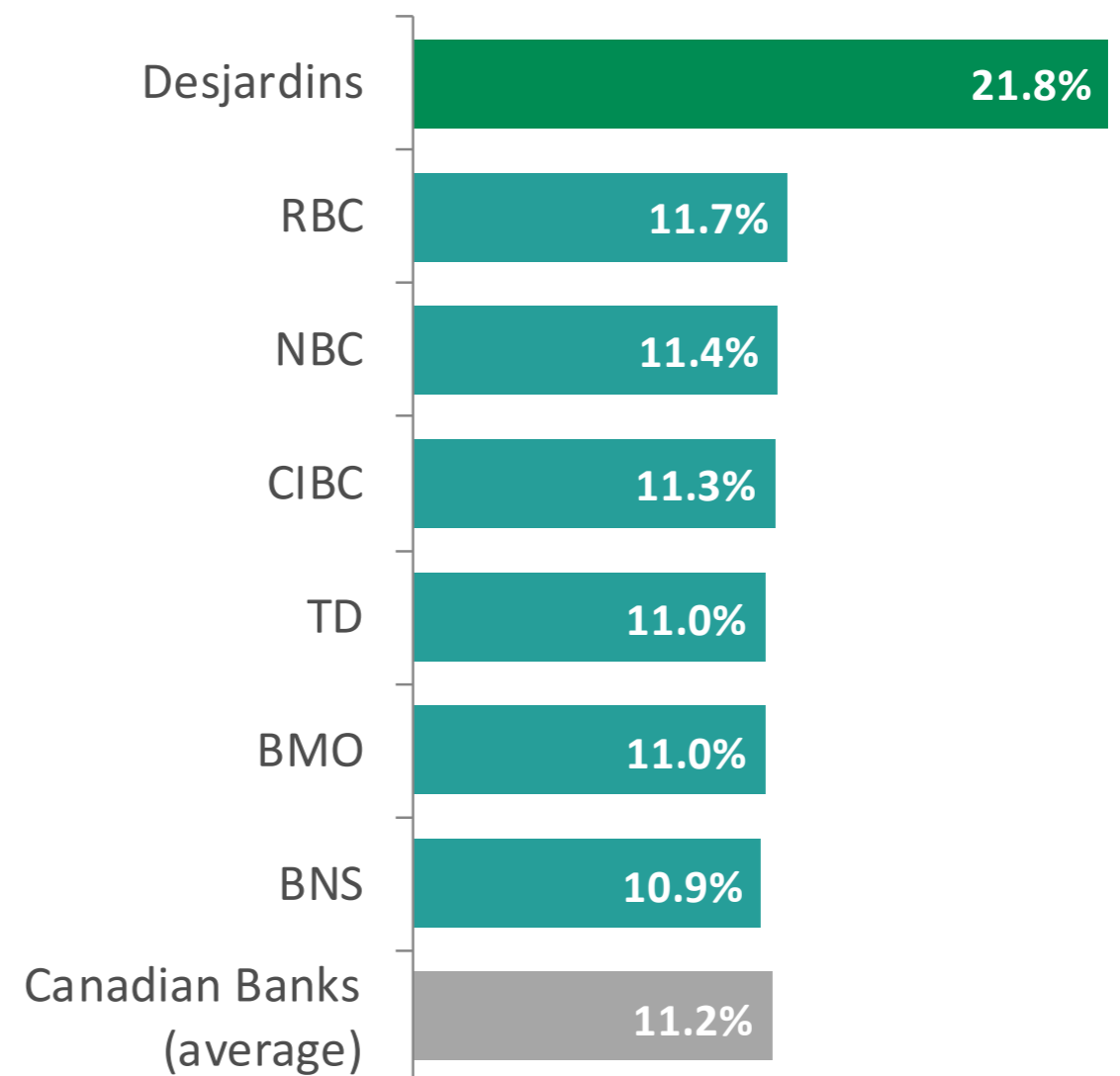
Sources: Financial Reports of Desjardins Group, U.S. banks and Canadian banks

1. As at Q2 2020 for Canadian banks and U.S. banks. Only US Banks with more than US\$60B of deposits are illustrated.

LEVERAGE RATIO



TIER 1A CAPITAL RATIO (CET1)



Total Loss Absorbing Capacity (TLAC)

TLAC Ratio	24.7%
TLAC Leverage Ratio	9.6%

	Moody's	S&P	DBRS	Fitch
Counterparty/Deposits ⁽¹⁾	Aa1	A+	AA	AA
Short-term debt	P-1	A-1	R-1 (high)	F1+
Senior medium- and long-term legacy debt ⁽²⁾	Aa2	A+	AA	AA-
Senior medium- and long-term debt ⁽³⁾	A2	A-	AA (low)	AA-
NVCC subordinated notes	A2	BBB+	A (low)	A
Covered bonds	Aaa	--	--	AAA
Outlook	Stable	Stable	Stable	Negative

1. Represents Moody's Counterparty Risk Rating and Deposit Rating, S&P's Issuer Credit Rating, DBRS' Long Term Deposit Rating and Fitch's Long-Term Issuer Default Rating, counterparty Rating and Long Term Deposit Rating
2. Includes senior debt issued prior to March 31, 2019, and senior debt issued on or after March 31, 2019, which is excluded from the recapitalization regime applicable to Desjardins.
3. Includes senior debt issued on or after March 31, 2019, subject to conversion under the recapitalization regime applicable to Desjardins.

Complexe Desjardins, Montreal

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