PRESS RELEASE
Under embargo – February 22, 2023

Results for fiscal 2022

AN ACTIVE AND INVOLVED GROUP. *Dream the Impossible* initiative launched to make young people's voices heard and bring their ideas to life

Desjardins continues to support members and clients, while bringing in $2,050 million in surplus earnings for 2022

Lévis, February 22, 2023 – For the fiscal year ended December 31, 2022, Desjardins Group, North America's leading financial cooperative group, recorded surplus earnings before member dividends of $2,050 million, down $892 million from fiscal 2021. This decrease in surplus earnings was largely due to a rise in the cost of automobile and property insurance claims in the Property and Casualty Insurance segment. Fiscal 2022 was marked by an increased frequency of automobile insurance claims, which was lower in 2021 in the context of the pandemic, the impact of inflation and more adverse weather conditions. The decrease in surplus earnings can also be attributed to investments in projects planned in accordance with Desjardins Group's strategic directions and an increase in spending on personnel. This reduction in surplus earnings was partially offset by an increase in net interest income and other operating income[1], the effect of higher interest rates on actuarial liabilities in life and health insurance, and an overall more favourable experience in group insurance.

(1) For more information on non-GAAP financial measures and supplemental financial measures, see "Non-GAAP financial measures and other financial measures" on pages 14 to 19.

For fiscal 2022, the provision for member dividends was $403 million, up $16 million or 4.1% from fiscal 2021. Sponsorships, donations and scholarships came to $115 million, including $46 million from caisse Community Development Funds. This amounted to a total of $518 million returned to members and the community,[1] up $21 million or 4.2% from fiscal 2021.

For the fourth quarter ended December 31, 2022, surplus earnings before member dividends were $576 million, up $183 million from the same period in 2021. This increase in surplus earnings was due to the favourable impact of changes in actuarial assumptions related to life and health insurance operations and increased net interest income and other operating income[1]. The rise in surplus earnings was offset by a higher cost of claims in the Property and Casualty Insurance segment.

"Our annual results met our expectations. Members dividends, membership and operating income are up, which will allow us to accelerate many projects set out in our strategic plan, especially those related to IT. Also, the strength of our results have helped us expand our insurance distribution and wealth management businesses across Canada and offer our members and clients personalized support in an inflationary environment."

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, and the Momentum Fund to support businesses.

Since the creation of the GoodSpark Fund, Desjardins has committed a total of $161 million to 726 projects. Meanwhile, the Momentum Fund has also supported 1,912 businesses for a total outlay of $14 million.

Desjardins is also working to help members and clients transition to a low-carbon economy. Over the next three years, it will provide up to $1.0 billion in financing for green projects by medium and large companies in partnership with Export Development Canada (EDC).

Desjardins has made and continues to make commitments to combat the loss of biological diversity (in French only). These include planting more than 430,000 trees in 15 years and signing biodiversity commitments with the United Nations and the financial community.

Connecting with young people

Desjardins Group and the *Regroupement des jeunes chambres de commerce du Québec* joined forces and leveraged their networks to create a unique youth forum (in French only). At a time when the current economic situation is profoundly influencing crucial issues such as employment, entrepreneurship, housing and education, this initiative seeks to create a space for productive discussions with young professionals and entrepreneurs from several regions of Québec.

Guy Cormier, President and CEO of Desjardins Group, hosted six regional meetings, each with an average of 125 participants. The first meeting took place in September 2022 and the last meeting was held on January 31, 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 14 to 19.

After these meetings, 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 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.

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 offering innovative financial solutions to meet their needs. Here are some ways that Desjardins made a positive difference in people's lives in the fourth quarter of 2022:

Giving back to the community

- Successive interest rate hikes and the inflationary environment have created financial pressures on many of our members and clients. Desjardins offers several options to provide them with personalized support. More than 50,000 Desjardins members who hold variable-rate mortgages and who could be vulnerable because of rising interest rates were contacted by our advisors to propose solutions.
- Prizes awarded to seven winning teams at the seventh edition of the Cooperathon Gala, the platform for the creation of impact entrepreneurs, jointly presented by Desjardins and Montreal NewTech, for projects tackling challenges facing the environment and human health.
- $1.2 million donation to La Hutte for the construction of a new emergency shelter in Québec's Laurentian region to promote the reintegration of people experiencing homelessness.
- According to *Forbes* magazine, Desjardins ranks among the World's Top Female-Friendly Companies due to its commitments to gender parity.
- $1.35 million agreement signed with Québec International to support the recruitment and integration of newcomers to Canada. This agreement will support entrepreneurs in their recruitment efforts abroad, as well as improve financial services for newcomers to Canada to help them get settled and encourage them to stay.

Innovating

- Agreement for the Strategic acquisition of leading insurance distribution network from Guardian Capital Group Limited to accelerate Desjardins Group's growth across Canada. The transaction is expected to close in the first quarter of 2023 and is subject to the customary closing conditions, including regulatory approvals.
- Acquisition of a minority stake in The Insurance Company of Prince Edward Island (ICPEI), which offers leading products in home, automobile and business insurance. This transaction leverages ICPEI's expertise in developing commercial insurance products to better meet the needs of Canadian small and medium-sized businesses. The transaction is expected to close in the first quarter of 2023, subject to customary closing conditions.
- Desjardins was recognized at the Refinitiv Lipper Fund Awards 2022 for two responsible investment products: the Desjardins SocieTerra Cleantech Fund and the RI Emerging Markets Multifactor - Low CO_2 ETF.

Financial highlights

Comparison of fiscal 2022 with fiscal 2021:

- Surplus earnings before member dividends of $2,050 million, down $892 million or 30.3%.
- Operating income[1] of $21,798 million, up $1,393 million or 6.8%.
  - Net interest income of $6,330 million, up $544 million or 9.4%, partly due to growth in the average return on loans driven by 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.
  - Net premiums of $11,842 million, up $564 million, essentially due to business growth in group annuities.
  - Other operating income[1] of $3,626 million, up $285 million or 8.5%, due to an increase in business volumes from payment activities at Desjardins Card Services.

- A higher cost of claims in the Property and Casualty Insurance segment, reflecting among other things the increased frequency of automobile insurance claims and the impact of inflation. In addition, fiscal 2022 was marked by one catastrophe (a rare weather phenomenon known as a *derecho*) in Ontario and Québec and five major events (flooding, windstorm, heavy rain, Hurricane Fiona and a snowstorm), while 2021 was marked by one catastrophe (a hailstorm in Alberta) and a major event.
- Favourable impact of the following items related to Life and Health Insurance operations:
  - Higher interest rates on actuarial liabilities;
  - Overall more favourable experience, mainly from group insurance;
  - Changes in actuarial assumptions made in the normal course of business, whereas such changes had a negative impact in fiscal 2021.
- Higher provision for credit losses in 2022 compared to 2021, which had reflected the impact of an improved macroeconomic outlook and better borrower credit quality.
- Non-interest expenses of $10,638 million, up $1,072 million:
  - Planned increase in investments to continue strategic projects, especially in relation to security and the digital shift;
  - An increase in spending on personnel, technology and communications to support business growth and enhance the services offered to members and clients.
- $518 million returned to members and the community[1], up $21 million or 4.2% from fiscal 2021.

Other highlights:

- Tier 1A capital ratio[2] of 20.2%, compared to 21.1% as at December 31, 2021.
- Total capital ratio[2] of 21.9%, compared to 22.1% as at December 31, 2021.
- Total assets grew 2.5% since December 31, 2021, to $407.1 billion as at December 31, 2022.
- Issuance of US$1.0 billion under its legislative covered bond program on October 14, 2022.
- Issuance of $1.0 billion under its program of Canadian medium-term notes subject to the bail-in regime on November 16, 2022.
- Issuance of 750 million euros under its legislative covered bond program on November 28, 2022.
- Issuance of US$600 million under its program of multi-currency medium-term notes subject to the bail-in regime on January 23, 2023.
- Issuance of 325 million Swiss francs under its legislative covered bond program on January 31, 2023.
- In November 2022, the Fitch rating agency affirmed the ratings of instruments issued by the *Fédération des caisses Desjardins du Québec*, while maintaining a stable outlook.
- In December 2022, the Moody’s rating agency affirmed the ratings of instruments issued by the *Fédération des caisses Desjardins du Québec*, while maintaining a stable outlook. This appraisal reflects the high capitalization of Desjardins Group and the stability of its income due to its retail banking business.

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(1) For more information on non-GAAP financial measures and supplemental financial measures, see "Non-GAAP financial measures and other financial measures" on pages 14 to 19.

(2) In accordance with the base capital adequacy guideline applicable to financial services cooperatives (in French only) issued by the AMF and taking into account the applicable relief measures introduced by the AMF in response to the COVID-19 pandemic.

Comparison of fourth quarter 2022 with fourth quarter 2021:

- Surplus earnings before member dividends of $576 million, up $183 million or 46.6%.
- Operating income[1] of $6,321 million, up $818 million or 14.9%.
  - Net interest income of $1,579 million, up $124 million or 8.5%, partly due to growth in average return on loans driven by 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;
  - Net premiums of $3,812 million, up $611 million or 19.1%, essentially due to business growth in group annuities;
  - Operating income[1] of $930 million, up $83 million or 9.8%, due in particular to an increase in business volumes from payment activities at Desjardins Card Services.

- Favourable impact of the following items related to Life and Health Insurance:
  - Changes in actuarial assumptions made in the normal course of business, whereas such changes had a negative impact in the same quarter of 2021;
  - Higher interest rates on actuarial liabilities;
  - Overall more favourable experience, mainly from group insurance.
- Increase in the cost of claims essentially due to automobile and property insurance, which primarily reflected an increased frequency of automobile insurance claims and the impact of inflation.
- Higher provision for credit losses in the fourth quarter of 2022 compared to the same quarter of 2021, reflecting lower provisions due to a refinement of the evaluation methodology for certain risk parameters.
- $2,833 million in non-interest expense, up $97 million, partly due to an increase in spending on personnel and communications to support business growth and enhance the services offered to members and clients.
- $127 million returned to members and the community[1], compared to $175 million in the same period of 2021, bringing the total for 2022 to $518 million, up $21 million from 2021.

[1] For more information on non-GAAP financial measures and supplemental financial measures, see "Non-GAAP financial measures and other financial measures" on pages 14 to 19.

FINANCIAL HIGHLIGHTS

(in millions of dollars and as a percentage)	As at and for the three-month periods ended December 31, 2022	September 30, 2022	December 31, 2021	For the years ended December 31, 2022	2021
Results					
Operating income[1]	**$ 6,321**	$ 5,295	$ 5,503	**$ 21,798**	$ 20,405
Provision for credit losses	**80**	125	16	**277**	69
Non-interest expense	**2,833**	2,565	2,736	**10,638**	9,566
Surplus earnings before member dividends[2]	**576**	478	393	**2,050**	2,942
Contribution to combined surplus earnings by business segment[3]					
Personal and Business Services	**$ 214**	$ 307	$ 247	**$ 1,126**	$ 1,459
Wealth Management and Life and Health Insurance	**227**	155	(6)	**692**	463
Property and Casualty Insurance	**116**	83	330	**450**	1,197
Other	**19**	(67)	(178)	**(218)**	(177)
	$ 576	$ 478	$ 393	**$ 2,050**	$ 2,942
Returned to members and the community[1]					
Member dividends	**86**	106	117	**403**	387
Sponsorships, donations and scholarships[4]	**41**	22	58	**115**	110
	$ 127	$ 128	$ 175	**$ 518**	$ 497
Indicators					
Net interest margin[1]	**2.07 %**	2.19 %	2.00 %	**2.13 %**	2.06 %
Return on equity[1]	**7.0**	5.8	4.3	**6.2**	8.9
Productivity index[1]	**78.4**	78.3	85.9	**78.6**	71.2
Credit loss provisioning rate[1]	**0.13**	0.20	0.03	**0.11**	0.03
Gross credit-impaired loans/gross loans and acceptances[1]	**0.47**	0.44	0.47	**0.47**	0.47
Liquidity coverage ratio[5]	**140**	136	140	**140**	140
Net stable funding ratio[5]	**126**	126	129	**126**	129
On-balance sheet and off-balance sheet					
Assets	**$ 407,109**	$ 408,071	$ 397,085	**$ 407,109**	$ 397,085
Net loans and acceptances	**249,865**	247,410	230,779	**249,865**	230,779
Deposits	**259,836**	255,452	238,355	**259,836**	238,355
Equity	**32,448**	32,314	33,526	**32,448**	33,526
Assets under administration[1]	**447,312**	426,332	482,911	**447,312**	482,911
Assets under management[1]	**76,169**	74,994	91,258	**76,169**	91,258
Capital ratios and leverage ratios					
Tier 1A capital ratio[6]	**20.2 %**	18.7 %	21.1 %	**20.2 %**	21.1 %
Tier 1 capital ratio[6]	**20.2**	18.7	21.1	**20.2**	21.1
Total capital ratio[6]	**21.9**	20.2	22.1	**21.9**	22.1
TLAC ratio[7]	**28.7**	26.2	26.5	**28.7**	26.5
Leverage ratio[6]	**7.6**	7.5	8.5	**7.6**	8.5
TLAC leverage ratio[7]	**10.6**	10.4	10.4	**10.6**	10.4
Risk-weighted assets[6]	**$ 139,311**	$ 150,038	$ 134,518	**$ 139,311**	$ 134,518
Other information					
Number of employees	**58,774**	58,379	53,783	**58,774**	53,783

(1) For more information on non-GAAP financial measures, and ratios and supplemental financial measures, see "Non-GAAP financial measures and other financial measures" on pages 14 to 19.

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

(3) The breakdown by line item is presented in Note 31, “Segmented information”, to the Combined Financial Statements.

(4) Including $46 million in 2022 from caisse Community Development Funds ($41 million in 2021).

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

(6) In accordance with the base guideline *Capital Adequacy Guideline - F*inancial services cooperatives (in French only) issued by the AMF and taking into account the applicable relief measures introduced by the AMF in response to the COVID-19 pandemic.

(7) Under the Total Loss Absorbing Capacity Guideline (“TLAC Guideline”) issued by the AMF and based on risk-weighted assets and exposures for the 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 $407.1 billion as at December 31, 2022

As at December 31, 2022, Desjardins Group's total assets stood at $407.1 billion, up $10.0 billion, or 2.5%, since December 31, 2021.

Desjardins Group's outstanding loan portfolio, including acceptances and net of the provision for credit losses, increased by $19.1 billion, or 8.3%. This growth was due to residential mortgages as well as business and government loans.

Cash and deposits with financial institutions declined $7.4 billion or 45.4% due to a reduction in deposits with the Bank of Canada, and securities, including securities borrowed or purchased under reverse repurchase agreements, decreased $2.8 billion or 2.6%.

Very strong capital base

Desjardins Group maintains very strong capitalization levels, in accordance with Basel III rules. As at December 31, 2022, its Tier 1A and total capital ratios stood at 20.2% and 21.9%, respectively, compared to 21.1% and 22.1%, respectively, as at December 31, 2021. This decline was mainly due to the increase in risk-weighted assets as a result of business growth and to the decrease in the value of the bond portfolio driven by higher interest rates. In addition, the revision of certain methodological aspects regarding risk-weighted assets had a positive effect on capital ratios in the fourth quarter of 2022.

Analysis of business segment results

PERSONAL AND BUSINESS SERVICES SEGMENT

	For the three-month periods ended			For the years ended December 31	
(in millions of dollars)	**December 31, 2022**	September 30, 2022	December 31, 2021	**2022**	2021
Net interest income	**$ 1,490**	$ 1,468	$ 1,250	**$ 5,631**	$ 5,005
Other operating income[(1)]	**774**	750	683	**2,991**	2,684
Operating income[(1)]	**2,264**	2,218	1,933	**8,622**	7,689
Investment income (loss)[(1)]	**(84)**	(6)	6	**36**	241
Total income	**2,180**	2,212	1,939	**8,658**	7,930
Provision for credit losses	**79**	124	17	**274**	75
Non-interest expense	**1,813**	1,672	1,593	**6,860**	5,886
Income taxes on surplus earnings	**74**	109	82	**398**	510
Surplus earnings before member dividends	**214**	307	247	**1,126**	1,459
Member dividends, net of income tax recovery	**64**	78	86	**297**	284
Net surplus earnings for the year after member dividends	**$ 150**	$ 229	$ 161	**$ 829**	$ 1,175

(1) For more information on non-GAAP financial measures and supplemental financial measures, see "Non-GAAP financial measures and other financial measures" on pages 14 to 19.

Results for the year

For fiscal 2022, the Personal and Business Services segment reported surplus earnings before member dividends of $1,126 million, down $333 million from fiscal 2021. This decrease was primarily due to the planned increase in investments in strategic projects, especially in relation to security and the digital shift, and an increase in spending on personnel to support business growth and enhance the services offered to members and clients. In addition, the provision for credit losses increased in fiscal 2022 compared to 2021, which had reflected the impact of an improved macroeconomic outlook and better borrower credit quality. This decrease in surplus earnings was partly offset by an increase in net interest income, net of the decrease in activities related to derivative financial instruments and the increase in other operating income[(1)].

Operating income[(1)] was $8,622 million, up $933 million or 12.1% from 2021. This increase was mainly due to growth in the average return on loans driven by the higher interest rate environment, growth in average residential mortgages and business loans outstanding, and higher business volumes from payment activities at Desjardins Card Services. The increase was partly offset by the increase in the interest expense on deposits due to higher interest rates.

Investment income[(1)] was $36 million, down $205 million from 2021. This decline was essentially due to a decrease in activities related to derivative financial instruments, which was offset by the growth in net interest income. This decline in investment income[(1)] was partly offset by lower losses on the disposal of securities in 2022 compared to fiscal 2021.

The provision for credit losses was $274 million, up $199 million from 2021. The provision for 2022 was affected in particular by an increase in outstandings and a certain deterioration in the credit quality of the credit card portfolios and, to a lesser extent, of the business loan portfolios. The provision for 2021 primarily reflected the impact of an improved macroeconomic outlook and better borrower credit quality. Net write-offs in 2022 and 2021 remained historically low for all the portfolios.

Non-interest expenses were $6,860 million, up $974 million or 16.5% compared to 2021, mainly due to an increase in investments in strategic projects related to security and the digital shift. In addition, there was an increase in spending on personnel and technology to support business growth and enhance the services offered to members and clients, particularly wealth management advisory services and Client Relations Centre advisory services.

Results for the fourth quarter

For the fourth quarter of 2022, surplus earnings before member dividends were $214 million, down $33 million from the same period of 2021. This decrease was primarily due to the planned increase in investments in strategic projects, especially in relation to security and the digital shift, and an increase in spending on personnel to support business growth and enhance the services offered to members and clients. In addition, the provision for credit losses grew from the same period of 2021. This decline in surplus earnings was partly offset by growth in net interest income, net of a decrease in activities related to derivative financial instruments, and the increase in other operating income[(1)].

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(1) For more information on non-GAAP financial measures and supplemental financial measures, see "Non-GAAP financial measures and other financial measures" on pages 14 to 19.

WEALTH MANAGEMENT AND LIFE AND HEALTH INSURANCE SEGMENT

	For the three-month periods ended			For the years ended December 31	
(in millions of dollars)	**December 31, 2022**	September 30, 2022	December 31, 2021	**2022**	2021
Net interest income	**$ 3**	$ 2	$ —	**$ 7**	$ —
Net premiums	**2,373**	1,307	1,766	**6,166**	5,667
Other operating income[1]	**356**	358	383	**1,458**	1,487
Operating income[1]	**2,732**	1,667	2,149	**7,631**	7,154
Investment income (loss)[1]	**51**	216	1,000	**(3,430)**	(55)
Total income	**2,783**	1,883	3,149	**4,201**	7,099
Provision for (recovery of) credit losses	**(1)**	1	—	**—**	—
Claims, benefits, annuities and changes in insurance contract liabilities	**1,785**	1,067	2,527	**634**	4,115
Non-interest expense	**678**	647	656	**2,653**	2,448
Income taxes (recovery) on surplus earnings	**94**	13	(28)	**222**	73
Net surplus earnings (deficit) for the year	**$ 227**	$ 155	$ (6)	**$ 692**	$ 463

(1) For more information on non-GAAP financial measures and supplemental financial measures, see "Non-GAAP financial measures and other financial measures" on pages 14 to 19.

Results for the year

For the 2022 fiscal year, the Wealth Management and Life and Health Insurance segment generated net surplus earnings of $692 million, up $229 million or 49.5% compared to 2021, primarily due to the positive impact of higher interest rates on actuarial liabilities; an overall more favourable experience, mainly as a result of group insurance; and changes in actuarial assumptions made in the normal course of business, whereas such changes had a negative impact in fiscal 2021. In addition, gains on the sale of securities and real estate investments were higher than in fiscal 2021. This increase in surplus earnings was partly offset by an increase in spending on personnel to support business growth and enhance the services offered to members and clients and by the planned increase in investments in strategic projects.

Operating income[1] was $7,631 million, up $477 million or 6.7% compared to 2021. The increase was primarily due to higher group annuity premiums related to the signing of agreements with groups for a value greater than that of 2021.

A $3,430 million loss is presented under "Investment income (loss)"[1] for fiscal 2022, compared to a loss of $55 million in fiscal 2021. This increase was primarily due to the decrease in the fair value of assets backing liabilities related to life and health insurance due to market interest rates rising more than they did in fiscal 2021. Note that this reduction in the value of bonds was offset by a similar reduction in the cost of claims because of a matching strategy. On the other hand, gains on the sale of securities and real estate investments were higher than those realized in fiscal 2021.

(1) For more information on non-GAAP financial measures and supplemental financial measures, see "Non-GAAP financial measures and other financial measures" on pages 14 to 19.

Expenses related to claims, benefits, annuities and changes in insurance contract liabilities were $634 million, down $3,481 million from 2021, primarily due to the change in the fair value of the matched investments, which is presented under "Investment income (loss)"[(1)]. There was also the favourable impact of higher interest rates on actuarial liabilities and changes in actuarial assumptions made in the normal course of business. This decrease in the cost of claims was also due to an overall more favourable experience, mainly as a result of group insurance. However, provisions were taken in connection with the increase in group annuity premiums due to agreements signed with groups for a value greater than that of 2021 and greater benefits related to business growth and the higher cost of drugs and health care.

Non-interest expenses were $2,653 million, up $205 million or 8.4% compared to 2021 primarily due to the increase in spending on personnel to enhance services for members and clients and the increase in investments related to the continued implementation of strategic projects, especially in relation to security and the digital shift.

Results for the fourth quarter

For the fourth quarter of 2022, net surplus earnings before member dividends were $227 million, compared to a net deficit of $6 million for the same period of 2021. This increase was mainly due to the favourable impact of changes in actuarial assumptions made in the normal course of business, whereas such changes had a negative impact in the same quarter of 2021. In addition, surplus earnings grew in part due to the effect of higher interest rates on actuarial liabilities and an overall more favourable experience than in the same quarter, mainly as a result of group insurance. This increase is surplus earnings was partly offset by higher non-interest expense, primarily due to an increase in spending on personnel to enhance the services offered to members and clients as well as to investments in security and the digital shift.

PROPERTY AND CASUALTY INSURANCE SEGMENT

	For the three-month periods ended			For the years ended December 31	
(in millions of dollars)	**December 31, 2022**	September 30, 2022	December 31, 2021	**2022**	2021
Net premiums	**$ 1,524**	$ 1,524	$ 1,513	**$ 6,005**	$ 5,909
Other operating income (loss)[(1)]	**(15)**	1	(51)	**(36)**	(178)
Operating income[(1)]	**1,509**	1,525	1,462	**5,969**	5,731
Investment income[(1)]	**117**	113	41	**137**	120
Total income	**1,626**	1,638	1,503	**6,106**	5,851
Claims, benefits, annuities and changes in insurance contract liabilities	**1,006**	1,145	661	**3,911**	2,792
Non-interest expense	**472**	385	404	**1,612**	1,460
Income taxes	**32**	25	108	**133**	402
Net surplus earnings for the year	**$ 116**	$ 83	$ 330	**$ 450**	$ 1,197

(1) For more information on non-GAAP financial measures and supplemental financial measures, see "Non-GAAP financial measures and other financial measures" on pages 14 to 19.

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Results for the year

The Property and Casualty Insurance segment recorded $450 million in net surplus earnings for fiscal 2022, down $747 million from fiscal 2021. This decrease was due to a higher loss experience in automobile and property insurance, which reflected an increased frequency of insurance claims, particularly in automobile insurance, as well as the impact of inflation. Fiscal 2022 was also marked by one catastrophe (a rare weather phenomenon known as a *derecho)* and five major events (flooding, windstorm, heavy rain, Hurricane Fiona and a snowstorm), while 2021 was marked by one catastrophe (a hailstorm in Alberta) and a major event (windstorm). This decrease in surplus earnings was partially offset by an increase in investment income(1), excluding the change in the fair value of matched bonds.

Operating income(1) was $5,969 million, up $238 million or 4.2% compared to 2021. This increase was primarily due to higher net premiums, which were partly the result of business growth.

Investment income(1) was $137 million, up $17 million from 2021. This increase was essentially due to net gains on common shares, interest and dividend income, and higher income on derivative financial instruments than in 2021. The increase was partly offset by a greater decrease in the fair value of matched bonds than in 2021, due to higher market interest rates in 2022. Note that this change in the fair value of bonds was offset by a decrease in the cost of claims due to matching. In addition, net losses were recorded on the disposal of fixed income securities, compared to net gains in 2021.

Expenses related to claims, benefits, annuities and changes in insurance contract liabilities were $3,911 million, up $1,119 million or 40.1% compared to 2021, due to a higher loss experience in automobile and property insurance, reflecting the increased frequency of claims, particularly in automobile insurance, and the impact of inflation. Fiscal 2022 was also marked by a catastrophe and five major events, as mentioned above. However, the positive impact of higher discount rates used to measure the provision for claims was greater than in fiscal 2021. Note that this positive impact on the cost of claims was partially offset by a change in the fair value of matched bonds, as presented under “Investment income (loss)”(1).

Non-interest expense was $1,612 million, up $152 million or 10.4% from 2021, primarily due to the increase in expenses related to the remuneration of premiums, investments for the continued implementation of strategic projects, especially in relation to security and the digital shift, and greater advertising expenses than in 2021.

Results for the fourth quarter

Net surplus earnings for the fourth quarter were $116 million, down $214 million compared to the same quarter of 2021, essentially due to a higher loss experience in automobile and property insurance, reflecting the increased frequency of automobile insurance claims and the impact of inflation. The quarter was also marked by a higher non-interest expense, mainly attributable to expenses related to the remuneration of premiums. This decrease in surplus earnings was partially offset by growth in investment income(1), excluding the change in the fair value of matched bonds.

(1) For more information on non-GAAP financial measures and supplemental financial measures, see "Non-GAAP financial measures and other financial measures" on pages 14 to 19.

OTHER CATEGORY

Results for the year

The Other category posted a net deficit of $218 million for fiscal 2022, compared to a net deficit of $177 million for fiscal 2021. The deficit was due to market rate fluctuations and changes in hedging positions, which had an unfavourable overall impact on net interest income and investment income[(1)]. The Other category also includes investments in the continued implementation of Desjardins-wide strategic projects, especially those aimed at creating innovative technological platforms, protecting privacy, ensuring security and improving business processes.

Results for the fourth quarter

For the fourth quarter, net surplus earnings were $19 million, compared to a net deficit of $178 million for the same period of 2021. 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, especially those aimed at creating innovative technological platforms, protecting privacy, ensuring security and improving business processes.

More detailed financial information can be found in Desjardins Group's annual Management's Discussion and Analysis (MD&A) for 2022, which will be available on February 24, 2023 on the Desjardins.com website or 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 $407.1 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, within the meaning of 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, as well as the outlook for the Québec, Canadian, U.S. 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.

[(1)] For more information on non-GAAP financial measures and supplemental financial measures, see "Non-GAAP financial measures and other financial measures" on pages 14 to 19.

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. 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.

The factors that may affect the accuracy of the forward-looking statements in this press release include those discussed in Section 4.0, "Risk management", of Desjardins Group's 2022 annual MD&A 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. Additional information about these factors is found in Section 4.0, "Risk management", of Desjardins Group's 2022 annual MD&A.

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 Section 4.0, "Risk management", of Desjardins Group's 2022 annual MD&A.

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 Section 1.5, "Economic environment and outlook" of Desjardins Group's 2022 annual MD&A. These assumptions may also be updated in the "Economic environment and outlook" section of the quarterly MD&As. 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 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 2022 Annual 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 Autorité des marchés financiers in Québec, which do not differ from IFRS. IFRS represent Canada's generally accepted accounting principles (GAAP). All the accounting policies have been applied as described in Note 2, "Significant accounting policies", to the 2022 Annual Combined Financial Statements. The accounting policies used are identical to the ones used in 2021. Unless otherwise indicated, all amounts are presented in Canadian dollars ($) and are primarily from Desjardins Group's Annual 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 mission 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, 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.

Income

- Operating income

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

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

- Investment income

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

The following table shows the correspondence of total income between the Press release and the Combined Financial Statements.

(in millions of dollars)	For the three-month periods ended			For the years ended December 31	
	December 31, 2022	September 30, 2022	December 31, 2021	**2022**	2021
Presentation of income in the Combined Financial Statements					
Net interest income	**$ 1,579**	$ 1,649	$ 1,455	**$ 6,330**	$ 5,786
Net premiums	**3,812**	2,747	3,201	**11,842**	11,278
Other income					
Deposit and payment service charges	**115**	115	111	**448**	424
Lending fees and card service revenues	**263**	276	168	**991**	735
Brokerage and investment fund services	**235**	235	267	**989**	1,108
Management and custodial service fees	**211**	182	201	**786**	732
Net investment income (loss)[(1)(2)]	**78**	(38)	956	**(4,505)**	319
Overlay approach adjustment for insurance operations financial assets	**(1)**	224	(88)	**747**	(404)
Foreign exchange income	**42**	19	29	**119**	121
Other	**64**	72	71	**293**	221
Total income[(2)]	**$ 6,398**	$ 5,481	$ 6,371	**$ 18,040**	$ 20,320
Presentation of income in the Press release					
Net interest income	**$ 1,579**	$ 1,649	$ 1,455	**$ 6,330**	$ 5,786
Net premiums	**3,812**	2,747	3,201	**11,842**	11,278
Other operating income					
Deposit and payment service charges	**115**	115	111	**448**	424
Lending fees and card service revenues	**263**	276	168	**991**	735
Brokerage and investment fund services	**235**	235	267	**989**	1,108
Management and custodial service fees	**211**	182	201	**786**	732
Foreign exchange income	**42**	19	29	**119**	121
Other	**64**	72	71	**293**	221
Operating income	**6,321**	5,295	5,503	**21,798**	20,405
Investment income (loss)					
Net investment income (loss)[(1)(2)]	**78**	(38)	956	**(4,505)**	319
Overlay approach adjustment for insurance operations financial assets	**(1)**	224	(88)	**747**	(404)
Investment income (loss)	**77**	186	868	**(3,758)**	(85)
Total income [(2)]	**$ 6,398**	$ 5,481	$ 6,371	**$ 18,040**	$ 20,320

(1) The breakdown of this line item is presented in Note 27, "Net interest income and net investment income (loss)", to the Combined Financial Statements.

(2) In order to take into account the life and health insurance and P&C insurance subsidiaries' matching activities, the change in this line item must be analyzed together with "Claims, benefits, annuities and changes in insurance contract liabilities" in the Combined Statements of Income.

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, and they are defined as follows:

Productivity index

The productivity index is used to measure efficiency and is equal to the ratio of non-interest expense to total income, net of expenses related to claims, benefits, annuities and changes in insurance contract liabilities, expressed as a percentage. The lower the ratio, the higher the productivity. Total income excluding claims is a non-GAAP financial measure. It is used to exclude volatility from the investment results of life and health insurance and P&C insurance operations where a very large proportion of the investments is recognized at fair value through profit or loss and is reflected by a similar change in actuarial liabilities included in "Claims, benefits, annuities and changes in insurance contract liabilities" in the Combined Statements of Income.

The following table presents the calculation of the productivity index.

	For the three-month periods ended			For the years ended December 31	
(in millions of dollars and as a percentage)	**December 31, 2022**	September 30, 2022	December 31, 2021	**2022**	2021
Non-interest expenses	**$ 2,833**	$ 2,565	$ 2,736	**$ 10,638**	$ 9,566
Total income	**6,398**	5,481	6,371	**18,040**	20,320
Claims, benefits, annuities and changes in insurance contract liabilities	**(2,784)**	(2,204)	(3,185)	**(4,500)**	(6,883)
Total income excluding claims	**$ 3,614**	$ 3,277	$ 3,186	**$ 13,540**	$ 13,437
Productivity index	**78.4 %**	78.3 %	85.9 %	**78.6 %**	71.2 %

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 year. 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									For the years ended December 31					
(in millions of dollars and as a percentage)	**December 31, 2022**			September 30, 2022			December 31, 2021			**2022**			2021		
	Average volume	**Interest**	**Average rate**	**Average volume**	**Interest**	**Average rate**	**Average volume**	**Interest**	**Average rate**	**Average volume**	**Interest**	**Average rate**	**Average volume**	**Interest**	**Average rate**
Assets															
Assets bearing interest	**$ 302,142**	**$ 2,925**	**3.84 %**	$ 298,154	$ 2,504	3.33 %	$ 289,164	$ 1,847	2.53 %	**$ 296,712**	**$ 9,385**	**3.16 %**	$ 280,510	$ 7,401	2.64 %
Other assets	**10,895**			10,442			9,656			**10,067**			9,698		
Total assets	**$ 313,037**	**$ 2,925**	**3.71 %**	$ 308,596	$ 2,504	3.22 %	$ 298,820	$ 1,847	2.45 %	**$ 306,779**	**$ 9,385**	**3.06 %**	$ 290,208	$ 7,401	2.55 %
Liabilities and equity															
Liabilities bearing interest[1]	**$ 262,241**	**$ 1,346**	**2.04 %**	$ 258,090	$ 855	1.31 %	$ 246,571	$ 392	0.63 %	**$ 254,825**	**$ 3,055**	**1.20 %**	$ 240,762	$ 1,615	0.67 %
Other liabilities[1]	**26,493**			26,259			28,768			**29,401**			26,333		
Equity	**24,303**			24,247			23,481			**22,553**			23,113		
Total liabilities and equity	**$ 313,037**	**$ 1,346**	**1.71 %**	$ 308,596	$ 855	1.10 %	$ 298,820	$ 392	0.52 %	**$ 306,779**	**$ 3,055**	**1.00 %**	$ 290,208	$ 1,615	0.56 %
Net interest income		**$ 1,579**			$ 1,649			$ 1,455			**$ 6,330**			$ 5,786	
Net interest margin			**2.07 %**			2.19 %			2.00 %			**2.13 %**			2.06 %

[1] Data for 2021 and 2020 have been reclassified to conform to the current year's presentation.

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. Desjardins Group uses certain supplementary financial measures, and their composition is shown below:

Assets under administration

Assets administered by a financial institution that are beneficially owned by its members or clients and are therefore not recognized on its Combined Balance Sheet. Services provided in respect of such assets are administrative in nature, such as custodial services, collection of investment income and settlement of buy and sell transactions.

Assets under management

Assets managed by a financial institution that are beneficially owned by its members or clients and are therefore not recognized on its Combined Balance Sheet. Services provided in respect of assets under management include selecting investments and offering investment advice. Assets under management may also be administered by the financial institution. In such case, they are included in assets under administration.

Return on equity

Return on equity is equal to surplus earnings before member dividends, excluding the non-controlling interests' share, expressed as a percentage of average equity before non-controlling interests.

Gross credit-impaired loans/gross loans and acceptances

Gross credit-impaired loans expressed as a percentage to total gross loans and acceptances.

Credit loss provisioning rate

Provision for credit losses on loans and off-balance sheet items expressed as a percentage of average gross loans and acceptances.

For further information (*media inquiries only*):

Chantal Corbeil
Public Relations
514-281-7229 or 1-866-866-7000, ext. 5557229
media@desjardins.com

Alain Leprohon
Executive Vice-President and Chief Financial Officer
of Desjardins Group