

# Fixed Income Investor Presentation

## Q4 2022 Results



*All figures are in Canadian dollars and as at December 31, 2022, unless otherwise specified.*

# Caution Concerning Forward Looking Statements

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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 impact of the COVID-19 pandemic on its operations, 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 "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 presentation. 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. 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 Group cautions readers against placing undue reliance on these forward-looking statements when making decisions, given 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 factors that may affect the accuracy of the forward-looking statements in this presentation include those discussed in the "Risk management" sections of Desjardins Group's most recently published annual and any subsequent quarterly MD&As, and, in particular, credit, market, liquidity, operational, insurance, strategic and reputation risk, as well as environmental or social risk, and regulatory risk. Such factors also include those related to security breaches, corporate and household indebtedness, technological advancement and regulatory developments, 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.

It is important to note that the above list of factors that could influence future results is not exhaustive. Other factors could have an effect on Desjardins Group's results. Additional information about these and other factors is found in the "Risk management" sections of Desjardins Group's last annual and quarterly MD&A.

The significant economic assumptions underlying the forward-looking statements in this document are described under "Economic environment and outlook" of Desjardins Group's 2022 annual MD&A. 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. Given the evolution of the COVID-19 pandemic and the Ukraine war, and the impact of these events on the global economy and on financial market conditions, as well as on the business operations, financial results and financial position of Desjardins Group, there is greater uncertainty associated with our economic assumptions compared with periods prior to the onset of these events as these assumptions are based on uncertain future developments and it is difficult to predict the extent of the long-term effects of these events.

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 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.

This document does not constitute an offer to sell or solicitation of an offer to buy securities, nor will there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

# Non-GAAP and other financial measures

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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.

## **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.

## **Supplementary financial measures**

In accordance with Regulation 52-112, supplementary financial measures are used to depict historical or expected future financial performance, financial position or cash flow. In addition, these measures are not disclosed in the financial statements.

Additional information on specified financial measures is incorporated by reference. It can be found in the "Non-GAAP and other financial measures" section of Desjardins Group's 2022 annual MD&A. The MD&A is available on the SEDAR website at [www.sedar.com](http://www.sedar.com) (under the *Fédération des caisses Desjardins du Québec* profile).

# About DESJARDINS

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**6<sup>th</sup> Largest financial institution in Canada<sup>1</sup>**

**7.5 Million members and clients**

**> 58,700 employees**

**\$2,050 Million**  
2022 surplus earnings

**\$407.1 Billion**  
Total assets as at  
December 31, 2022

**20.2% Tier 1A<sup>2</sup>**  
(CET1 ratio for Banks)

 **\$518 Million<sup>3</sup> in 2022**  
Redistributed to members and the community

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

 **Carbon Neutral on our operations**  
Since 2017

**US\$1 Billion**  
Covered Bonds issuance  
October 14, 2022

**\$1 Billion**  
Senior Debts Issuance  
November 16, 2022

**€750 Million**  
Covered Bonds issuance  
November 28, 2022

 **Ambition**  
To become everyone's #1 choice

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1. By asset size.  
2. In accordance with the base capital adequacy guideline for financial services cooperatives issued by the AMF.  
3. For more information about non-GAAP financial measures, see page 3.

## MEMBERS

**213** CAISSES

Fédération  
des caisses  
Desjardins du  
Québec

Desjardins Financial  
Security Life Insurance  
Company

Desjardins General  
Insurance Group Inc.

Desjardins Securities  
Inc.

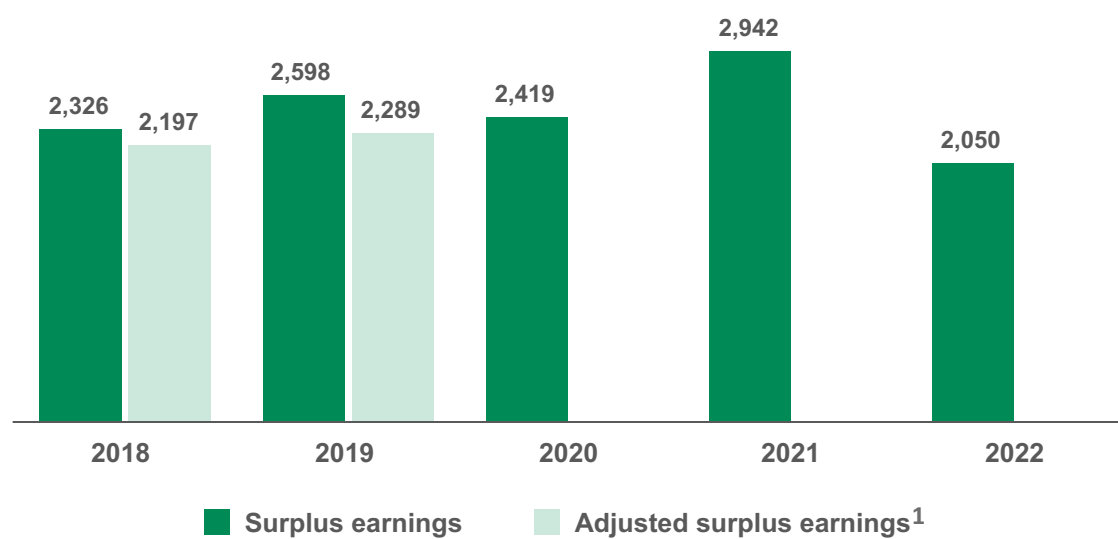
Desjardins Global Asset  
Management Inc.

Desjardins Trust Inc.

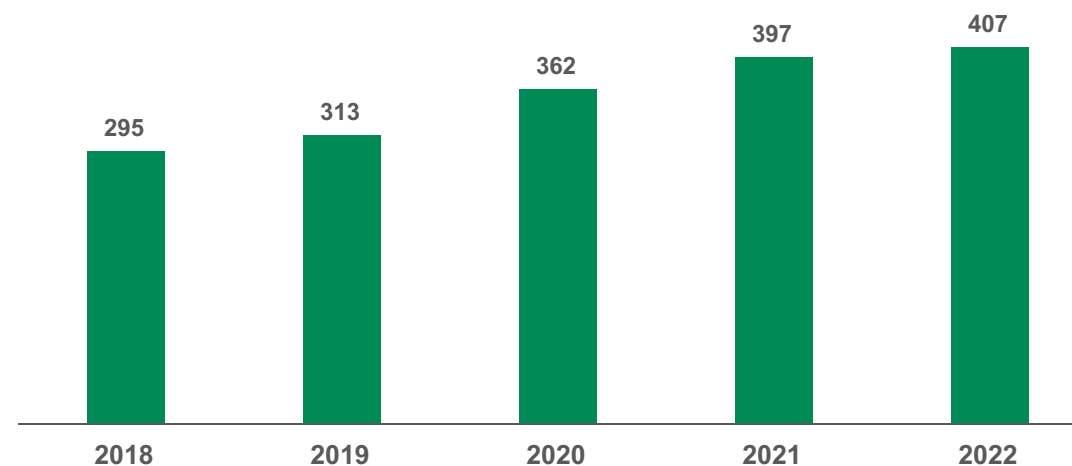
# FINANCIAL RESULTS

# Key Highlights

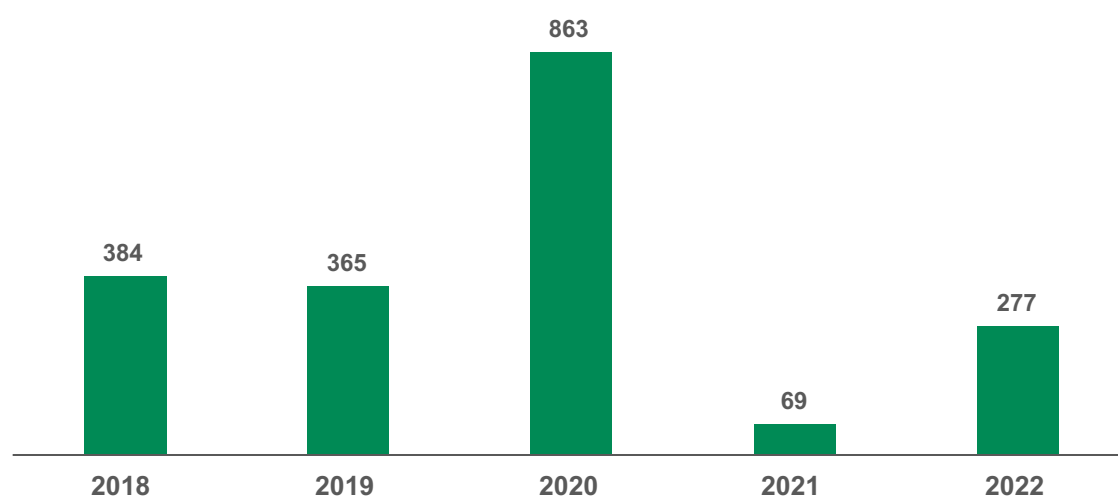
## SURPLUS EARNINGS BEFORE MEMBER DIVIDENDS (\$M)



## TOTAL ASSETS (\$B)



## PROVISIONS FOR CREDIT LOSSES (\$M)



## CAPITAL AND TLAC RATIOS

<b>TIER 1A<sup>2</sup> (CET1)</b>	<b>20.2%</b>	<b>TOTAL<sup>2</sup></b>	<b>21.9%</b>
<b>LEVERAGE RATIO<sup>2</sup></b>	<b>7.6%</b>	<b>TLAC<sup>3</sup></b>	<b>28.7%</b>

1. For more information about non-GAAP financial measures, see page 3.  
 2. In accordance with the base capital adequacy guideline for financial services cooperatives issued by the AMF.  
 3. In accordance with the "Total Loss Absorbing Capacity Guideline" (TLAC Guideline) issued by the AMF.

# Personal and Business Services

## ABOUT DESJARDINS

As at Decembre 31, 2022

Caisses	213
Points of sale	732
ATM	1,654

### Market shares in Québec

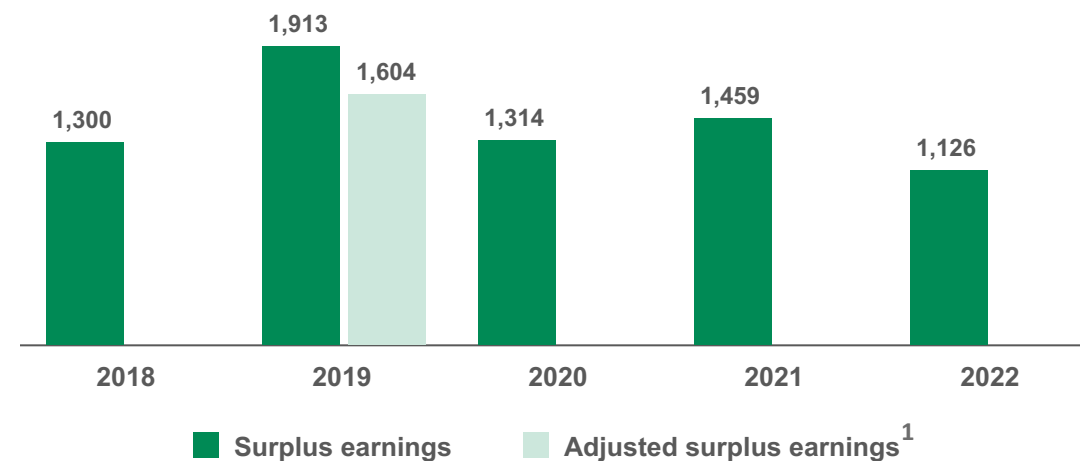
• Agriculture credit	42%
• Personal savings	41%
• Residential mortgages	38%
• Consumer credit	26%
• Commercial & Industrial	22%

Digital adoption rate retail customers 71.8%

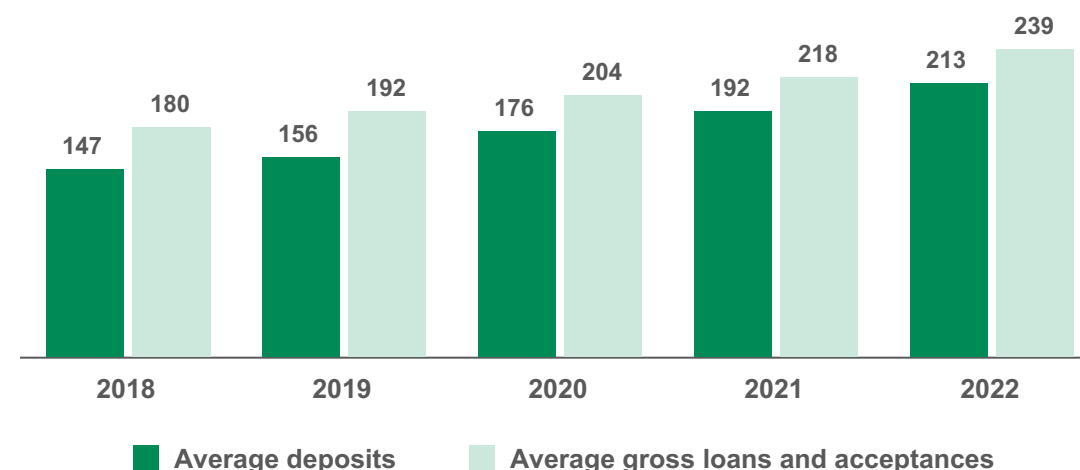
## AWARDS AND RECOGNITION

- Signatory of the United Nation’s Commitment to Financial Health and Inclusion.
- Named one of Canada’s top employers for Young People by MediaCorp Canada.
- 4<sup>th</sup> best employer in the world for women according to Forbes.
- 8<sup>th</sup> best employer in Canada according to the Glassdoor ranking.

## SURPLUS EARNINGS BEFORE MEMBER DIVIDENDS (\$M)



## AVERAGE GROSS LOANS AND ACCEPTANCES AND DEPOSITS (\$B)<sup>2</sup>



1. For more information about non-GAAP financial measures, see page 3.

2. For more information about supplementary financial measures, see page 3.



# Wealth Management and Life and Health Insurance

## CANADIAN PRESENCE

### Wealth Management

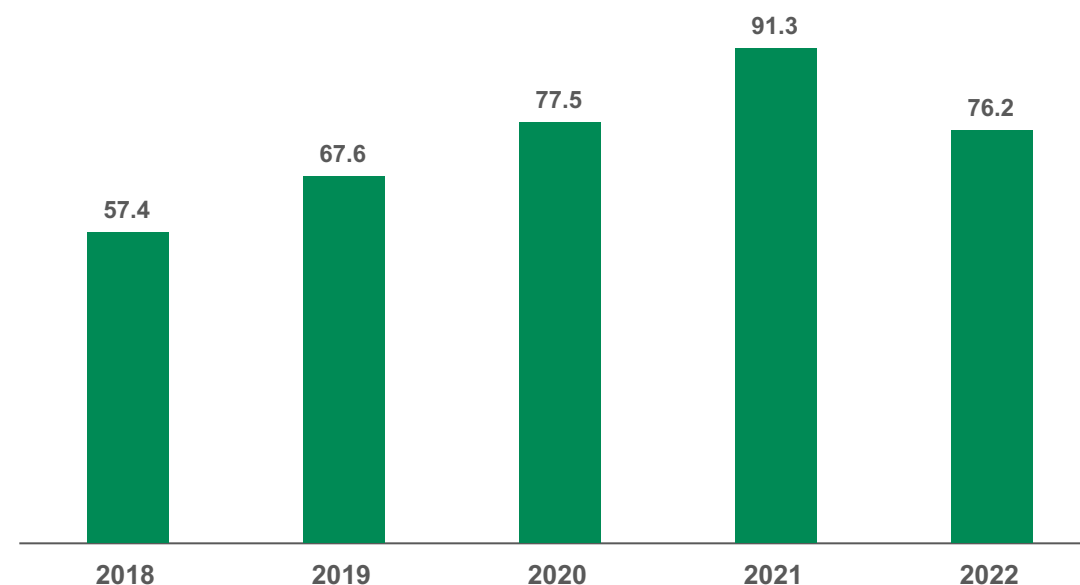
**#1** in Québec and **#1** in Canada for market-linked guaranteed investments  
(based on 2021 assets under management)

**#2** in the "Market Education" category of the Responsible Investment Association's Leadership Awards

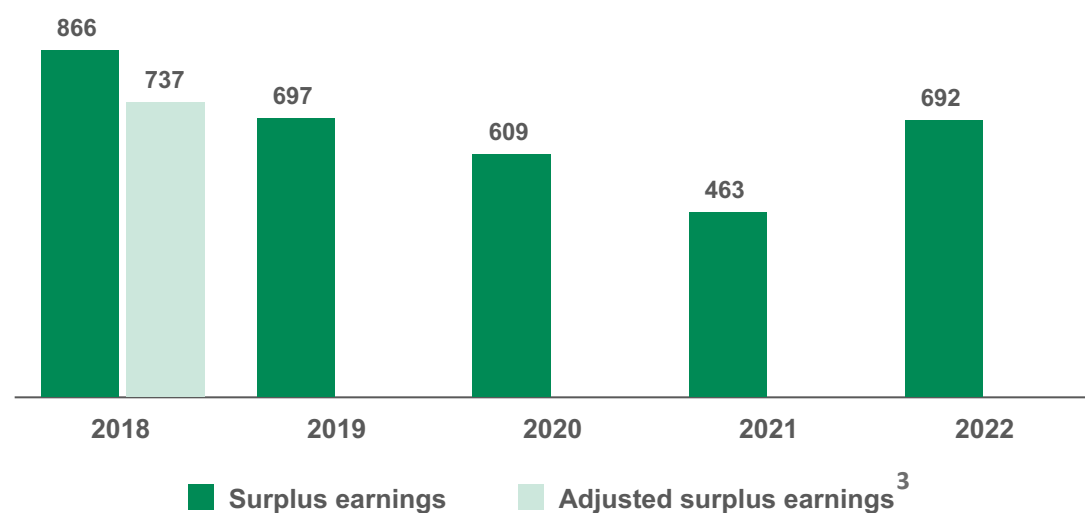
### Life and Health Insurance (based on gross written premiums in 2021)

**#4** in Québec **#5** in Canada

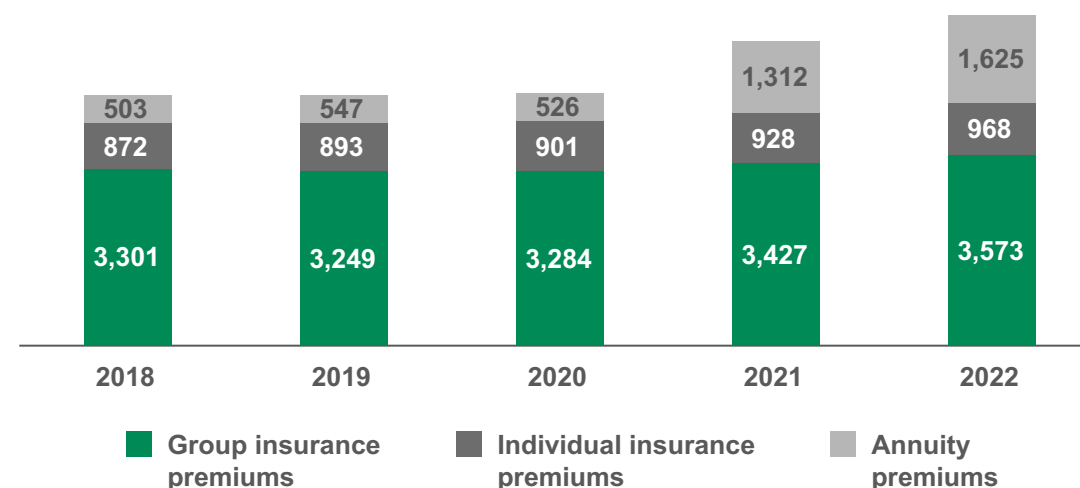
## ASSETS UNDER MANAGEMENT (\$B)<sup>1;2</sup>



## NET SURPLUS EARNINGS (\$M)



## NET PREMIUMS (\$M)



1. For more information about supplementary financial measures, see page 3.  
 2. The Wealth Management segment is primarily responsible for the activities related to assets under management.  
 3. For more information about non-GAAP financial measures, see page 3.

# Property and Casualty Insurance

## CANADIAN PRESENCE

### Important Property and Casualty insurer

(based on gross direct premiums written in 2021)

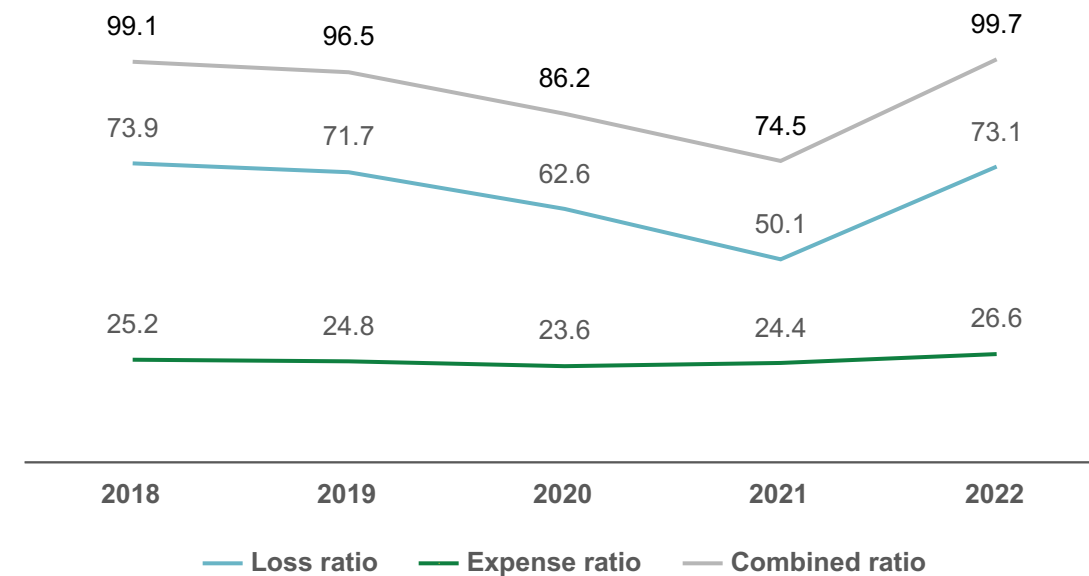
**#2** in Canada

**#2** in Québec

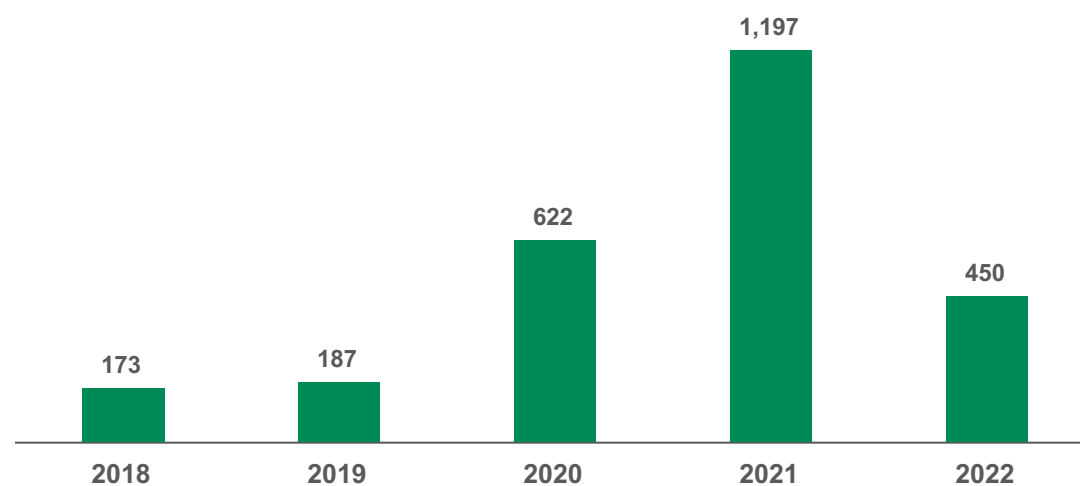
**#3** in Ontario

**30<sup>th</sup>** consecutive year of underwriting profits

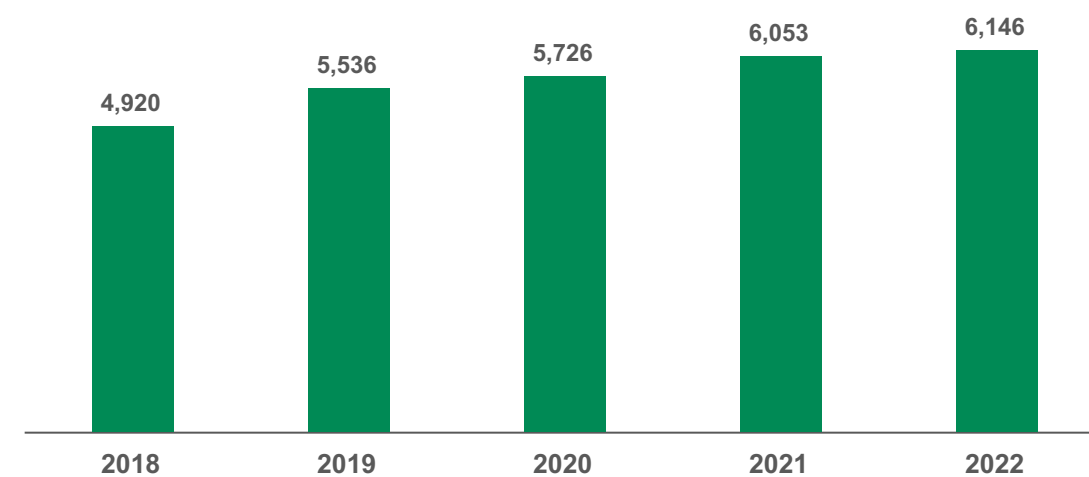
### RATIOS (%)<sup>1</sup>



### NET SURPLUS EARNINGS (\$M)



### GROSS WRITTEN PREMIUMS (\$M)<sup>2</sup>



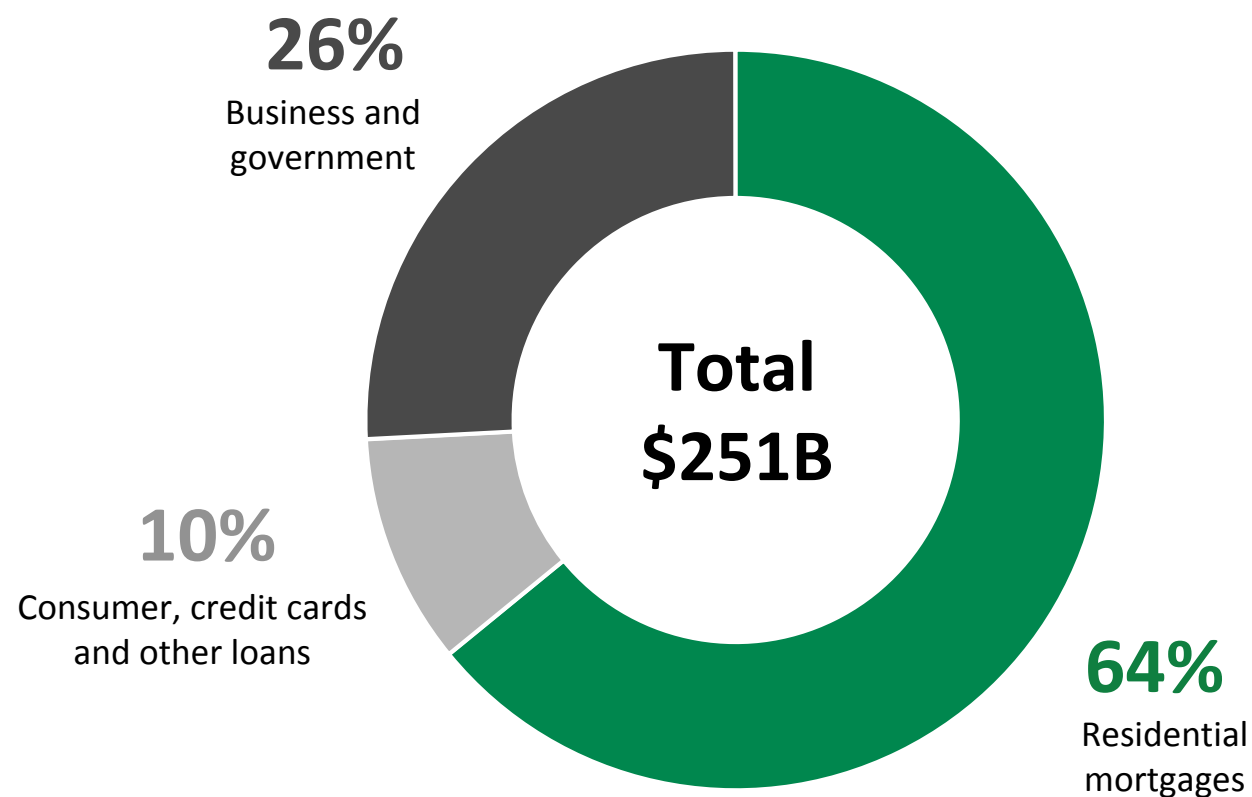
1. For more information about non-GAAP ratios, see page 3.

2. For more information about supplementary financial measures, see page 3.

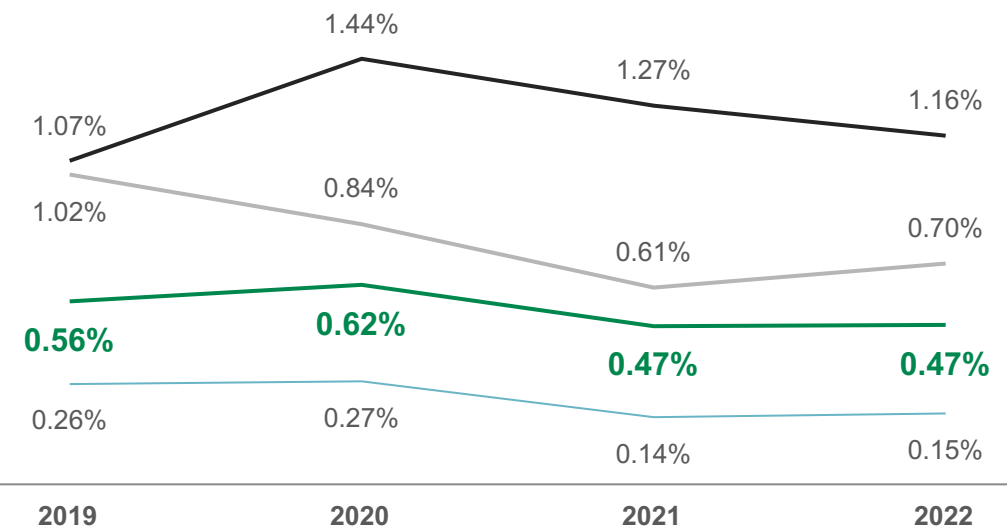
# BALANCE SHEET QUALITY

# Loan Portfolio

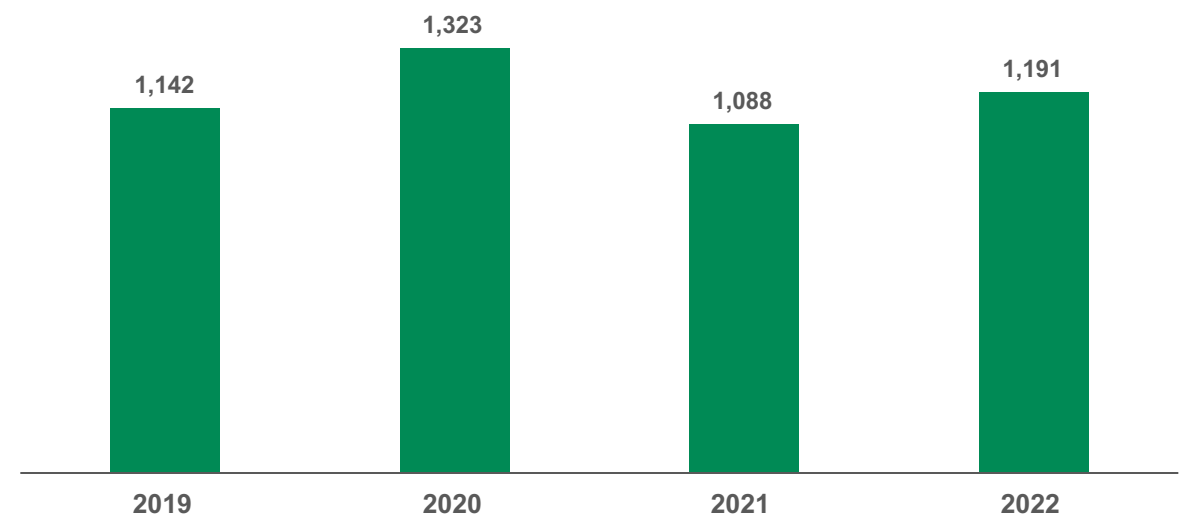
## GROSS LOANS AND ACCEPTANCES



## GROSS IMPAIRED LOANS RATIO<sup>1</sup>



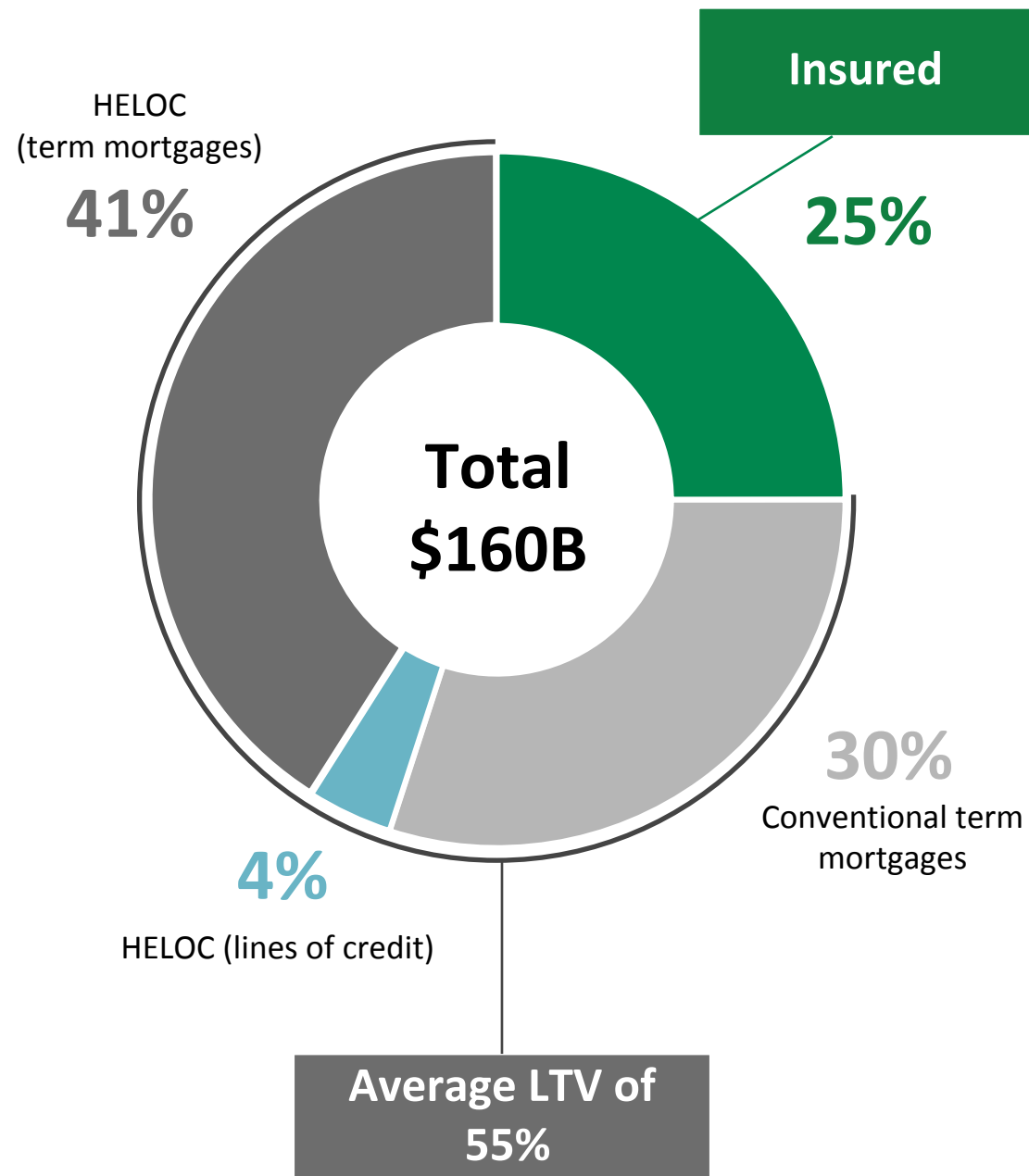
## GROSS IMPAIRED LOANS (\$M)



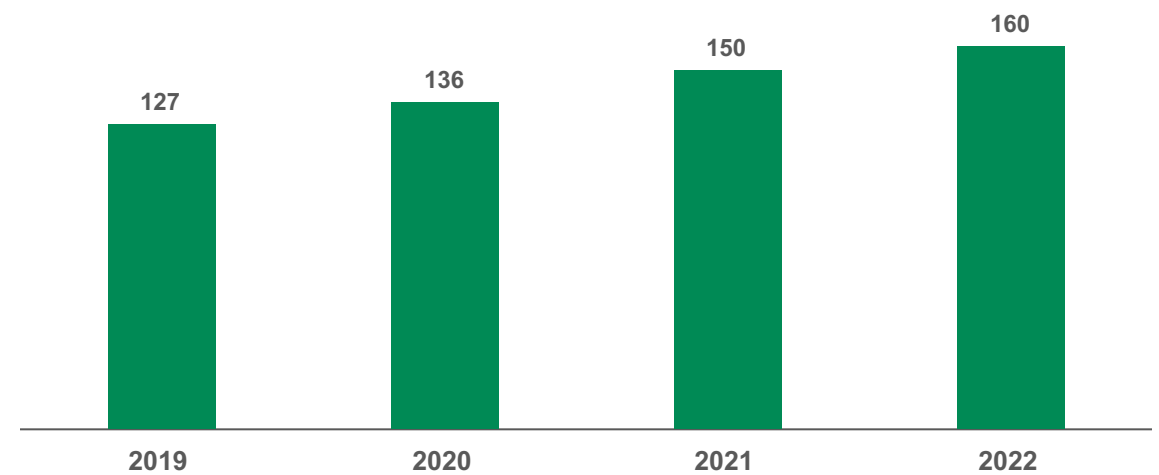
1. For more information about supplementary financial measures, see page 3.

# Residential Mortgage Loan Portfolio

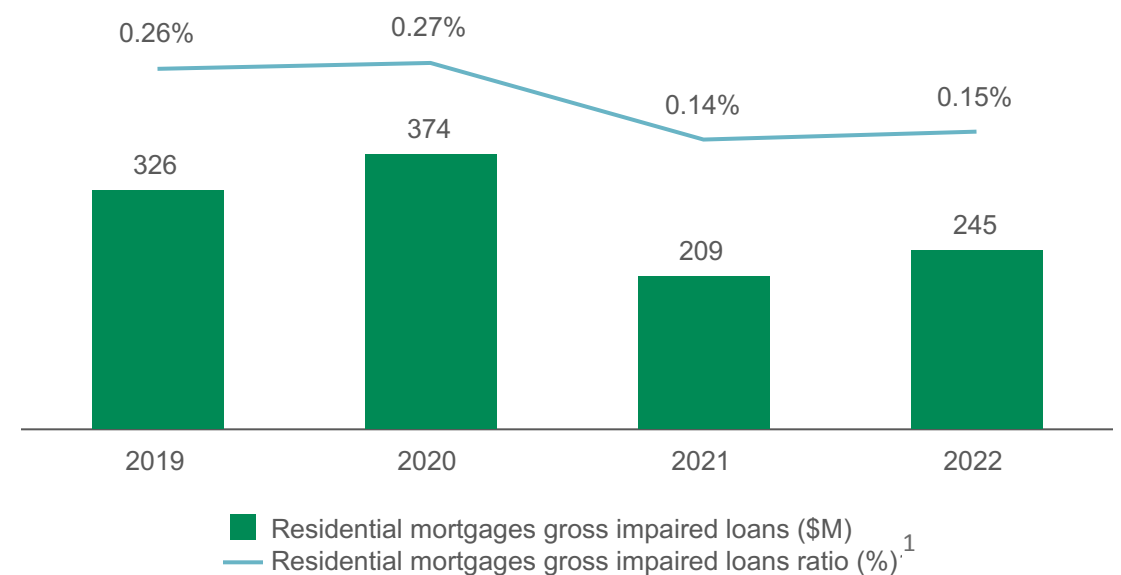
## RESIDENTIAL MORTGAGE PORTFOLIO



## RESIDENTIAL PORTFOLIO (\$B)



## GROSS IMPAIRED LOANS



1. For more information about supplementary financial measures, see page 3.

## Business and Government loans

- Portfolio of high quality and well diversified.
- Gross impaired loans ratio of 1.16%.
- Mining, oil and gas represent 0.5% of Business and government loan portfolio.

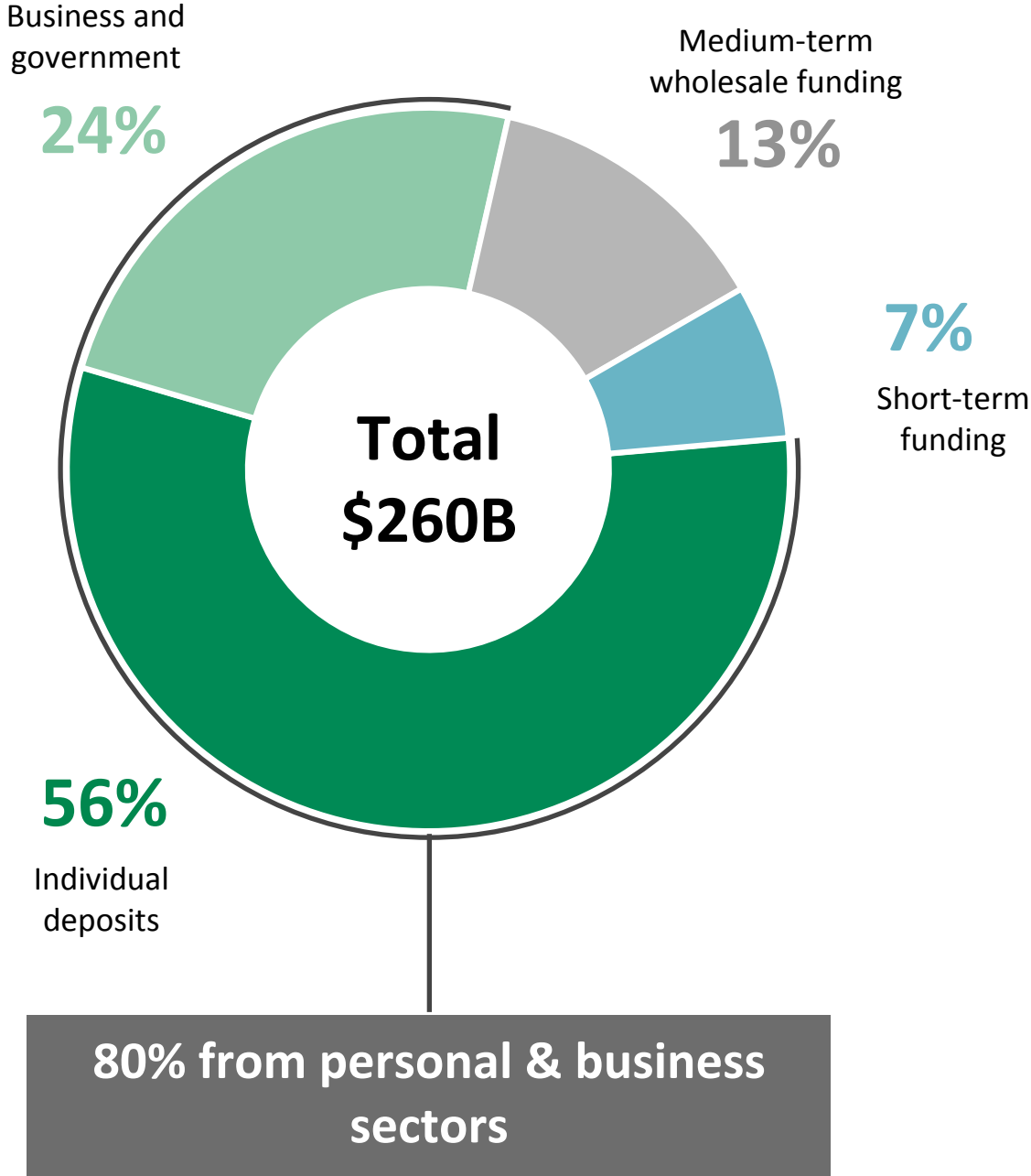
Borrower categories	%	Gross loans	Impaired loans	Gross impaired loans ratio <sup>1</sup> (%)		
				of portfolio	(\$M)	(\$M)
Real estate	23	15,569	86	0.55	0.43	0.41
Agriculture	17	11,270	158	1.40	1.03	1.28
Construction	10	6,660	116	1.74	1.83	3.00
Manufacturing	9	5,745	160	2.79	1.92	2.57
Retail trade	7	4,337	27	0.62	1.71	2.15
Health care	6	4,325	67	1.55	1.64	0.95
Public agencies	5	3,520	—	—	—	—
Wholesale trade	4	2,623	23	0.88	0.76	2.23
Accommodation	3	2,025	71	3.51	5.42	2.62
Finance and insurance	2	1,627	—	—	0.11	0.12
Rest of the portfolio and acceptances	14	9,136	68	0.74	1.63	1.76
<b>Total</b>	<b>100</b>	<b>66,837</b>	<b>776</b>	<b>1.16</b>	<b>1.27</b>	<b>1.44</b>

1. For more information about supplementary financial measures, see page 3.

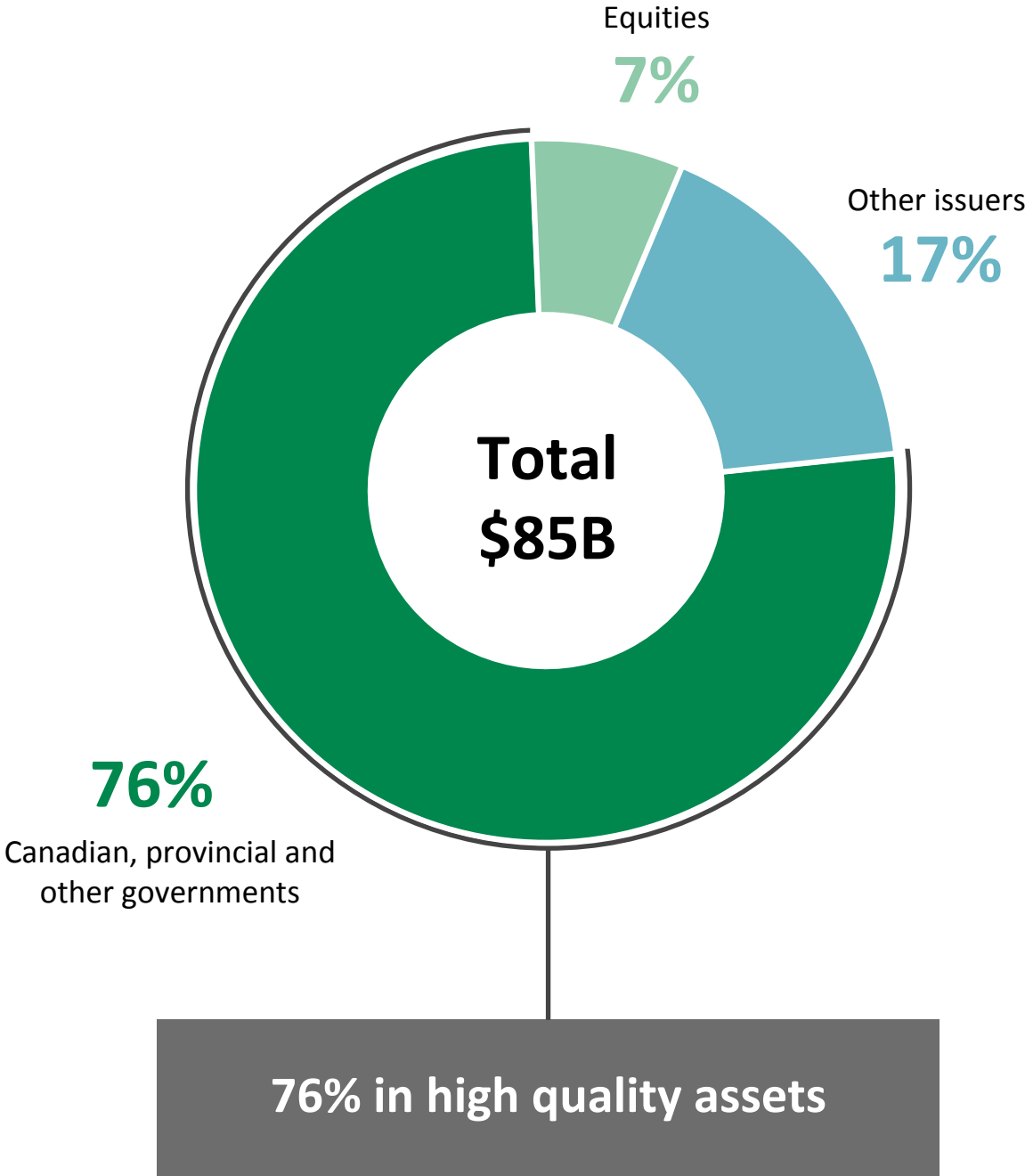
# LIQUIDITY and FUNDING

# Robust Liquidity Position

### TOTAL DEPOSITS



### LIQUIDITY PORTFOLIO





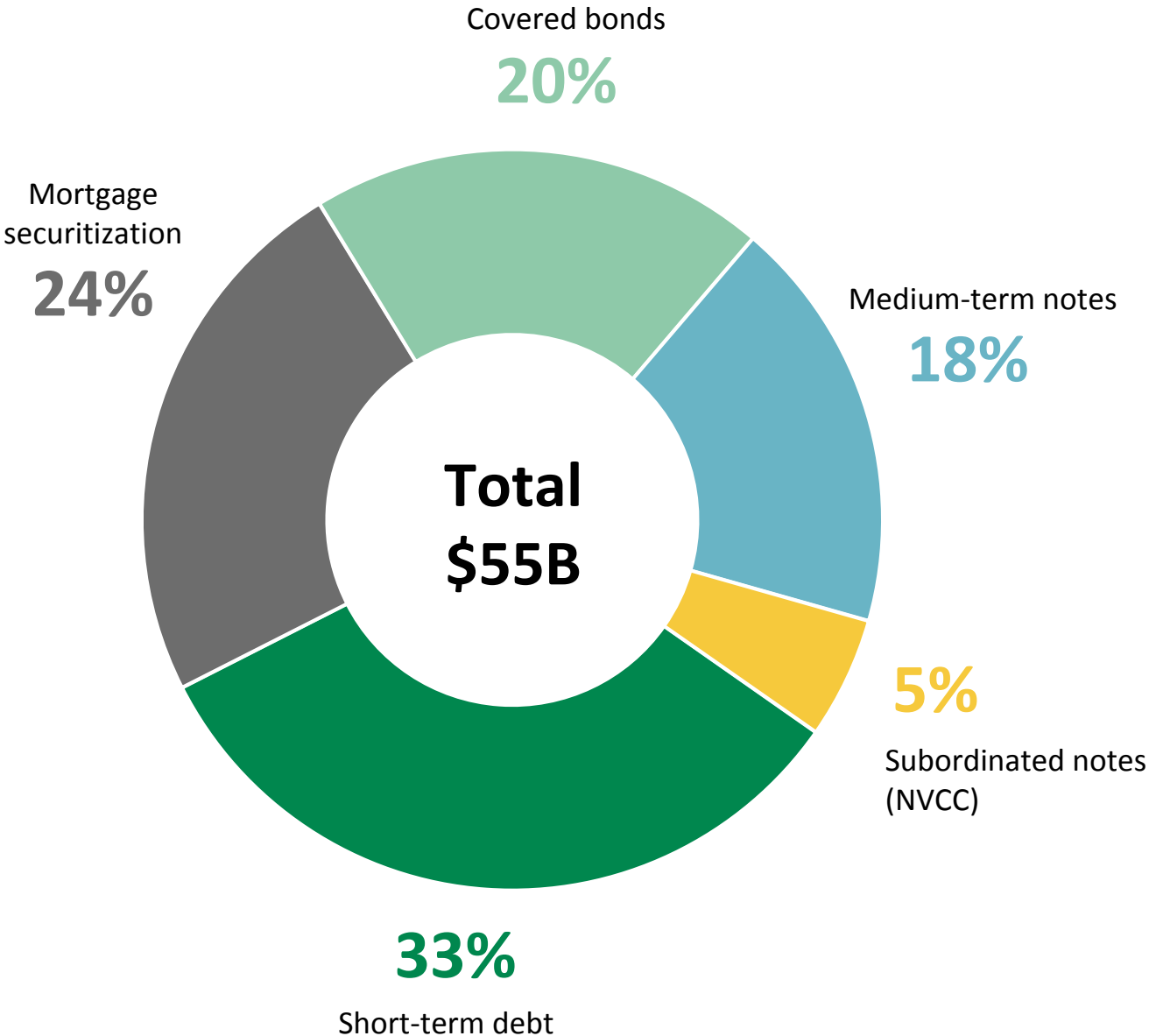
# Global Funding Programs

	PROGRAM	CURRENCY	LIMIT
Short-term	Short-term notes – Canada	Canadian	None
	Short-term notes – United States	United States	US\$20B
	Short-term notes – Europe	Multi-currency	€5B
Mid-Long term	Medium-term notes – Canada <sup>1</sup>	Canadian	C\$10B
	Medium-term and subordinated notes <sup>1</sup>	Multi-currency	€10B
	Medium-term notes – Australia <sup>1</sup>	Australian	AU\$3B
	Covered Bonds <sup>1</sup>	Multi-currency	C\$26B
	Securitization program (CMHC)	Canadian	Allocation
	NVCC Subordinated notes <sup>1</sup>	Canadian	C\$5B

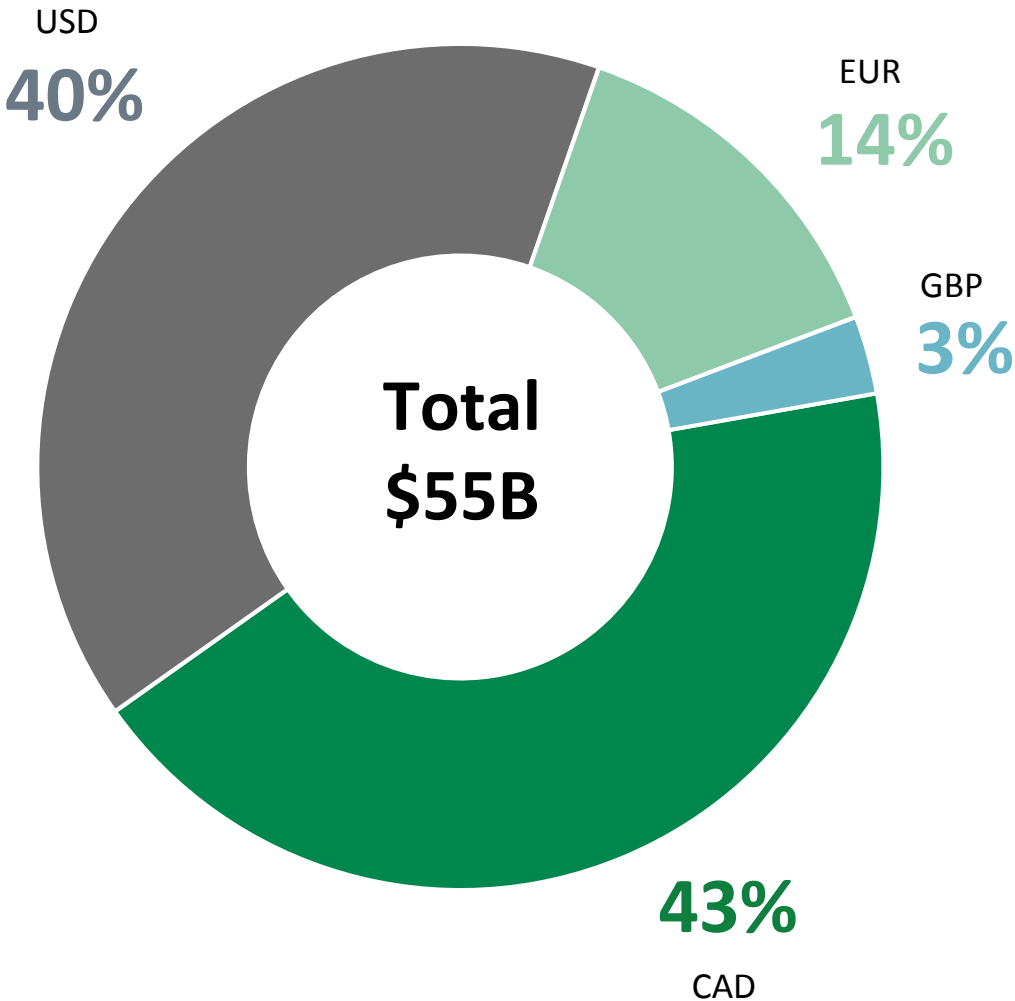
1. Sustainable bonds may be issued under these funding programs in compliance with the Desjardins Sustainable Bond Framework

# Global Funding Programs

BY PROGRAM TYPE

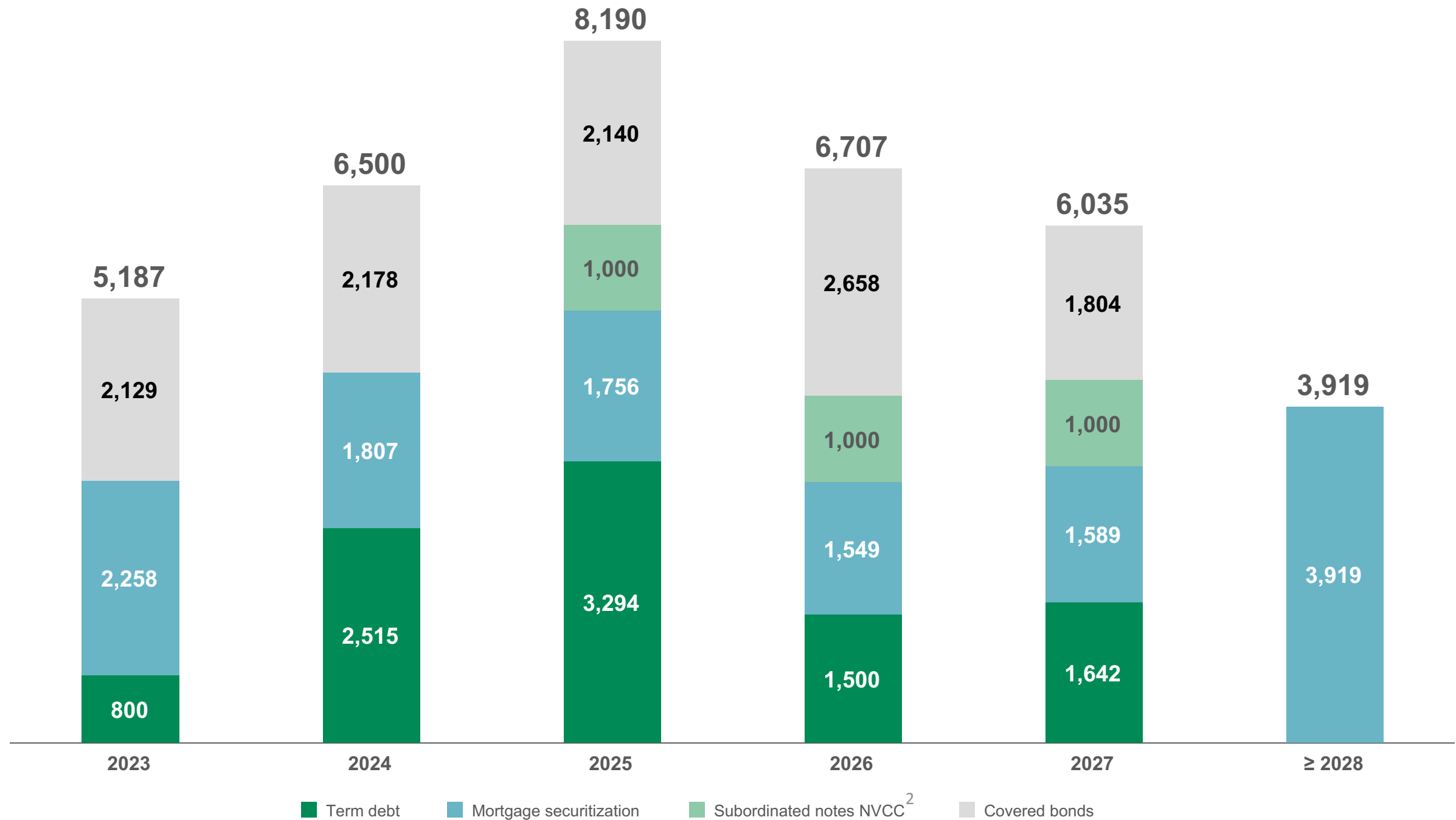


BY CURRENCY



# Maturity Profile

In \$M, as at December 31, 2022<sup>1</sup>



1. Exchange rate used at the time of issuance of securities.

2. Reflect the Reset Date of each NVCC Subordinate Notes issuance – NVCC Subordinate Notes to mature on the Stated Maturity Date (2030, 2031, 2032, respectively)

# **CAPITAL and CREDIT RATINGS**

# Leading North American Financial Institution

## TIER 1A OR COMMON EQUITY TIER 1<sup>1;2</sup> CAPITAL RATIO (%)

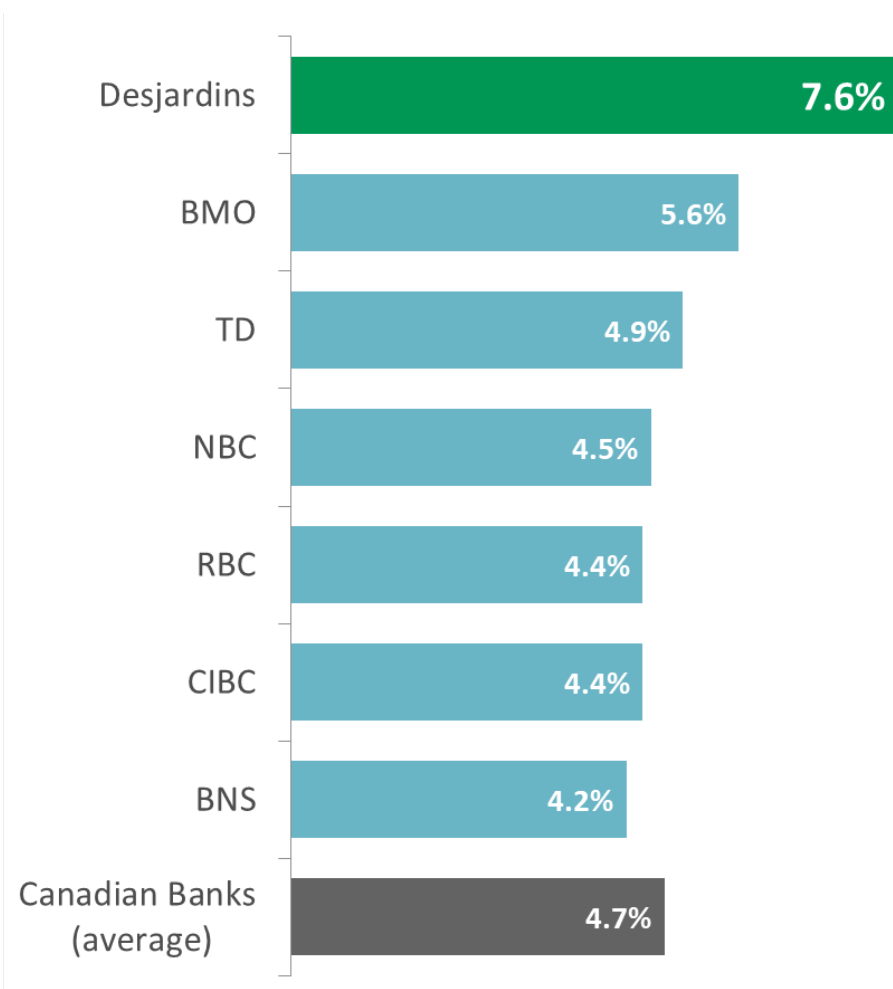


Sources: Financial Reports of Desjardins Group, American Banks and Canadian Banks

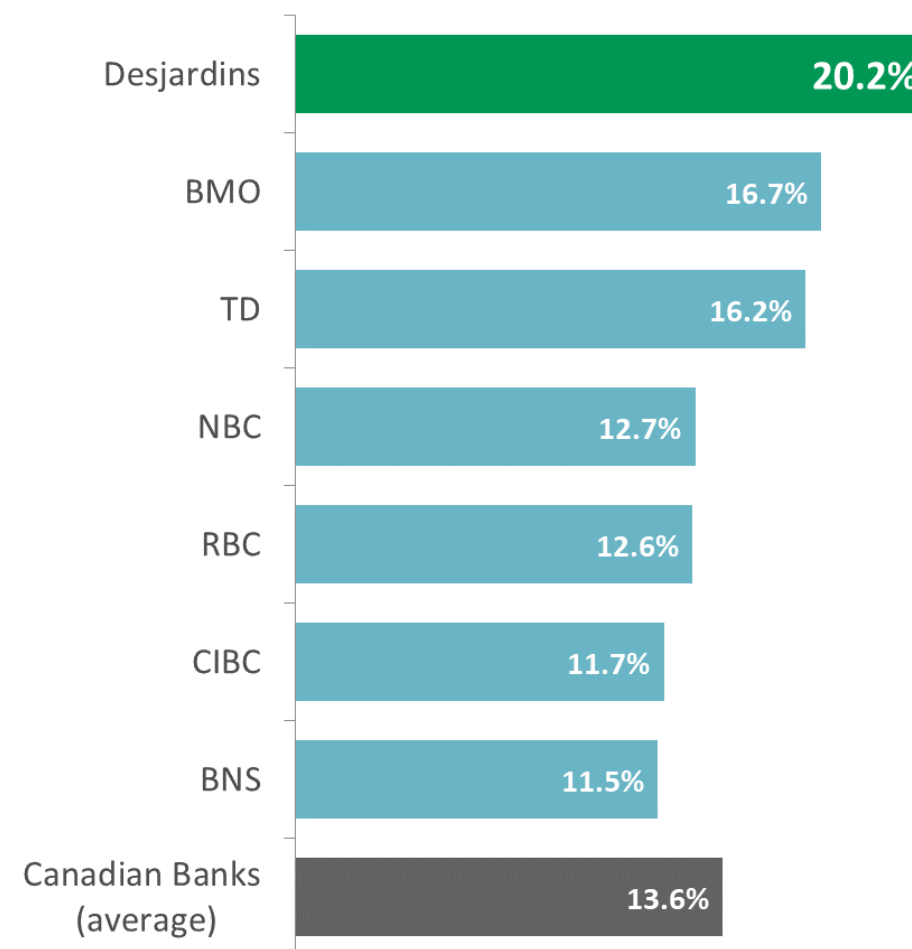
1. As at Q4 2022 for Canadian Banks and American Banks. Only American Banks with more than US\$60B of deposits are illustrated.  
 2. In accordance with the base capital adequacy guideline for financial services cooperatives issued by the AMF.

# Tier 1A Capital and Leverage Ratios

## LEVERAGE RATIO<sup>1</sup>



## TIER 1A CAPITAL RATIO<sup>1</sup> (CET1)



## Total Loss Absorbing Capacity (TLAC)<sup>2</sup>

TLAC Ratio	28.7%
TLAC Leverage Ratio	10.6%

Sources : Financial Reports of Desjardins Group and Canadian Banks

1. In accordance with the base capital adequacy guideline for financial services cooperatives issued by the AMF.  
 2. In accordance with the "Total Loss Absorbing Capacity Guideline" (TLAC Guideline) issued by the AMF.

## Credit Ratings

	MOODY'S	S&P	DBRS	FITCH
Counterparty/Deposits <sup>1</sup>	Aa1	A+	AA	AA
Short-term debt	P-1	A-1	R-1 (high)	F1+
Medium- and long-term debt, existing senior <sup>2</sup>	Aa2	A+	AA	AA
Medium- and long-term debt, senior <sup>3</sup>	A1	A-	AA (low)	AA-
NVCC subordinated notes	A2	BBB+	A (low)	A
Covered Bonds	Aaa	—	—	AAA
Outlook	Stable	Stable	Stable	Stable

1. Represents Moody's long-term deposit rating and counterparty risk rating, S&P's issuer credit rating, DBRS's long-term deposit rating, and Fitch's long-term issuer default rating, long-term deposit rating and derivative counterparty rating.
2. Includes senior medium- and long-term debt issued before March 31, 2019, as well as senior medium- and long-term debt issued on or after this date and which is excluded from the recapitalization (bail-in) regime applicable to Desjardins Group.
3. Includes senior medium- and long-term debt issued on or after March 31, 2019, which qualifies for the recapitalization (bail-in) regime applicable to Desjardins Group.

# **ENVIRONMENTAL, SOCIAL and GOVERNANCE (ESG) FACTORS**



## ESG Highlights

**Desjardins' climate ambition** : an action plan that aims to reach, **by 2040, net zero carbon** emissions on our extended operations and our lending activities and own investments in three key carbon-intensive sectors : energy, transportation and real estate.

**First Canadian financial institution to join the Business Ambition for 1.5 °C coalition**, an alliance headed by the United Nations. This commitment implies the publication of science-based greenhouse gas reduction targets by fall 2023.

**Ranked 1<sup>st</sup>** among North American diversified banks for our ESG performance in 2022, according to Moody's ESG Solutions.

**Creation of the Equity, Diversity and Inclusion office.** For example, the employees have access to opportunities and support through the Empowering Women program and the Immigration Support Center, while the members and clients can benefit from inclusive products and services, like gender affirmation coverage in our group insurance plans.

The Desjardins Foundation contributed to the academic success of nearly **479,000 young people** in 2022, for example by granting scholarships to **3,978 students**.

**93% of Desjardins' employees** have been trained on sustainability and the integrations of ESG considerations in the activities of a financial institution. **Specific training on climate change** is available on line.



# ESG Performance

## Committed to the fight against climate change

- By 2025, building a \$2 billion investment portfolio in renewable energy infrastructure (an increase of 66% over 2020)
- Reducing our operational greenhouse gases by 41% by 2025 (2019 baseline) and continuing to offset our operational carbon footprint
- Working with the key suppliers to reduce the carbon footprint of the supply chain
- Installing a network of 500 charging stations for electric vehicles by 2025, in Quebec and Ontario (363 installed at the end of 2022)

## Committed to responsible finance and investment

- 1<sup>st</sup> Canadian financial institution to sign the UN's Principles for Responsible Banking. Also a signatory of the Principles for Sustainable Insurance and the Principles for Responsible Investment.
- Sustainable bond program based on a framework judged to have an "advanced" contribution to sustainability by Moody's MIS
- Forerunner in terms of responsible investing, Desjardins offers a range of investment products made up of securities selected based on specific environmental, social and governance criteria
- Desjardins International Development is present in close to thirty countries to develop inclusive finance

## An employer of choice, committed to diversity, equity and inclusion

- Gender parity target at all levels of the organization for 2024
- 4<sup>th</sup> best employer in the world for women according to Forbes
- Promotion of Indigenous voices and heritage by asking inspiring Indigenous individuals to share their unique and motivating experiences

## Committed as a socio-economic leader for its members and clients and their communities

- \$250 million for community development between 2016 and 2024 via the GoodSpark Fund
- Partnership with the École de technologie supérieure to support research and innovation on the circular economy

## Partnership and coalition



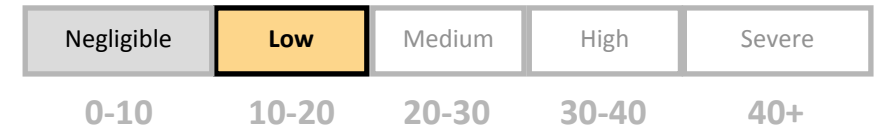
# ESG Evaluations



Sustainalytics' evaluation ranks Desjardins 3<sup>rd</sup> among diversified banks in North America.

ESG Risk rating as of November 2022

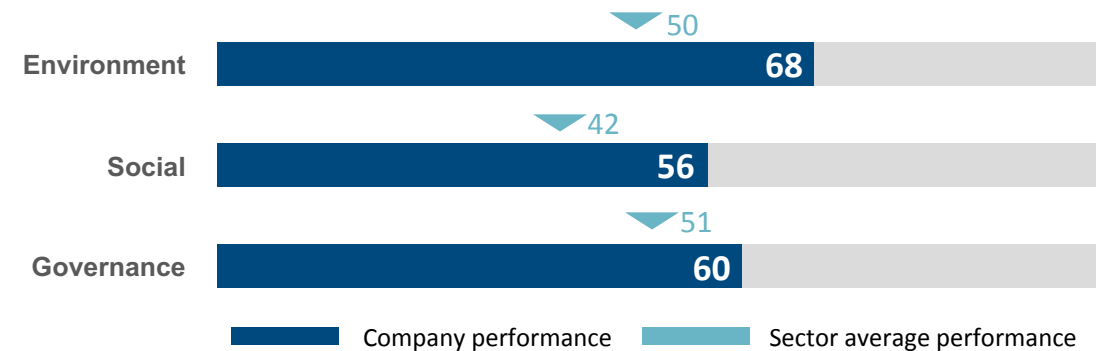
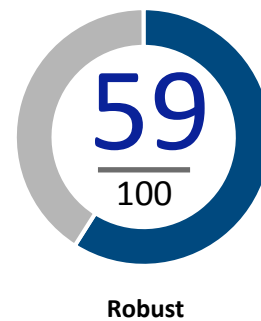
**15.9 Low Risk**



## Issuer

In 2022, Moody's ESG Solutions deemed Desjardins Group's ESG performance "robust", ranking us first among diversified banks in North America.

ESG Performance as of April 2022



## Desjardins Sustainable Bond Framework

Moody's MIS considers the Desjardins Sustainable Bond Framework is:

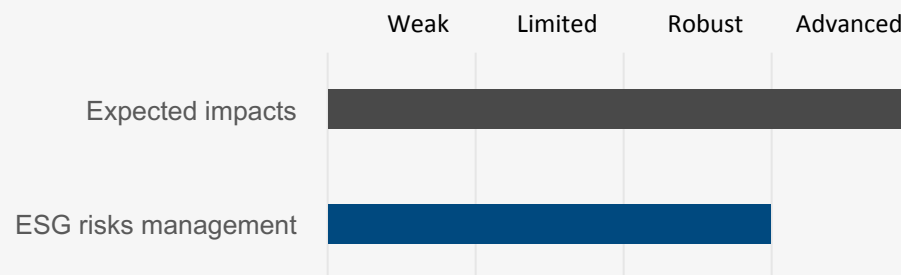
- aligned with the four core components the Green Bond Principles (2018) and the Social Bond Principles (2020);
- coherent with Desjardins' strategic sustainability priorities and sector issues and that it contributes to achieving the Issuer's sustainability commitments.

The contribution to sustainability is expected to be at the highest possible level, i.e. "Advanced"

### Contribution to Sustainability



- Advanced
- Limited
- Robust
- Weak



# Summary of the Sustainable Bond Framework

Use of proceeds	Project selection and evaluation	Management of proceeds	Reporting
<p>Financing or refinancing in the following categories:</p> <ul style="list-style-type: none"> <li>• Renewable Energy</li> <li>• Energy Efficiency</li> <li>• Green Buildings</li> <li>• Clean Transportation</li> <li>• Sustainable Food Production</li> <li>• Environmentally Sustainable Management of Living Natural Resources and Land Use</li> <li>• Sustainable Water and Wastewater Management</li> <li>• Pollution Prevention and Control</li> <li>• Affordable Housing</li> <li>• Employment Generation through SME Financing</li> <li>• Access to Essential Services</li> </ul>	<p>The eligible assets will be subject to additional due diligence by the Sustainable Finance Working Group, which is made up of senior representatives from the following departments:</p> <ul style="list-style-type: none"> <li>• Group Treasury</li> <li>• Sustainable Development and Responsible Finance</li> <li>• Capital Markets</li> <li>• Personal &amp; Commercial Banking</li> <li>• Group Risk Management</li> <li>• Legal Affairs</li> </ul>	<p>It is Desjardins Group’s intention to maintain an aggregate amount of Eligible Assets that is at least equal to the aggregate net proceeds of all Desjardins Sustainable Bond issuances that are concurrently outstanding.</p> <p>In the event that the aggregate value of Eligible Assets in the Desjardins Sustainable Bond Portfolio is less than the total outstanding amount of Desjardins Sustainable Bonds, the surplus will be held in line with Desjardins’ general liquidity guidelines until allocation to Eligible Assets.</p>	<p>As long as there are outstanding Desjardins Sustainable Bonds, Desjardins will publish annually a Sustainable Bond Report, which will include allocation and impact reporting.</p> <p>These reports will be submitted to an external auditor for verification.</p>

# Contact information

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