



Investor Presentation
Q4 2017



CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements regarding, among other things, Desjardins Group's business objectives and priorities, financial targets and maturity profile. 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, these forward-looking statements 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 and future events could differ significantly from those anticipated.

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: credit, market, liquidity, operational, insurance, strategic, and reputation risks; regulatory and legal environment risk; environmental risk; risk related to pension plans; technological advancement and regulatory developments; cybersecurity; household indebtedness; real estate market trends; geopolitical risks; communication and information; general economic and business conditions in regions in which Desjardins Group operates; changes in the economic and financial environment in Quebec, Canada and globally; monetary policies; the accuracy and completeness of information concerning clients and counterparties; the critical accounting estimates and accounting standards applied by Desjardins Group; new products and services to maintain or increase Desjardins Group's market share; the ability to recruit and retain key management personnel, including senior management; geographic concentration; acquisitions and joint arrangements; credit ratings; amendments to tax laws; unexpected changes in consumer spending and saving habits; the ability to implement Desjardins Group's disaster recovery plan within a reasonable time; the potential impact of international conflicts or natural disasters; 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 quarterly MD&As.

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. 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.



Desjardins



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HIGHLIGHTS AT DECEMBER 31, 2017

Results

For the year ended December 31, 2017
(Comparison against 12M 2016)

\$2,151 million

Surplus earnings, up 21%

\$17.1 billion

Total income, up 12%

Balance Sheet

At December 31, 2017
(Comparison against December 31, 2016)

\$275 billion

Total assets, up 6%

\$172 billion

Total deposits, up 7%

Liquidity & Capital

At December 31, 2017

18.0%

CET1 ratio (Tier 1A)

121.4%

Average LCR ratio



5th largest financial cooperative group in the world by total income

Bloomberg

Strongest financial institution in North America and 5th in the world⁽¹⁾

The Banker

100th most important financial institution by Tier 1 capital

1. July 2015 edition.



ORGANIZATION CHART



293 caisses

Capital Desjardins
Inc.

Desjardins Security
Fund

Fédération
des caisses
Desjardins
du Québec

Desjardins
Financial Security

Desjardins General
Insurance Group

Desjardins
Securities

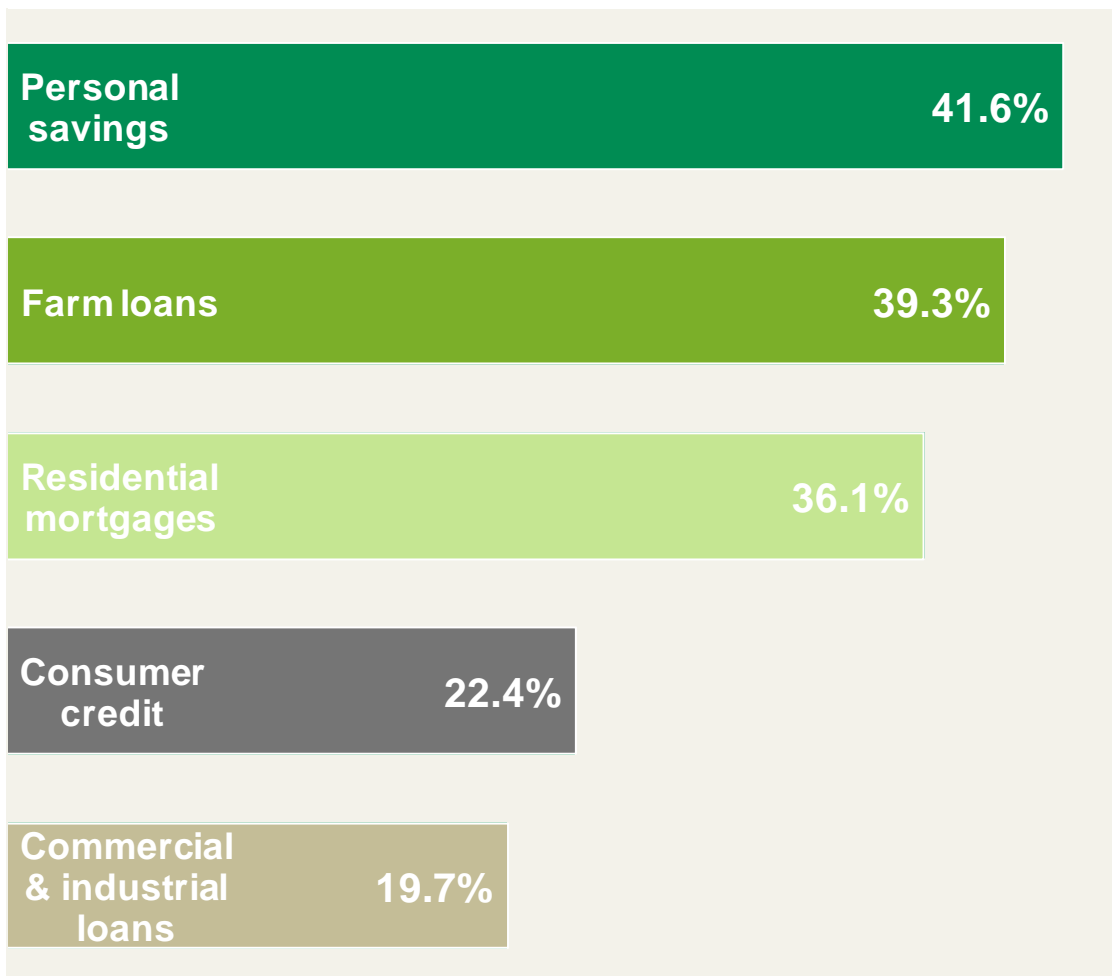
Desjardins Global
Asset
Management

Desjardins Trust



MARKET LEADERSHIP

LEADING MARKET SHARES IN QUEBEC



Desjardins Insurance

LIFE & HEALTH

- #2** insurer in Quebec
- #5** insurer in Canada
 - Extensive range of products
 - Offices across Canada

GENERAL

- #1** in direct distribution in Quebec
- #2** insurer in Quebec
- #3** insurer in Canada



Desjardins Wealth Management

SECURITIES

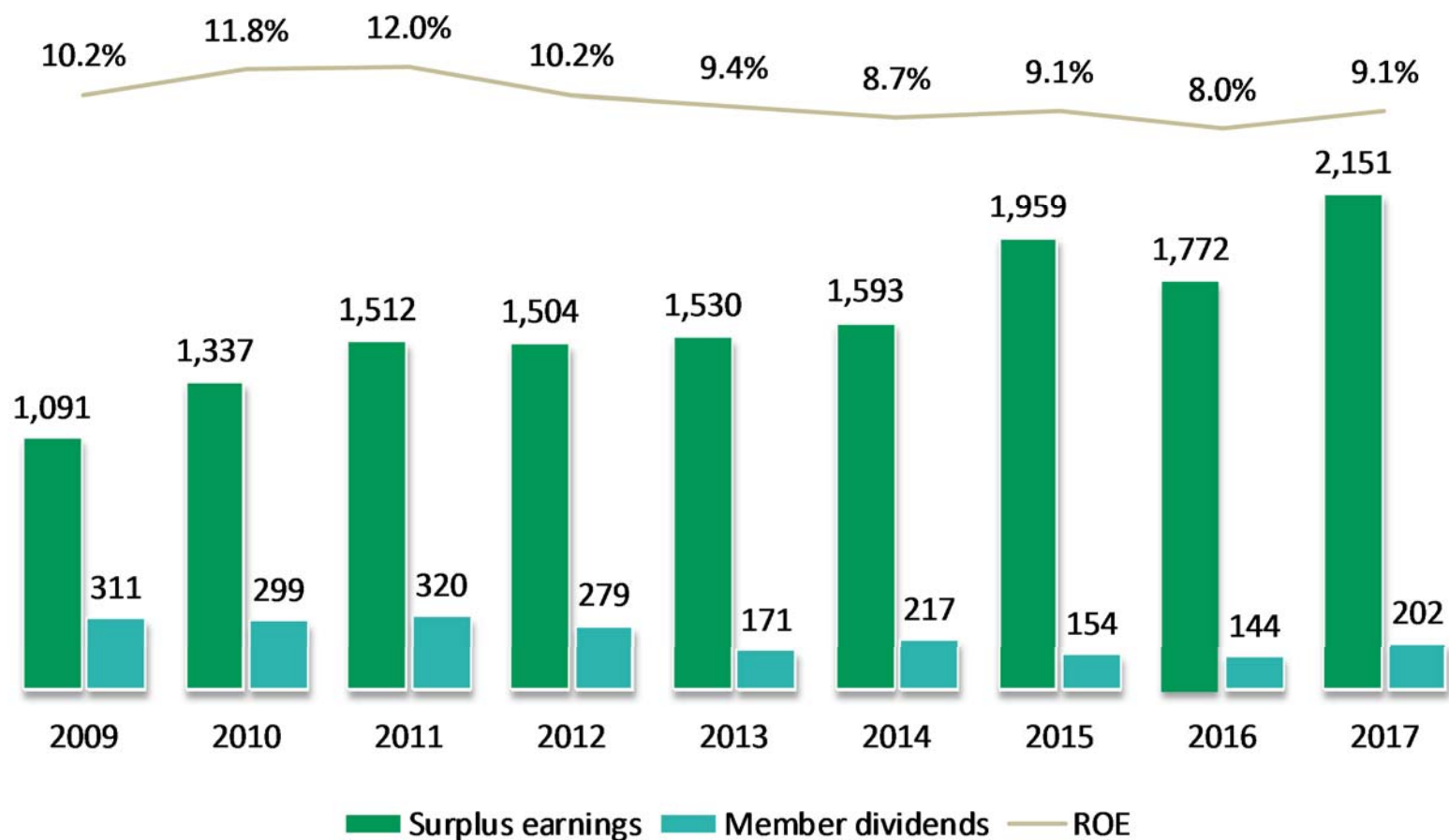
- 47 full-service branches
- No. 7 fixed income group in Canada

Source: Data at December 31, 2017; Market shares in Quebec: Desjardins Economic Studies; Life & Health Insurance: Canadian Life Insurers' Annual Reports and Autorité des marchés financiers' 2016 Annual Report on Financial Institutions; General Insurance: 2016 MSA Market Share Report; Desjardins Securities, fixed-income group: Market Trade Reporting System.



SOLID AND STEADY PROFITABILITY

SURPLUS EARNINGS, MEMBER DIVIDENDS AND ROE (\$M)



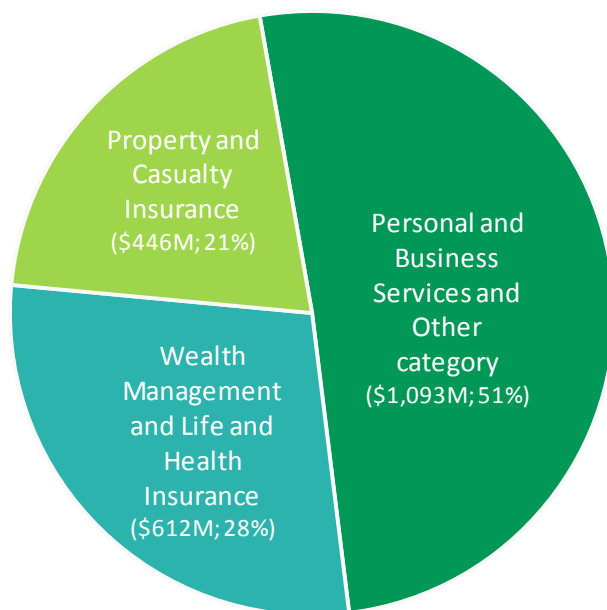
Source: Desjardins Group's Financial Reports

Note: Since 2010, financial statements are prepared in accordance with IFRS. Previously, Desjardins Group issued financial statements prepared in accordance with Canadian generally accepted accounting principles.

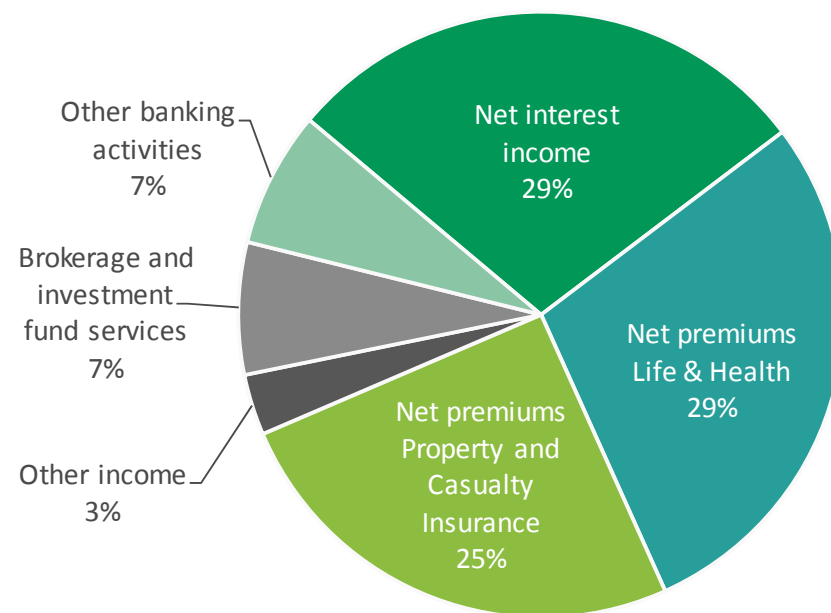


DIVERSIFIED SURPLUS EARNINGS AND **INCOME**

SURPLUS EARNINGS BY SEGMENT – 2017

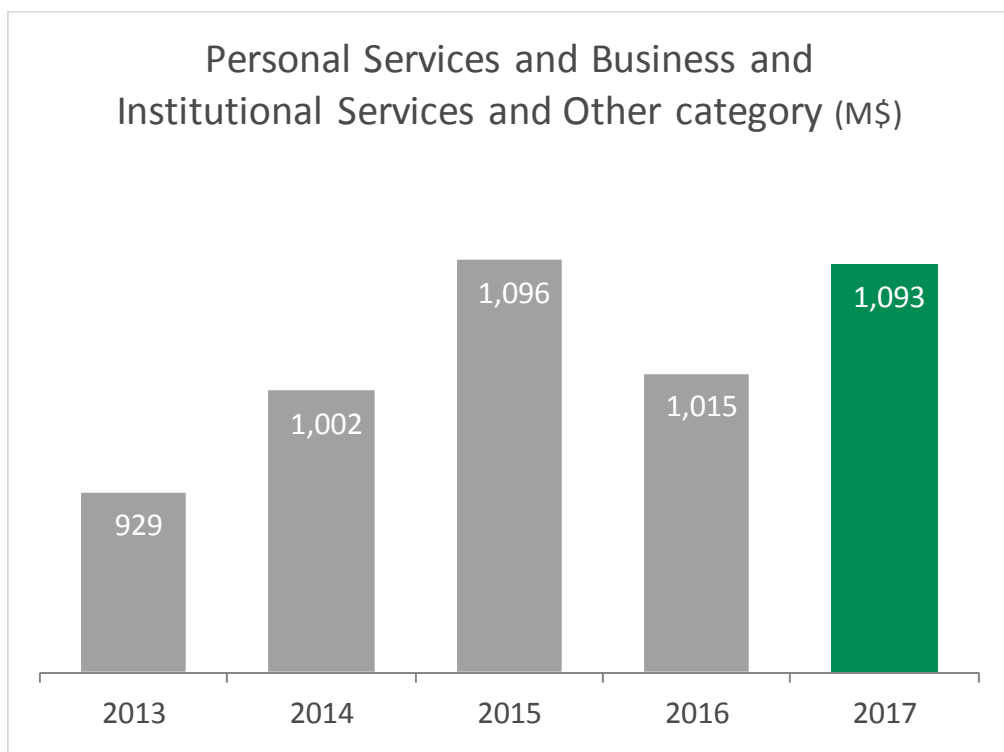


OPERATING INCOME DISTRIBUTION – 2017





SURPLUS EARNINGS BY SEGMENT

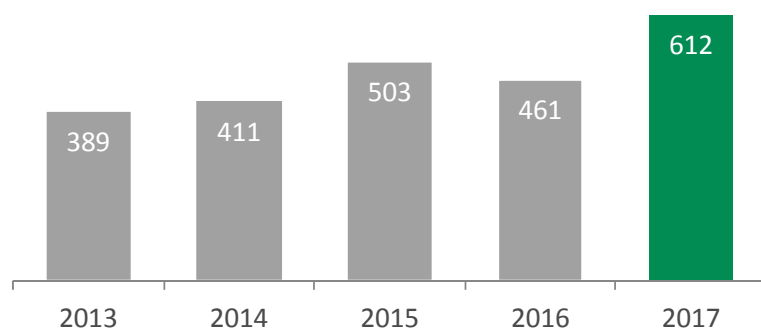


- Growth in credit card and point-of-sale financing activities
- Increase in caisse network sales of various products and in income from capital markets
- Growth in the loan portfolio but pressure continues on interest margins
- Increase in non-interest expense due to business growth, offset by productivity efforts



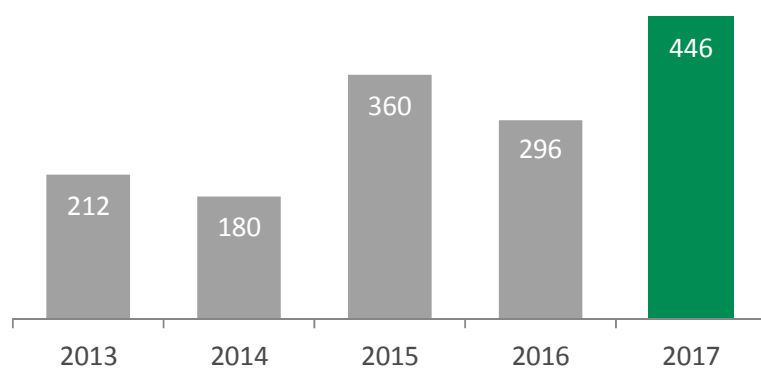
SURPLUS EARNINGS BY SEGMENT

Wealth Management and Life and Health Insurance (M\$)



- Good performance of investments and higher income from growth in assets under management
- Favourable adjustments to actuarial assumptions made in the normal course of business

Property and Casualty Insurance (M\$)



- Includes a \$241M gain realized on the sale of subsidiaries
- Adjusted net surplus earnings of \$237M⁽¹⁾, down from 2016, mainly due to higher claims experience for the current year and less favourable developments in prior-year claims

Source: Desjardins Group's Financial Reports

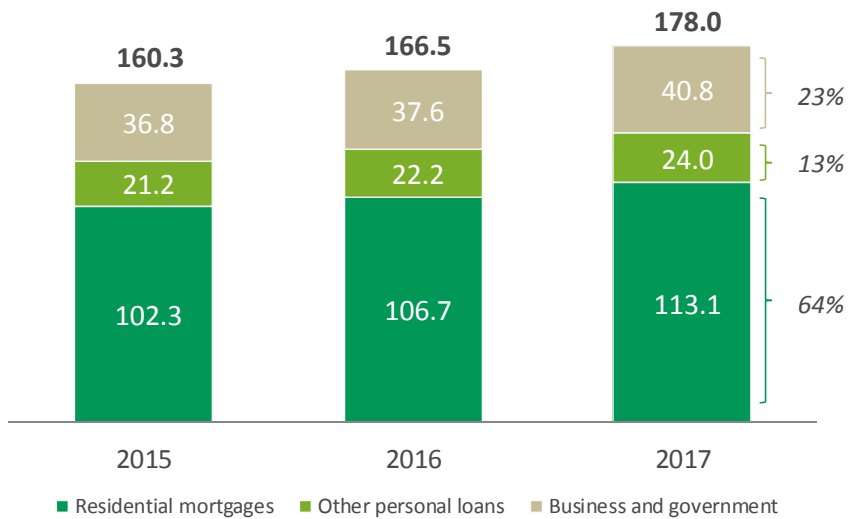
1. For reconciliation of adjusted surplus earnings, refer to the Desjardins Group's 2017 financial reports



STRONG BALANCE SHEET

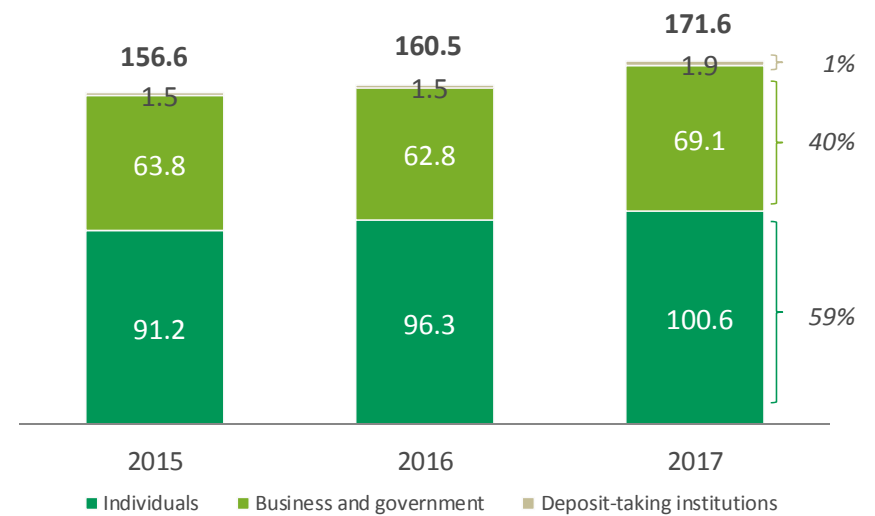
LOANS AND ACCEPTANCES (\$B)

7%

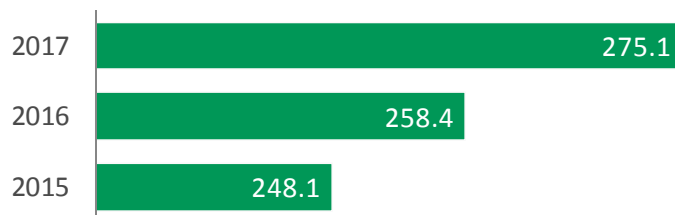


DEPOSITS (\$B)

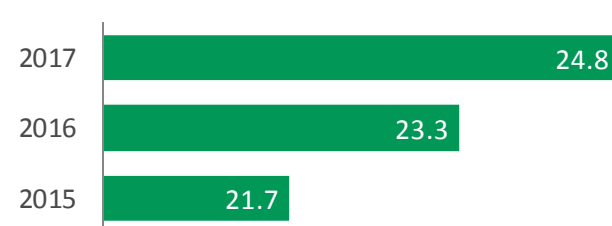
7%



TOTAL ASSETS (\$B)



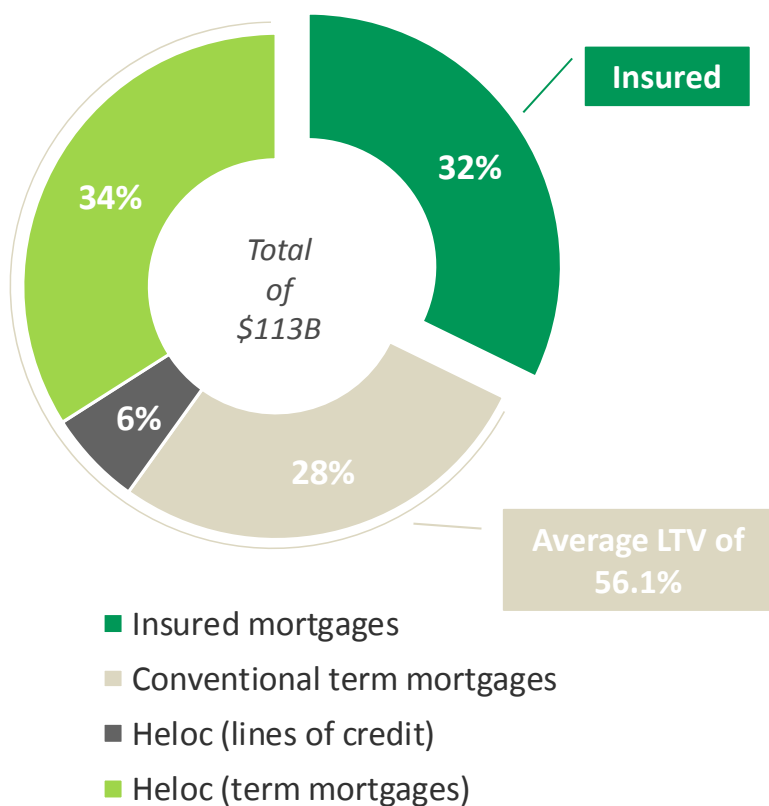
EQUITY (\$B)



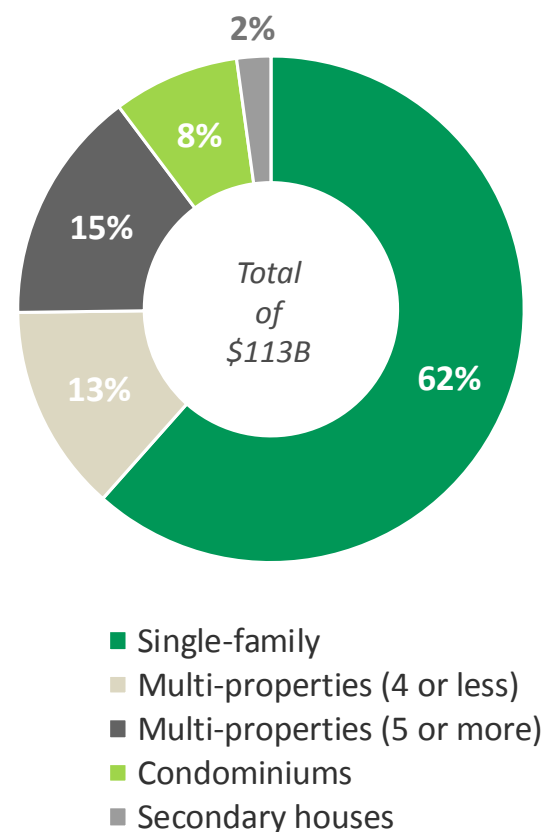


DIVERSIFIED RESIDENTIAL MORTGAGE **PORTFOLIO**

BY PRODUCT TYPE



BY PROPERTY TYPE





WELL-BALANCED BUSINESS AND GOVERNMENT **LOAN PORTFOLIO**

■ 18% WERE GUARANTEED AT Q4 2017

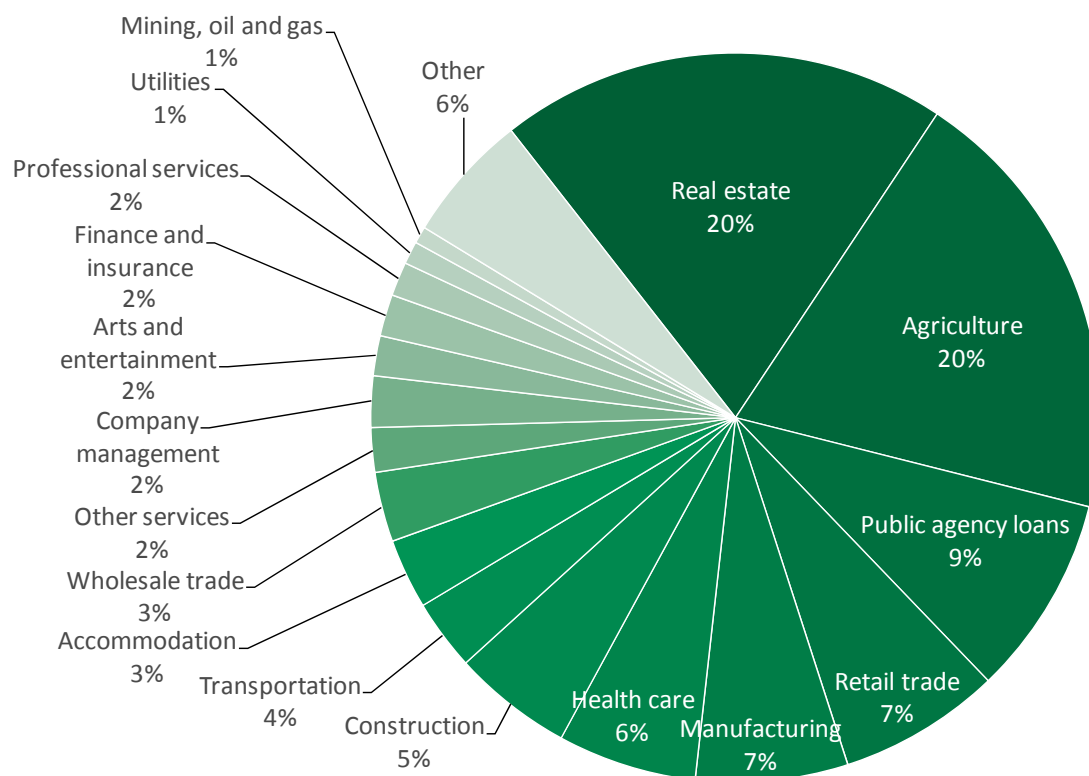
■ HIGH QUALITY OF TOP SECTORS

- Real estate: \$8.1B
- Agriculture: \$8.0B, most loans are guaranteed and covered by income protection programs
- Public agencies: \$3.6B (governmental agencies and school boards)

■ OTHER INDUSTRIES WELL-DIVERSIFIED

- Retail trade: \$2.9B
- Manufacturing: \$2.8B
- Health care: \$2.5B
- Construction: \$2.2B

INDUSTRY DISTRIBUTION

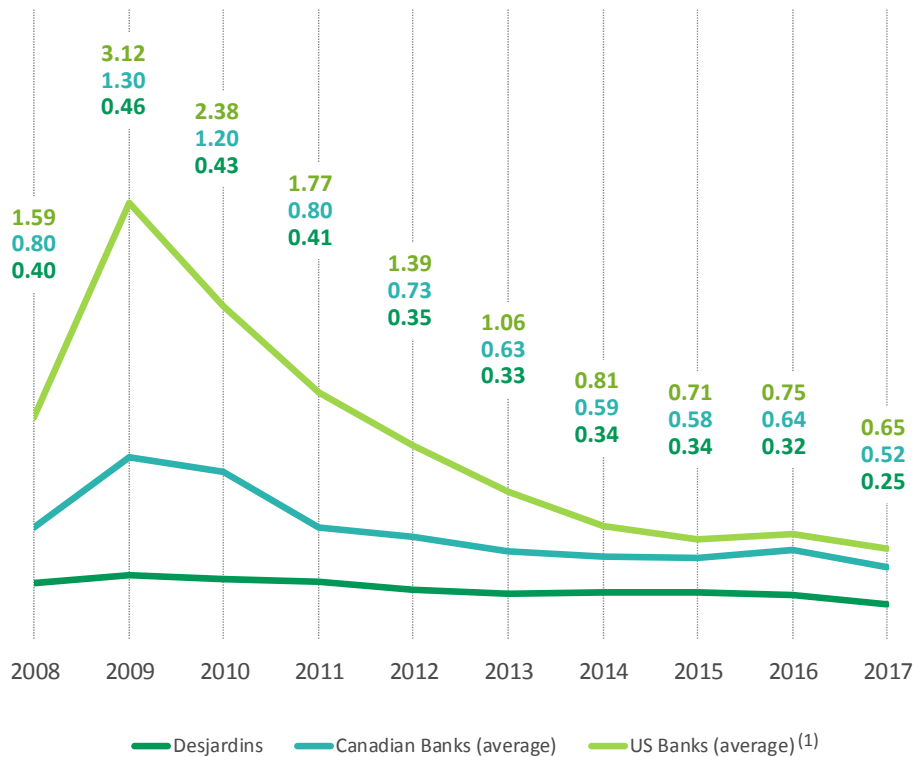




SUPERIOR ASSET QUALITY

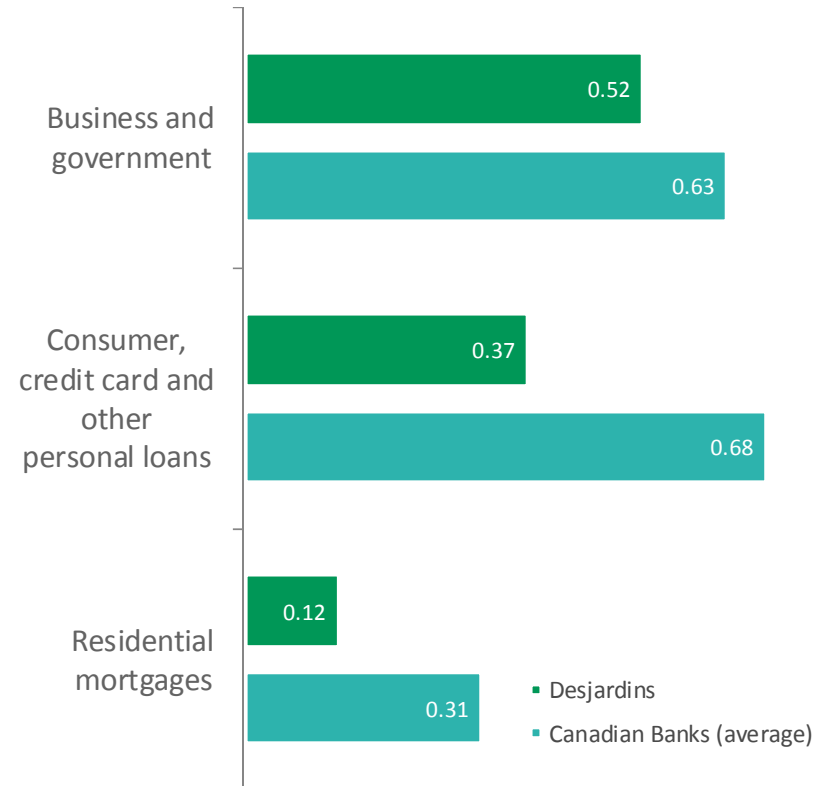
GROSS IMPAIRED LOANS AS A % OF GROSS LOANS

COMPARED TO PEERS



BY BORROWER CATEGORY

(Q4 2017 for banks and Desjardins)



Source: Banks and Desjardins Group's Financial Reports and Bloomberg

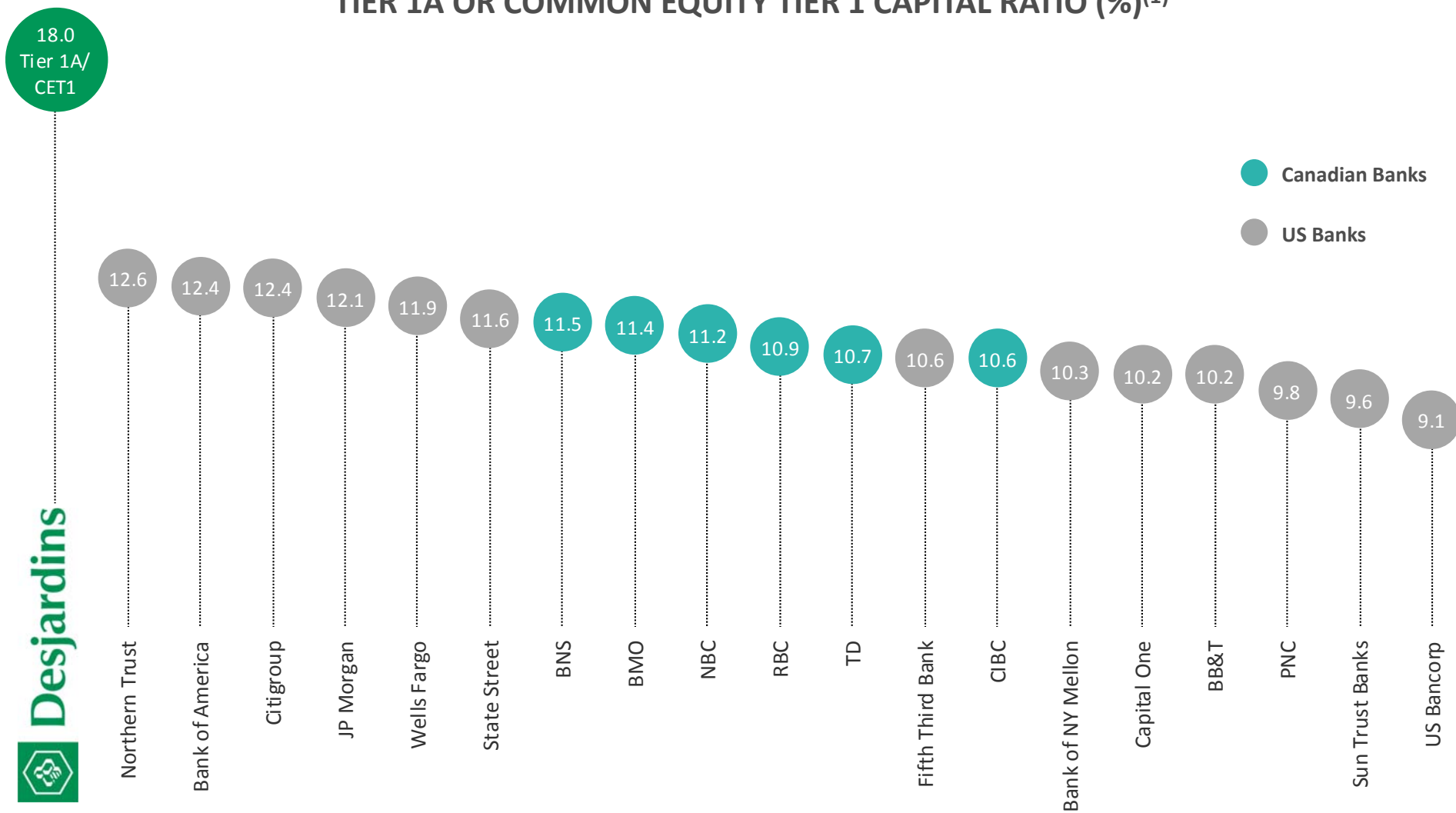
Note: Since 2010, financial statements are prepared in accordance with IFRS. Previously, Desjardins Group issued financial statements prepared in accordance with Canadian generally accepted accounting principles.

1. Average of commercial US Banks with more than US\$55B of deposits.



LEADING NORTH AMERICAN FINANCIAL INSTITUTION

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



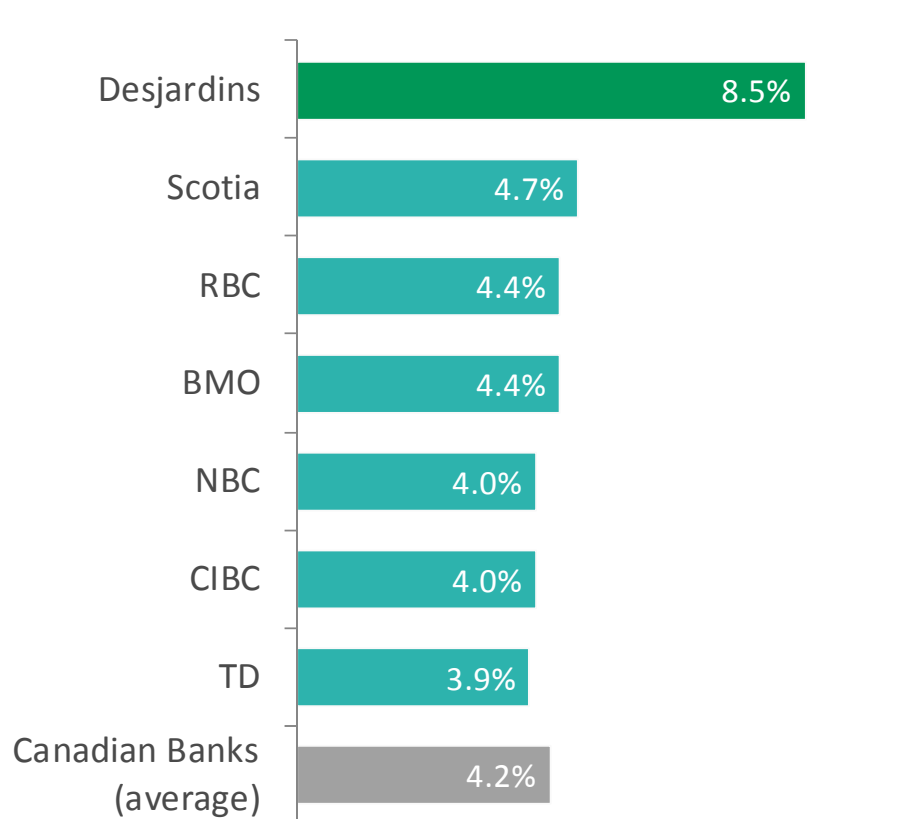
Source: Financial reports of Desjardins Group, U.S. banks and Canadian Banks

1. As at Q4 2017 for Canadian banks and U.S. banks. Only US Banks with more than US\$55B of deposits are illustrated. For US Banks, the lower of the Standardized Approach or the Advanced Approach is shown.

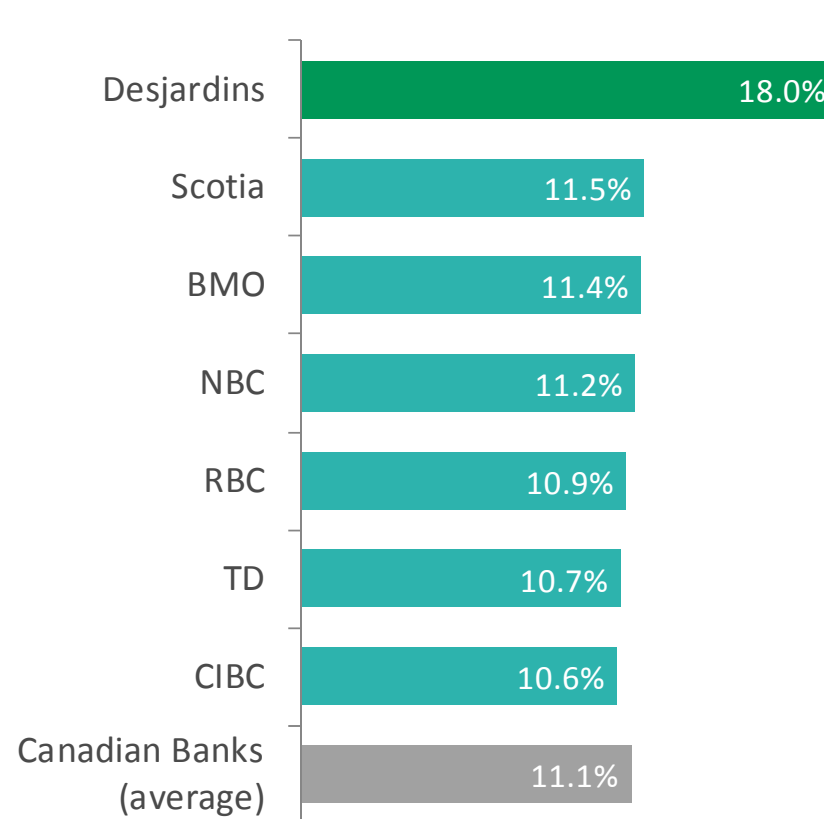


EXCELLENT TIER 1A CAPITAL AND LEVERAGE RATIOS

LEVERAGE RATIO



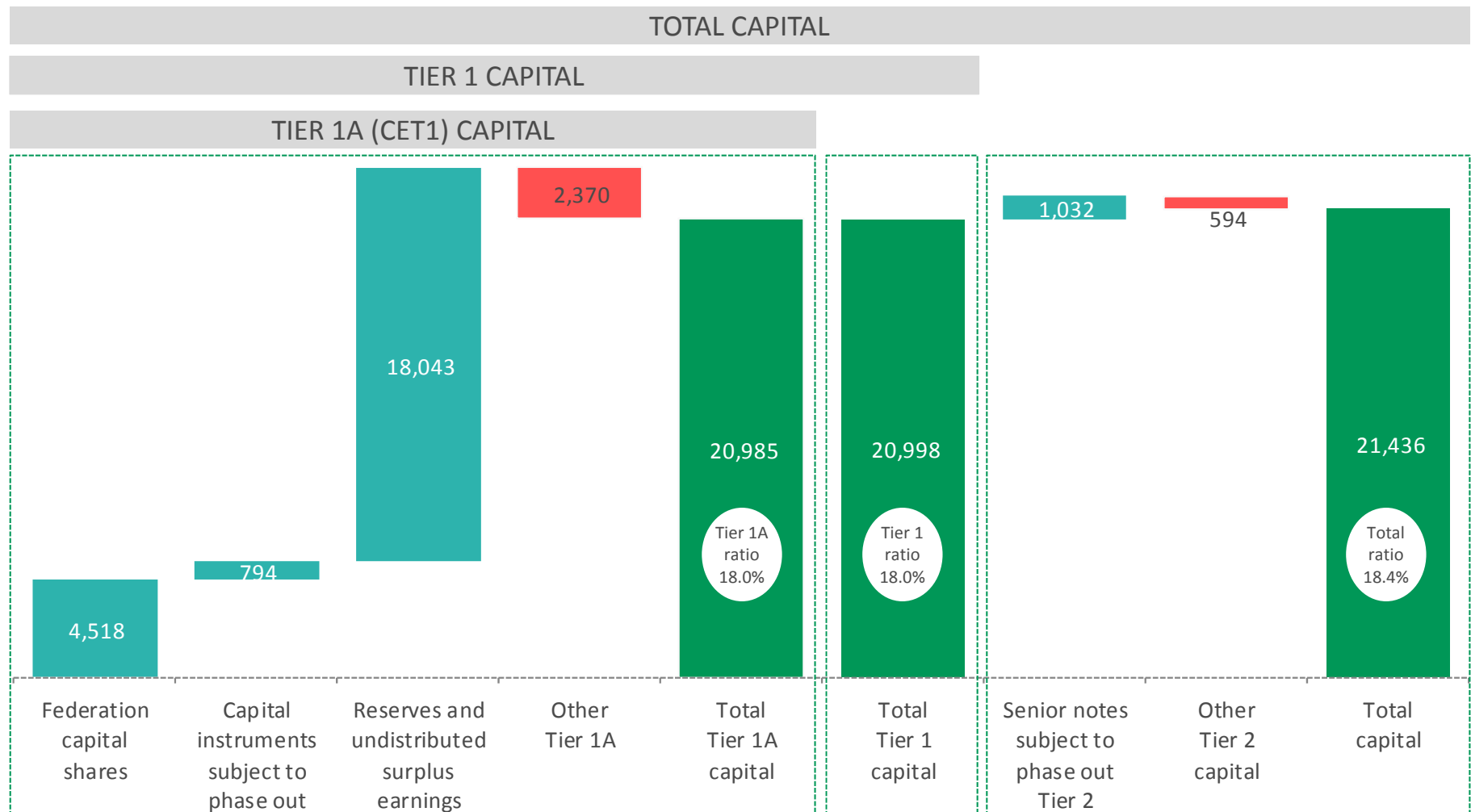
TIER 1A CAPITAL RATIO (CET1)





CAPITAL MANAGEMENT

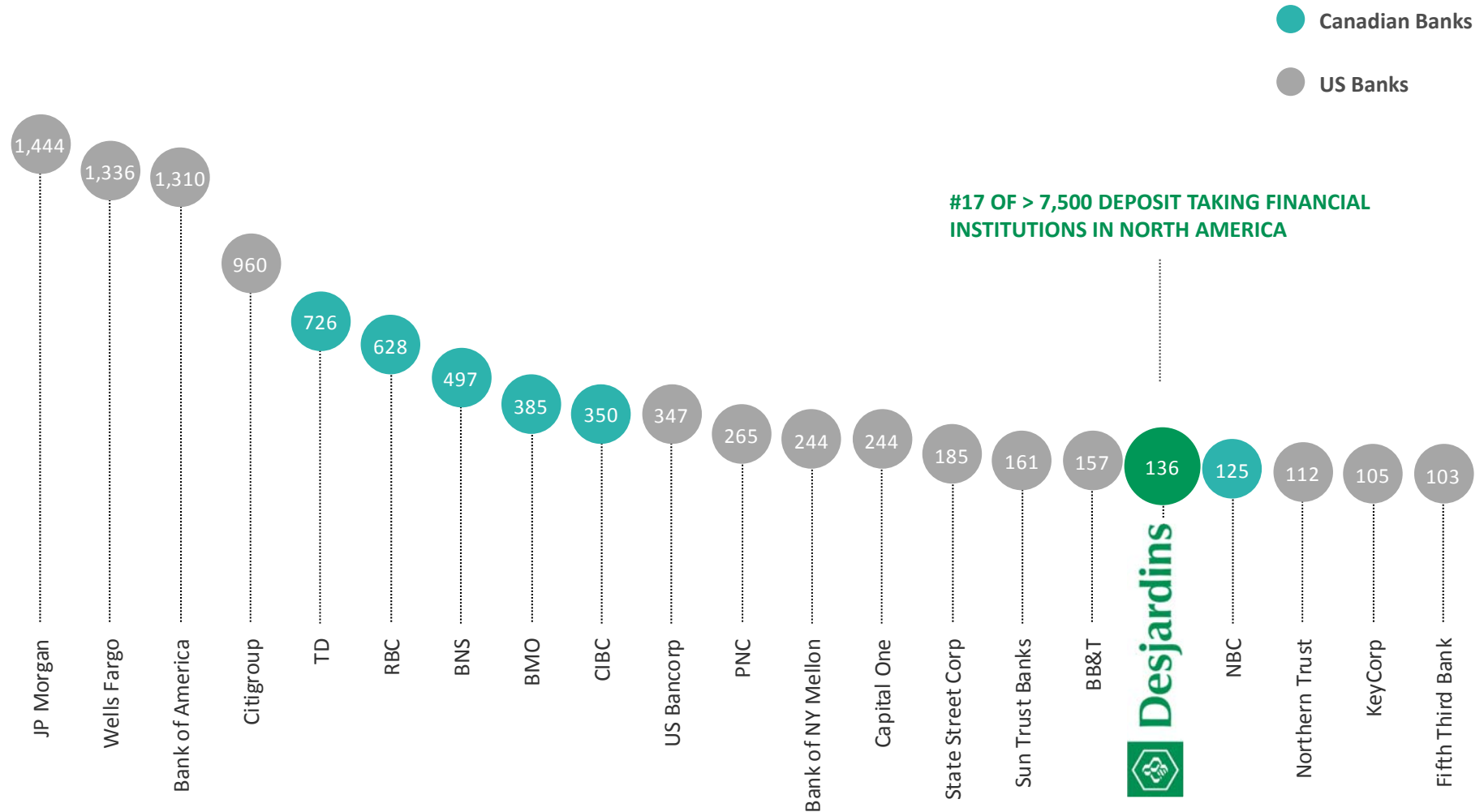
REGULATORY CAPITAL COMPOSITION (\$M)





LEADING NORTH AMERICAN FINANCIAL INSTITUTION

LARGEST FINANCIAL INSTITUTIONS BY DEPOSITS⁽¹⁾ (US \$B)



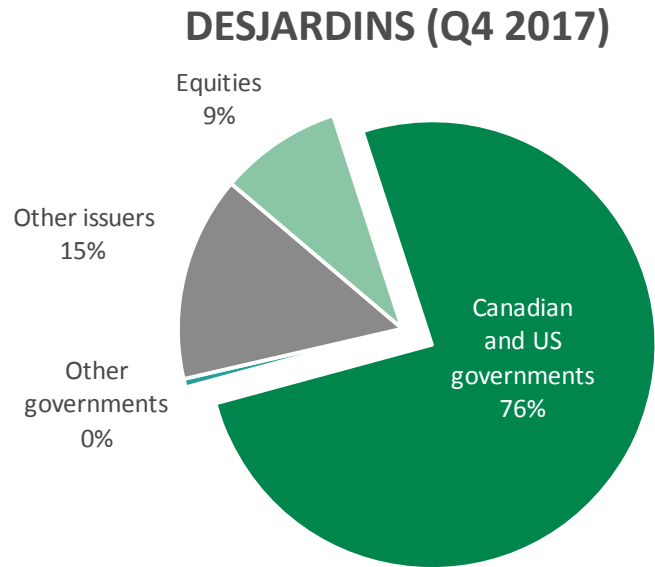
Source: Desjardins Group's Financial Reports and Bloomberg

1. As at Q4 2017 for Canadian and U.S. banks; exchange rate as at December 29, 2017: C\$ 1.0000 = US\$ 0.79548166.

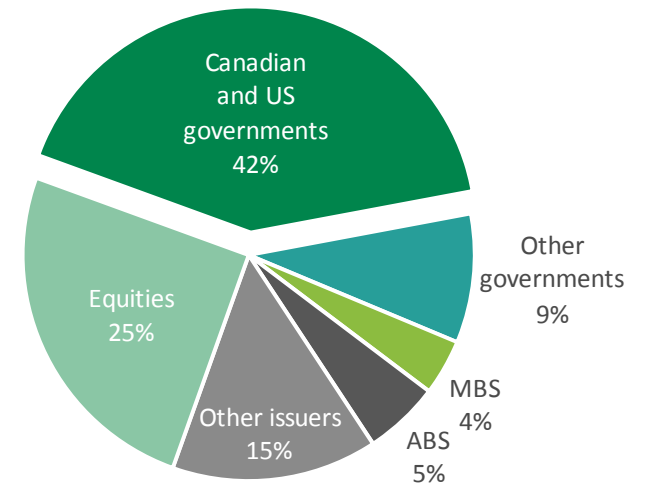


ROBUST LIQUIDITY POSITION

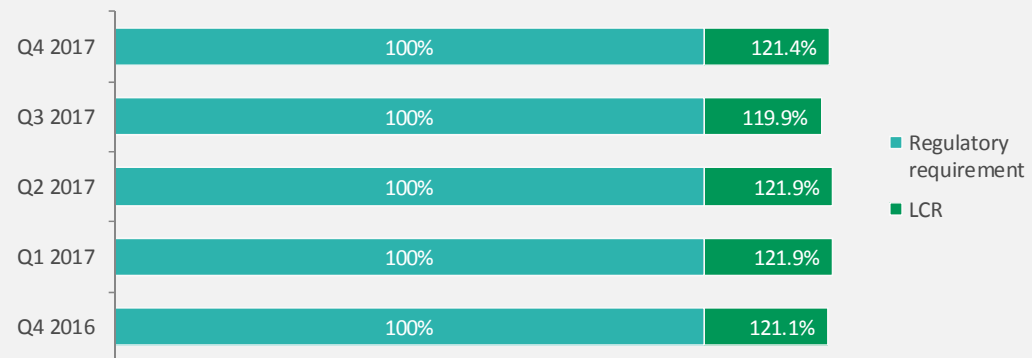
SECURITIES PORTFOLIO



CANADIAN BANKS' AVERAGE (Q4 2017)



LIQUIDITY COVERAGE RATIO (LCR)





FUNDING STRATEGY

KEY OBJECTIVES

- Rely on a large, sticky, retail deposit base as a primary source of funding
- Seek diversification by market, currency and term
- Balance between short-term (1/3) and long-term (2/3)
- Typically issued 2 to 10 years maturities, fix and float, covered bonds, senior unsecured and securitization

WHOLESALE FUNDING PROGRAMS

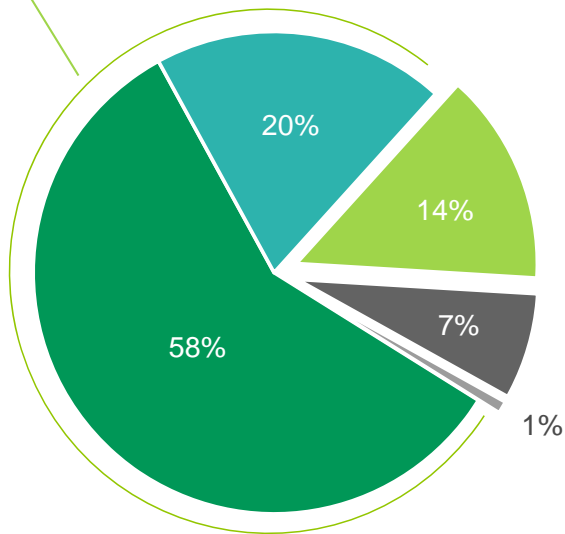
PROGRAMS	CURRENCY	LIMIT
<i>Short term</i>		
Commercial paper – Canada	Canadian	None
Commercial paper – United-States	United-States	US\$15B
Commercial paper – Europe	Euro	€3B
<i>Mid-Long term</i>		
Medium term notes – Canada	Canadian	C\$7B
Global medium term notes	Multi-currency	€7B
Covered bonds	Multi-currency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



WELL-ESTABLISHED GLOBAL FUNDING PROGRAMS

TOTAL DEPOSITS

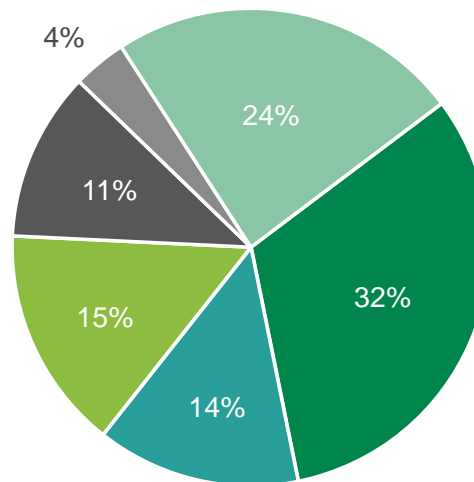
78% from personal & commercial sector



- Individual Deposits
- Business and Government
- Long Term Wholesale Funding
- Short Term Funding
- Subordinated Debt

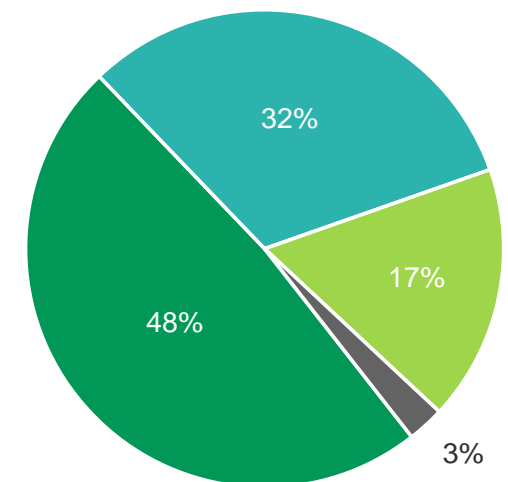
WHOLESALE FUNDING

BY PROGRAM TYPE



- Short term (CAD, USD & Euro)
- Medium Term Notes (CAD)
- Global MTN (USD & Euro)
- Covered Bonds
- Subordinated Debt
- Mortgage Securitization

BY CURRENCY



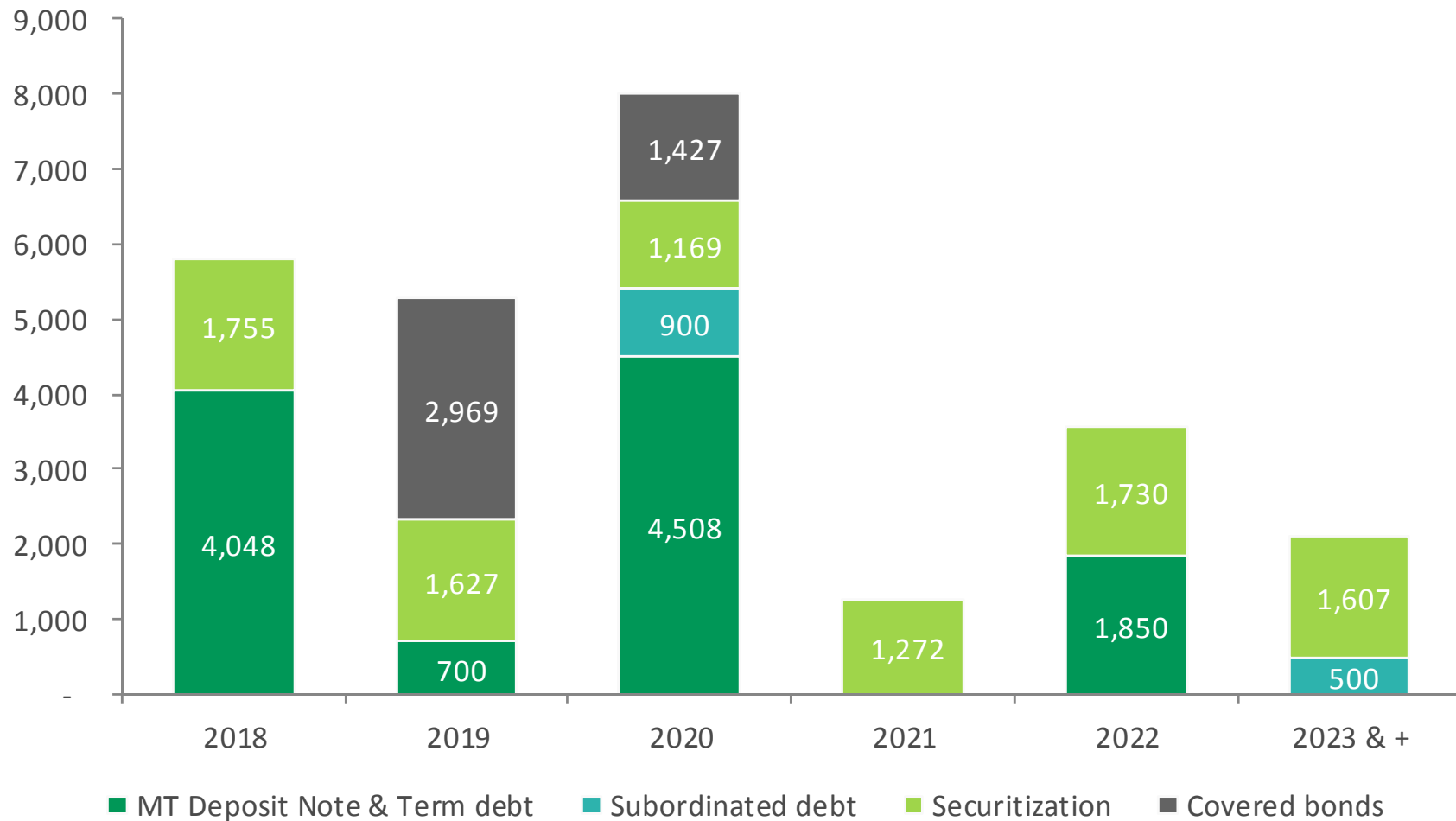
- CAD
- USD
- EURO
- GBP

Note: As at December 31, 2017



BALANCED MATURITY PROFILE

(IN \$M, AS AT DECEMBER 31, 2017)



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



- **Manages services** for the caisses (such as IT, treasury, finance, HR, etc.)
- **Offers** payment card services and payroll and human resources services
- Ultimate **controlling shareholder** of a number of provincially and federally regulated entities such as insurance subsidiaries
- **Official representative** to the Bank of Canada and the Canadian banking system
- **Reporting issuer**: F capital shares to members of the caisses and short term and long term securities on the market
- May issue a **capital call** to its member caisses

FCDQ AT A **GLANCE** (At December 31, 2017)

TOTAL ASSETS:	\$145.7B
TOTAL DEPOSITS:	\$52.1B
EQUITY:	\$16.0B
NET INCOME (2017):	\$1,416M

CAPITAL **RATIOS***

TIER 1A:	17.5%
TIER 1:	17.5%
TOTAL:	17.5%
LEVERAGE RATIO:	7.9%

SENIOR **CREDIT RATINGS**

MOODY'S:	Aa2
S&P:	A+
DBRS:	AA
FITCH:	AA-

Source: Financial Reports of the Fédération des caisses Desjardins du Québec

* Effective January 1, 2017, the Federation is subject to the requirements of the AMF guideline on capital adequacy. The minimum requirements are 8.0% for Tier 1A, 9.5% for Tier 1 capital ratio, 11.5% for total capital ratio and 3.0% for the leverage ratio.



CREDIT RATINGS AMONG THE BEST IN THE **INDUSTRY**

	MOODY'S		S&P		FITCH		DBRS	
	RATING	OUTLOOK	RATING	OUTLOOK	RATING	OUTLOOK	RATING	OUTLOOK
FÉDÉRATION DES CAISSES DESJARDINS DU QUÉBEC	Aa2	NEGATIVE	A+	STABLE	AA-	STABLE	AA	NEGATIVE
ROYAL BANK OF CANADA	A1	NEGATIVE	AA-	NEGATIVE	AA	STABLE	AA	STABLE
CIBC	A1	NEGATIVE	A+	STABLE	AA-	NEGATIVE	AA	NEGATIVE
BANK OF MONTREAL	A1	NEGATIVE	A+	STABLE	AA-	STABLE	AA	NEGATIVE
SCOTIA BANK	A1	NEGATIVE	A+	STABLE	AA-	STABLE	AA	NEGATIVE
TD BANK	Aa2	NEGATIVE	AA-	STABLE	AA-	STABLE	AA	STABLE
NATIONAL BANK	A1	NEGATIVE	A	STABLE	A+	STABLE	AA (low)	NEGATIVE
LAURENTIAN BANK	N/A	N/A	BBB	CREDITWATCH NEGATIVE	N/A	N/A	A (low)	NEGATIVE

Note: At February 28, 2018



RECENT DEBT TRANSACTION HIGHLIGHTS

**October
2017**



**August
2017**



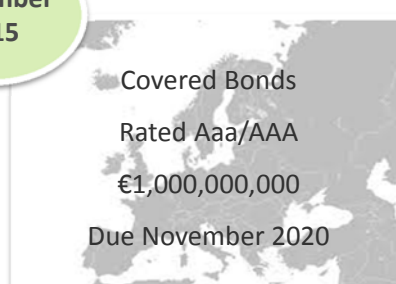
**January
2017**



**January
2016**



**November
2015**



**September
2015**



**March
2015**



**January
2015**



**January
2015**





CONTACT **INFORMATION**

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