Desjardins | 125 YEARS OF AMBITION

# Financial Report

**First quarter of 2025**

## Desjardins Group posts surplus earnings of $738 million for the first quarter of 2025

## MESSAGE FROM SENIOR MANAGEMENT

Lévis, May 13, 2025 – For the first quarter ended March 31, 2025, Desjardins Group, North America's largest financial cooperative group, recorded surplus earnings before member dividends of $738 million, down $117 million compared to the same quarter of 2024. This decrease in surplus earnings was primarily due to the results of the Property and Casualty Insurance segment, which were affected by higher claims expenses, mainly resulting from increases in both the frequency and the average cost of claims. There was also an increase in the provision for credit losses, due in particular to unfavourable developments in the economic outlook stemming from the imposition of tariffs by the new U.S. administration. In addition, there was an increase in non-interest expense to support growth in operations and enhance the service offering to members and clients. The decline in surplus earnings was partially offset by higher net interest income, mainly as a result of business growth in the Personal and Business Services segment.

This result reflects the contribution of $399 million made by the Personal and Business Services segment. The Property and Casualty Insurance segment contributed $34 million to surplus earnings, and the Wealth Management and Life and Health Insurance segment, $168 million.

The provision for member dividends totalled $113 million for the first quarter of 2025, up $3 million compared to the corresponding quarter of 2024. The amounts returned in the form of sponsorships, donations and scholarships rose to $26 million, compared to $27 million for the same period in the previous year, of which $13 million was from the caisses' Community Development Fund. In addition to this, commitments of $1 million were made for the first quarter of 2025 in connection with the GoodSpark Fund, which seeks, in particular, to provide social and economic support to the regions. Since 2017, Desjardins Group has made commitments totalling $211 million to the GoodSpark Fund.

Desjardins Group complies with Basel III rules and maintains very good capitalization. As at March 31, 2025, Desjardins Group's Tier 1A and total capital ratios were 22.4% and 25.3%, respectively, compared to 22.2% and 24.2%, respectively, as at December 31, 2024.

"Despite economic uncertainty, Desjardins has posted solid financial results for the first quarter," said Guy Cormier, President and Chief Executive Officer of Desjardins Group. "*Forbes* included Desjardins in its prestigious list of the *World's Best Banks 2025*, which is a sign that our proactive approach to supporting our members and clients is being noticed. What's more, I'm genuinely proud of our employees' sustained commitment to the members and businesses that have been hit the hardest by the tariffs."

# ENHANCED DISCLOSURE TASK FORCE RECOMMENDATIONS INDEX

Disclosures made under the 32 recommendations of the Enhanced Disclosure Task Force (EDTF), established by the Financial Stability Board, are presented in the 2024 Annual Report and the Interim Financial Report for the first quarter of 2025, as well as in "Supplemental Financial Information" and the "Pillar 3 Report," which are available on Desjardins Group's website at www.desjardins.com/ca/about-us/investor-relations. "Supplemental Financial Information" and the "Pillar 3 Report" are not incorporated by reference in this Management's Discussion and Analysis (MD&A).

Below is a summary of disclosures under the EDTF recommendations aimed at enhancing risk disclosure and transparency, and the location of the disclosures (page number):

| | | | | First quarter of 2025 | | |
|---|---|---|---|---|---|---|
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# MANAGEMENT'S DISCUSSION AND ANALYSIS

Desjardins Group (hereinafter also referred to as Desjardins) comprises the Desjardins caisses in Québec and Caisse Desjardins Ontario Credit Union Inc. (the caisses), the *Fédération des caisses Desjardins du Québec* (the Federation) and its subsidiaries, and the *Fonds de sécurité Desjardins*.

The Management's Discussion and Analysis (MD&A) dated May 13, 2025, presents an analysis of the results of and main changes to Desjardins Group's balance sheet for the period ended March 31, 2025, in comparison with prior periods. Desjardins Group reports financial information in compliance with *Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings* (Regulation 52-109) prescribed by the Canadian Securities Administrators (CSA). Unlike the Federation, Desjardins Group is not a reporting issuer, on a combined basis, under this or any other applicable securities regulation. Pursuant to Decision No. 2021-FS-0091 of the *Autorité des marchés financiers* (AMF) dated April 23, 2021, the Combined Financial Statements and MD&As of Desjardins Group are to be filed by the Federation in place of the Consolidated Financial Statements and MD&As of the Federation, in order to meet its financial disclosure obligations as a reporting issuer under *Regulation 51-102 respecting Continuous Disclosure Obligations* of the CSA, and the Federation will maintain controls and procedures with respect to the Combined Financial Statements and MD&As of Desjardins Group in compliance with Regulation 52-109. Since April 23, 2021, and pursuant to the AMF and CSA decision, the Federation has used the financial statements and MD&As of Desjardins Group for all relevant purposes under the applicable securities regulations. Information on the controls and procedures with respect to the Combined Financial Statements and MD&As of Desjardins Group may be found in the "Additional information" section of this MD&A.

This MD&A should be read in conjunction with the unaudited Condensed Interim Combined Financial Statements (the Interim Combined Financial Statements), including the notes thereto, as at March 31, 2025, and Desjardins Group's 2024 Annual Report (the 2024 Annual Report), which contains the MD&A and the audited Annual Combined Financial Statements (the Annual Combined Financial Statements).

Additional information about Desjardins Group is available on the SEDAR+ website at www.sedarplus.com (under the *Fédération des caisses Desjardins du Québec* profile). The Annual Information Form of the Federation (under the *Fédération des caisses Desjardins du Québec* profile) can be found on SEDAR+ as well. Further information is available on the Desjardins website at www.desjardins.com/ca/about-us/investor-relations. None of the information presented on these sites is incorporated by reference into this MD&A.

The Annual and Interim Combined Financial Statements have been prepared by Desjardins Group's management in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and the accounting requirements of the AMF, which do not differ from IFRS. IFRS represent Canadian generally accepted accounting principles (GAAP). These Interim Combined Financial Statements of Desjardins Group have been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting." All the accounting policies have been applied as described in Note 2, "Accounting policies," to the Annual Combined Financial Statements.

This MD&A was prepared in accordance with the regulations in force on continuous disclosure obligations issued by the CSA. Unless otherwise indicated, all amounts are presented in Canadian dollars ($) and are primarily from Desjardins Group's Annual and Interim Combined Financial Statements.

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## CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

Desjardins Group's public communications include from time to time oral or written forward-looking statements, within the meaning of applicable securities legislation, particularly in Québec, Canada and the United States. Forward-looking statements are found in this MD&A and may also be incorporated in other filings with Canadian regulators or in any other communications. In addition, Desjardins Group's representatives may make oral forward-looking statements to investors, the media and others.

The forward-looking statements include, but are not limited to, comments on Desjardins Group's objectives regarding financial performance, priorities, vision, operations, targets and commitments, its strategies to achieve them, its results and its financial position, economic as well as financial market conditions, the outlook for the Québec, Canadian, U.S. and global economies, and the regulatory environment in which we operate. Such forward-looking statements are typically identified by words or phrases such as "target," "objective," "timing," "outlook," "believe," "predict," "foresee," "expect," "intend," "have as a goal," "estimate," "plan," "forecast," "anticipate," "aim," "propose," "should" and "may," words and expressions of similar import, and future and conditional verbs, in all grammatical variants.

By their very nature, such statements require us to make assumptions, and are subject to uncertainties and inherent risks, both general and specific. Desjardins Group cautions readers against placing undue reliance on forward-looking statements when making decisions 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, including those in this 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. 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 future results, conditions, actions or events may differ materially from targets, expectations, estimates or intentions that have been explicitly or implicitly put forward. 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 MD&A include those discussed in the "Risk management" section of Desjardins Group's 2024 annual MD&A and this MD&A for the first quarter of 2025, and include credit, market, liquidity, operational, insurance, strategic and reputation risk, environmental, social and governance risk, and regulatory risk.

Such factors also include those related to security (including cybersecurity) breaches, fraud risk, the housing market and household and corporate indebtedness, technological and regulatory developments, including changes to liquidity and capital adequacy guidelines, and requirements relating to their presentation and interpretation, as well as interest rate fluctuations, inflation, climate change, geopolitical uncertainty, artificial intelligence, data risk, a trade dispute with the United States, and the impact that tariffs imposed on certain Canadian exported goods, as well as any resulting retaliatory tariffs, could notably have on goods and services, businesses in certain industries, and the Canadian economy. 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; changes in the credit ratings assigned to Desjardins Group; reliance on third parties; the ability to recruit and retain talent; and tax risk. Other factors include 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 events 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 the "Risk management" section of Desjardins Group's 2024 annual MD&A and of this MD&A for the first quarter of 2025.

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" section of Desjardins Group's 2024 annual MD&A and of this MD&A for the first quarter of 2025.

The significant economic assumptions underlying the forward-looking statements in this document are described in the "Economic environment and outlook" section of Desjardins Group's 2024 annual MD&A and of this MD&A for the first quarter of 2025, and can be updated in quarterly MD&As filed thereafter. Readers are cautioned to consider the foregoing factors when reading this section. To determine economic growth forecasts in general, and for the financial services sector in particular, Desjardins Group mainly uses historical economic data provided by recognized and reliable organizations, empirical and theoretical relationships between economic and financial variables, expert judgments, and identified upside and downside risks for the domestic and global economies. In light of the changing circumstances of the U.S. trade dispute and the resulting impact on the Canadian economy, financial market conditions, commercial operations, and Desjardins Group's financial results and financial position, there is greater uncertainty about our economic assumptions than in previous periods, as these assumptions are based on uncertain future developments and it is difficult to predict how significant the long-term impact of U.S. tariffs will be.

Any forward-looking statements contained in this MD&A 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.

## NON-GAAP 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 and ratios

Non-GAAP financial measures and ratios 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. Regulation 52-112 states, among other things, that any ratio with at least one non-GAAP financial measure meets the definition of a non-GAAP ratio. These non-GAAP financial measures and ratios may be useful to investors, among others, in analyzing Desjardins Group's overall performance or financial position. They are defined as follows:

Net interest margin

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

Average interest-bearing assets is a non-GAAP financial measure that reflects Desjardins Group's financial position and is used to exclude assets not generating net interest income from average assets. Average interest-bearing assets consist of securities, including those borrowed or purchased under reverse repurchase agreements, cash and deposits with financial institutions, as well as loans. Average interest-bearing assets do not include life and health insurance and property and casualty insurance assets as well as all other assets not generating net interest income.

Average core interest-bearing assets is a non-GAAP financial measure that is used to exclude assets related to trading activities from average interest-bearing assets, when calculating net interest margin.

Net interest income on core assets is a non-GAAP financial measure that is used to exclude net interest income generated by non-core assets from net interest income.

The table below presents the reconciliation of non-GAAP financial measures with financial measures presented in accordance with GAAP in the Combined Financial Statements and used to calculate net interest margin.

**Net interest margin**

| | For the three-month periods ended | | |
|---|---|---|---|
| (in millions of dollars and as a percentage) | March 31, 2025 | December 31, 2024 | March 31, 2024 |
| Average assets – as presented | **$ 479,444** | $ 467,810 | $ 429,380 |
| Less: Assets not generating net interest income | **92,439** | 92,515 | 86,155 |
| Average interest-bearing assets | **387,005** | 375,295 | 343,225 |
| Less: Assets related to trading activities | **39,566** | 38,512 | 27,671 |
| **Average core interest-bearing assets** | **$ 347,439** | $ 336,783 | $ 315,554 |
| Net interest income – as presented | **$ 1,967** | $ 1,962 | $ 1,733 |
| Less: Net interest income from non-core assets | **2** | 14 | (28) |
| **Net interest income on core assets** | **$ 1,965** | $ 1,948 | $ 1,761 |
| **Net interest margin(1)** | **2.29%** | 2.30% | 2.24% |

(1) Corresponds to an annualized calculation that takes into account the number of days in the period concerned.

Net interest margin – Personal and Business Services

The Personal and Business Services segment's net interest margin, which is a non-GAAP ratio, is used to measure the profitability of core interest-bearing assets, net of financing cost. It is equal to net interest income on core assets expressed as a percentage of average core interest-bearing assets.

Average core interest-bearing assets is a non-GAAP financial measure that reflects the Personal and Business Services segment's financial position and is used to exclude assets not generating net interest income and certain other assets from average assets, when calculating net interest margin. The Personal and Business Services segment's average core interest-bearing assets include securities, cash and deposits with financial institutions, as well as loans, and excludes assets related to trading activities as well as assets related to capital market and liquidity management activities, and all other assets not generating net interest income.

Net interest income on core assets is a non-GAAP financial measure that is used to exclude net interest income generated by non-core assets from net interest income.

The table below presents the reconciliation of non-GAAP financial measures with financial measures presented in accordance with GAAP in the Combined Financial Statements and used to calculate net interest margin for the Personal and Business Services segment.

**Net interest margin – Personal and Business Services**

| | For the three-month periods ended | | |
|---|---|---|---|
| (in millions of dollars and as a percentage) | **March 31, 2025** | December 31, 2024 | March 31, 2024[1] |
| Average assets – as presented | **$ 364,460** | $ 353,885 | $ 331,329 |
| Less: Assets not generating net interest income | **6,506** | 7,130 | 7,976 |
| Average interest-bearing assets | **357,954** | 346,755 | 323,353 |
| Less: Assets related to trading activities | **39,174** | 35,383 | 22,924 |
| Less: Other deductions[2] | **52,934** | 51,939 | 56,732 |
| **Average core interest-bearing assets** | **$ 265,846** | $ 259,433 | $ 243,697 |
| Net interest income – as presented | **$ 1,818** | $ 1,837 | $ 1,678 |
| Less: Net interest income from non-core assets | **121** | 121 | 79 |
| **Net interest income on core assets** | **$ 1,697** | $ 1,716 | $ 1,599 |
| **Net interest margin – Personal and Business Services[3]** | **2.59%** | 2.63% | 2.64% |

(1) Some data have been restated to conform with the current period's presentation.
(2) From assets related to capital market and liquidity management activities.
(3) Corresponds to an annualized calculation that takes into account the number of days in the period concerned.

## Loss ratio – Expense ratio – Ratio of losses on onerous contracts – Combined ratios

The following non-GAAP ratios, which are net of reinsurance, are used to analyze the performance of the Property and Casualty Insurance segment and more specifically:
- Loss ratio (undiscounted): Used as a measure of business quality.
- Expense ratio: Used as a measure of the effectiveness of non-interest expense management, excluding certain items such as non-interest expense related to claims.
- Ratio of losses on onerous contracts: Used as a measure of the effect of onerous contracts on profitability.
- Combined ratio (discounted and undiscounted): Used as a measure of business profitability, excluding the effect of the net insurance finance result and certain other income.

The loss ratio is equal to the net claims expenses expressed as a percentage of net insurance revenue. Net claims expenses is a non-GAAP financial measure, which is used to exclude policy costs and acquisition costs, as well as the effect of the loss component on onerous contracts and the effect of discounting net liabilities for incurred claims, and to take into account incurred claims and costs of ceded claims.

Net insurance revenue is a non-GAAP financial measure. It is used to exclude premiums paid related to reinsurance activities and is the denominator in calculating the following ratios: loss ratio, expense ratio and ratio of losses on onerous contracts.

The loss ratio is comprised of the following ratios:
- Current year loss ratio, which is the loss ratio excluding catastrophe and major event claims expenses for the current year as well as changes in prior year claims, net of related reinsurance held.
- Loss ratio related to catastrophes and major events, which is the loss ratio including catastrophe and major event claims expenses for the current year, net of related reinsurance held.
- Ratio of changes in prior year claims, which is the loss ratio including changes in prior year claims, net of related reinsurance held.

The expense ratio is equal to non-interest expense, excluding non-interest expense related to claims and certain items, expressed as a percentage of net insurance revenue. Non-interest expense excluding non-interest expense related to claims and certain items is a non-GAAP financial measure. It is used to consider all expenses excluding investment management fees and some other specific items.

The ratio of losses on onerous contracts is equal to the effect of the loss component on net onerous contracts expressed as a percentage of net insurance revenue. The effect of the loss component on net onerous contracts is a non-GAAP financial measure, which is used to include losses and reversals of losses on net onerous contracts, as well as decreases in the loss component related to past services, net of reinsurance.

The combined ratio is equal to the sum of the loss ratio, the expense ratio and the ratio of losses on onerous contracts.

The discounted combined ratio is equal to the combined ratio, including the effect of discounting net liabilities for incurred claims.

The following table presents the reconciliation between non-GAAP financial measures and the financial measures presented in accordance with GAAP in the Combined Financial Statements and used to calculate the loss ratio, the expense ratio, the ratio of losses on onerous contracts, and the combined ratios for the Property and Casualty Insurance segment.

**Loss ratio – Expense ratio – Ratio of losses on onerous contracts – Combined ratios**

| | For the three-month periods ended | | |
|---|---|---|---|
| (in millions of dollars and as a percentage) | **March 31, 2025** | December 31, 2024[1] | March 31, 2024 |
| Insurance revenue – as presented | **$ 1,931** | $ 1,967 | $ 1,749 |
| Less: Premiums paid related to reinsurance activities[2] | **96** | 98 | 85 |
| **Net insurance revenue** | **$ 1,835** | $ 1,869 | $ 1,664 |
| Insurance service expenses – as presented | **$ 1,790** | $ 1,404 | $ 1,492 |
| Less: Policy costs and acquisition costs | **360** | 372 | 339 |
| Less: Effect of loss component on onerous contracts | **165** | (74) | 92 |
| Less: Effect of discounting net liabilities for incurred claims | **(69)** | (78) | (78) |
| Less: Incurred claims and costs of ceded claims[2] | **48** | 157 | 94 |
| **Net claims expenses[3]** | **$ 1,286** | $ 1,027 | $ 1,045 |
| Gross non-interest expense – as presented | **$ 276** | $ 294 | $ 248 |
| Less: Non-interest expense related to claims[4] and certain items[5] | **110** | 122 | 107 |
| Plus: Acquisition costs and certain policy costs included in insurance service expenses | **301** | 313 | 283 |
| **Non-interest expense excluding non-interest expense related to claims and certain items** | **$ 467** | $ 485 | $ 424 |
| Effect of loss component on onerous contracts | **$ 165** | $ (74) | $ 92 |
| Less: Effect of loss component on ceded onerous contracts[2] | **9** | 6 | 3 |
| **Effect of loss component on net onerous contracts** | **$ 156** | $ (80) | $ 89 |
| **Loss ratio[3]** | **70.1%** | 54.9% | 62.8% |
| **Expense ratio** | **25.4** | 25.9 | 25.5 |
| **Ratio of losses on onerous contracts** | **8.5** | (4.3) | 5.3 |
| **Combined ratio[3]** | **104.0** | 76.5 | 93.6 |
| **Discounted combined ratio** | **100.3** | 72.4 | 88.9 |

(1) Some data have been restated to conform with the current period's presentation.
(2) These items are included under "Net reinsurance service income (expenses)."
(3) Data or undiscounted ratio, therefore excluding the effect of discounting net liabilities for incurred claims.
(4) Represents non-interest expense directly related to claims adjustments, which are presented under "Insurance service expenses."
(5) From investment management fees and certain other specific items.

Return to members and the community

As a cooperative financial group contributing to the development of communities, Desjardins Group gives its members and clients the support they need to be financially empowered. The amounts returned to members and the community, a non-GAAP financial measure, are used to present the overall amount returned to the community and are composed of member dividends, as well as sponsorships, donations and scholarships.

More detailed information about the amount returned to members and the community may be found in the "Financial highlights" table on page 10 of this MD&A.

### Supplementary financial measures

In accordance with Regulation 52-112, supplementary financial measures are used to show historical or expected future financial performance, financial position or cash flows. In addition, these measures are not disclosed in the financial statements. Desjardins Group uses certain supplementary financial measures, and their composition is presented in the Glossary on pages 46 to 53.

## CHANGES IN THE REGULATORY ENVIRONMENT

Desjardins Group closely monitors regulations for financial products and services, as well as new developments, particularly in fraud, corruption, tax evasion, privacy protection, money laundering, terrorist financing, and domestic and international economic sanctions in order to mitigate any negative impact on its operations, and aims to comply with best practices in this regard. Additional information can be found in the "Regulatory environment" section of Desjardins Group's 2024 annual MD&A. Further information about regulatory developments is provided in the "Capital management" section and "Risk management" section of this MD&A for the first quarter of 2025.

Since the release of Desjardins Group's 2024 annual MD&A, the changes in the regulatory environment described below must also be considered:

### The Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)

Major amendments to the PCMLTFA and its regulations were announced on July 10, 2019. These amendments, which came into force between 2021 and 2024, mainly affected Desjardins Group's record-keeping and reporting requirements. Significant work has been done to implement these changes and will continue to be done for improvement purposes.

Moreover, since 2024, Desjardins Group has been subject to new reporting and correspondent banking relationship requirements, in addition to having to pay an assessment to the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) to cover examination fees. Desjardins Group has also been required to submit Suspicious Transaction Reports since August 19, 2024, where there are reasonable grounds to suspect that there has been actual or attempted economic sanctions evasion.

Lastly, new amendments to the PCMLTFA announced by the Department of Finance Canada came into force at the beginning of 2025, and others will come into force in October 2025. These amendments relate, in particular, to information sharing between reporting entities, the requirement to report any listed person or entity property to FINTRAC, the inclusion of new reporting entities, and the reporting of discrepancies in beneficial ownership. Desjardins Group is continuing its work to comply with the requirements coming into force in October 2025.

### Environmental, social and governance (ESG) factors

Regulatory and standard-setting authorities continue to clarify their ESG expectations by developing frameworks and standards:

- Following the international publication of IFRS S1 and IFRS S2 by the International Sustainability Standards Board (ISSB) in June 2023, the Canadian Sustainability Standards Board (CSSB) issued Canadian Sustainability Disclosure Standard (CSDS) 1, *General Requirements for Disclosure of Sustainability-related Financial Information*, and CSDS 2, *Climate-related Disclosures*, on December 18, 2024.
- In the first quarter of 2025, the AMF and the Office of the Superintendent of Financial Institutions (OSFI) released a new version of their climate risk management guidelines. The amendments include the postponement of the implementation date for reporting Scope 3[(1)] greenhouse gas emissions, in order to be aligned with CSDS standards. Desjardins Group continues to monitor developments in these standards.
- The Financial Services Regulatory Authority of Ontario (FSRA) has included climate risk management in its *Operational Risk and Resilience Guidance* for credit unions and caisses populaires. FSRA also assesses its ESG initiatives (in particular regarding climate risk) as an integral part of its resilience rating.
- On April 23, 2025, the CSA announced that it was pausing its work on the development of a new mandatory climate-related disclosure rule and amendments to the existing diversity-related disclosure requirements. This was being done to support Canadian markets and issuers in view of recent economic and geopolitical developments in the United States and globally.

Desjardins Group continues to monitor developments in this file closely and responds, where relevant, to consultations on the subject directly or through industry associations. Desjardins is also ensuring that it follows sound practices in ESG integration, monitoring and disclosure. This disclosure is reflected in the annual Social and Cooperative Responsibility report, which is aligned, in particular, with the standards of the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB). It is also included in the *Climate action at Desjardins* report, structured according to the AMF's and the OSFI's climate risk management disclosure guidelines. The key points of this disclosure, together with the recommendations in these guidelines, are summarized in Section 4.2.10 "Environmental, social and governance (ESG) risk" of Desjardins Group's 2024 annual MD&A.

### Competition Act

On December 23, 2024, Competition Bureau Canada launched a public consultation on its proposed guidelines for environmental claims, which was closed on February 28, 2025. The Competition Bureau will be releasing the written submissions made during the consultation. This initiative follows the legislative amendments dated June 20, 2024, which introduced new provisions concerning greenwashing in the *Competition Act*. From now on, businesses are required to ensure that their environmental claims are based on adequate and appropriate corroborative evidence obtained through internationally recognized methods where they are made to promote benefits for a business or its operations. The burden of proof lies with the business making these claims. These guidelines are aimed at clarifying the requirements of businesses and protecting consumers against deceptive practices in environmental claims. Desjardins Group is closely monitoring developments in this file in order to ensure that it is fully adhered to and meets all compliance requirements.

### Complaint processing

The new requirements of the *Regulation respecting complaint processing and dispute resolution in the financial sector* will come into force on July 1, 2025. These requirements include reducing the complaint handling time from 90 to 60 days. The regulation also provides for administrative penalties in the event of non-compliance. Work is underway to modernize and ensure the compliance of the process for managing dissatisfaction and complaints. A new tool will be rolled out for Desjardins Group in order to harmonize the process, incorporate the new compliance requirements, and facilitate front-line work. This work will make it possible to comply with the new requirements within the prescribed timeframe.

### Bill 92, An Act to amend various provisions mainly with respect to the financial sector

On April 8, 2025, the Québec Minister of Finance tabled Bill 92, *An Act to amend various provisions mainly with respect to the financial sector* (Bill 92) in the National Assembly. Bill 92 is an omnibus bill that amends, in particular, the *Insurers Act* (chapter A-32.1), the *Act respecting the distribution of financial products and services* (chapter D-9.2), the *Act respecting financial services cooperatives* (chapter C-67.3), and the *Securities Act* (chapter V-1.1). Desjardins Group continues to monitor developments in this file closely and responds, where relevant, to consultations on the subject directly or through industry associations.

(1) Indirect greenhouse gas emissions resulting from the company's value chain operations but not included in Scopes 1 and 2.

## DESJARDINS GROUP PROFILE

Desjardins Group is the largest financial cooperative group in North America, with assets of $487.9 billion. As at March 31, 2025, the organization included 198 caisses in Québec and Caisse Desjardins Ontario Credit Union Inc., the *Fédération des caisses Desjardins du Québec* and its subsidiaries, and the *Fonds de sécurité Desjardins*. A number of its subsidiaries and components are active across Canada, and Desjardins Group maintains a presence in the United States through Desjardins Bank, National Association, and Desjardins Florida Branch.

Through its Personal and Business Services, Wealth Management and Life and Health Insurance, and Property and Casualty Insurance business segments, Desjardins Group offers a full range of financial services to members and clients designed to meet their needs. As one of the largest employers in the country, Desjardins Group capitalizes on the skills of more than 56,100 employees and the commitment of nearly 2,300 directors in the caisse network.

The Federation is a cooperative entity that is responsible for assuming orientation, framework, coordination, treasury and development activities for Desjardins Group and acts as a financial agent on Canadian and foreign financial markets. It provides its member caisses with a variety of services, including certain technical, financial and administrative services. It acts as a monitoring and control organization for the caisses, and its mission includes risk management and capital management for Desjardins Group, as well as ensuring the financial soundness and sustainability of the Desjardins Cooperative Group (composed of the Desjardins caisse network in Québec, the Federation and the *Fonds de sécurité Desjardins*), pursuant to the *Act respecting financial services cooperatives* (AFSC). The Federation is, among other things, the treasurer and official representative of Desjardins Group with the Bank of Canada and the Canadian banking system. The Federation also has the right to participate in the Visa Inc. and MasterCard Inc. payment systems in Canada on behalf of Desjardins Group. In addition, it manages majority interests in joint-stock companies through holding companies.

The AFSC provides that the entities comprising the Desjardins Cooperative Group may be amalgamated into a single legal entity to be wound up, as these entities cannot be wound up in any other manner. It should be mentioned that Caisse Desjardins Ontario Credit Union Inc. is excluded from this amalgamation-liquidation provided for in the Act.

Summary additional information about the entities that are not part of the Desjardins Cooperative Group or the subsidiaries of the entities that comprise it but that are included in Desjardins Group's financial statements may be found under "Additional information required pursuant to the AMF's Decision No. 2021-FS-0091."

## FINANCIAL HIGHLIGHTS

| (in millions of dollars and as a percentage) | As at and for the three-month periods ended March 31, 2025 | December 31, 2024[1] | March 31, 2024[1] |
|---|---|---|---|
| **Results** | | | |
| **Net interest income** | **$ 1,967** | $ 1,962 | $ 1,733 |
| Insurance service result | **290** | 788 | 409 |
| Net insurance finance result | **174** | 94 | 310 |
| **Net insurance service income** | **464** | 882 | 719 |
| **Other income** | **1,251** | 1,114 | 1,112 |
| **Total net revenue** | **3,682** | 3,958 | 3,564 |
| Provision for credit losses | **210** | 272 | 133 |
| Non-interest expense | | | |
| Gross non-interest expense | **2,736** | 2,868 | 2,556 |
| Non-interest expense included in insurance service expenses[2] | **(233)** | (209) | (245) |
| Net non-interest expense | **2,503** | 2,659 | 2,311 |
| Income taxes on surplus earnings | **231** | 201 | 265 |
| **Surplus earnings before member dividends** | **$ 738** | $ 826 | $ 855 |
| **Contribution to surplus earnings by business segment[3]** | | | |
| Personal and Business Services | **$ 399** | $ 293 | $ 384 |
| Wealth Management and Life and Health Insurance | **168** | 75 | 173 |
| Property and Casualty Insurance | **34** | 453 | 280 |
| Other | **137** | 5 | 18 |
| | **$ 738** | $ 826 | $ 855 |
| **Return to members and the community[4]** | | | |
| Member dividends | **$ 113** | $ 107 | $ 110 |
| Sponsorships, donations and scholarships[5] | **26** | 36 | 27 |
| | **$ 139** | $ 143 | $ 137 |
| **Indicators** | | | |
| Net interest margin[4] | **2.29%** | 2.30% | 2.24% |
| Return on equity[6] | **7.8** | 8.2 | 9.8 |
| Credit loss provisioning rate[6] | **0.28** | 0.38 | 0.21 |
| Gross credit-impaired loans/gross loans[6] | **0.83** | 0.81 | 0.80 |
| Liquidity Coverage Ratio[7] | **172** | 165 | 152 |
| Net Stable Funding Ratio[7] | **131** | 129 | 125 |
| Productivity index – Personal and Business Services[6] | **70.4** | 73.1 | 70.8 |
| Insurance and annuity premiums – Wealth Management and Life and Health Insurance[6] | **$ 1,688** | $ 1,585 | $ 1,772 |
| Total contractual service margin (CSM) – Wealth Management and Life and Health Insurance[8] | **2,578** | 2,585 | 2,630 |
| Direct premiums written – Property and Casualty Insurance[6] | **1,671** | 1,830 | 1,556 |
| **On-balance sheet and off-balance sheet** | | | |
| Assets | **$ 487,946** | $ 470,942 | $ 435,819 |
| Loans, net of allowance for credit losses | **296,328** | 289,597 | 269,012 |
| Deposits | **309,379** | 300,946 | 281,189 |
| Equity | **39,371** | 38,690 | 35,169 |
| Assets under administration[6] | **614,643** | 600,968 | 549,580 |
| Assets under management[6] | **107,029** | 104,220 | 89,549 |
| Average assets[6] | **479,444** | 467,810 | 429,380 |
| **Capital measures** | | | |
| Tier 1A capital ratio[9] | **22.4%** | 22.2% | 21.0% |
| Tier 1 capital ratio[9] | **22.4** | 22.2 | 21.0 |
| Total capital ratio[9] | **25.3** | 24.2 | 22.0 |
| TLAC ratio[10] | **33.1** | 32.9 | 29.8 |
| Leverage ratio[9] | **7.6** | 7.6 | 7.4 |
| TLAC leverage ratio[10] | **11.0** | 11.2 | 10.4 |
| Risk-weighted assets[9] | **$ 151,882** | $ 149,621 | $ 142,266 |
| **Other information** | | | |
| Number of employees (full-time equivalent) | **51,406** | 50,785 | 50,669 |

(1) Some data have been restated to conform with the current period's presentation.
(2) Represents the non-interest expense directly related to the fulfillment of insurance contracts presented under "Insurance service result."
(3) The breakdown by line item is presented in Note 11, "Segmented information," to the Interim Combined Financial Statements.
(4) For more information about non-GAAP financial measures and non-GAAP ratios, see "Non-GAAP and other financial measures" on pages 5 to 7.
(5) Including $13 million from the caisses' Community Development Fund ($23 million for the fourth quarter of 2024 and $11 million for the first quarter of 2024).
(6) For further information about supplementary financial measures, see the Glossary on pages 46 to 53.
(7) In accordance with the *Liquidity Adequacy Guideline* issued by the AMF, see the "Risk management" section.
(8) Total CSM of $2,826 million ($2,844 million as at March 31, 2024) presented net of reinsurance for a total of $248 million ($214 million as at March 31, 2024). Included in the line items "Insurance contract liabilities" and "Reinsurance contract assets (liabilities)" on the Combined Balance Sheets. For more information, see Note 7, "Insurance and reinsurance contracts," to the Interim Combined Financial Statements.
(9) In accordance with the *Capital Adequacy Guideline* issued by the AMF for financial services cooperatives in particular; see the "Capital management" section.
(10) In accordance with the *Total Loss Absorbing Capacity Guideline* ("TLAC Guideline") issued by the AMF and based on risk-weighted assets and exposures for purposes of the leverage ratio at the level of the resolution group, which is deemed to be Desjardins Group, excluding Caisse Desjardins Ontario Credit Union Inc., see the "Capital management" section.

## ECONOMIC ENVIRONMENT AND OUTLOOK

### Global economy

Developments in the global economy in 2025 will be highly dependent on the Trump administration's trade policy in the U.S. The trade dispute with China, the tariffs imposed on Canada and Mexico, the so-called reciprocal tariffs on other countries as well as those related to the automotive sector, steel and aluminum are all having effects on global economic conditions, including by causing a significant increase in uncertainty and a drop in confidence. All these measures, in addition to retaliatory policies by other countries, are constraining international trade. In Europe, economic growth was slightly positive at the beginning of the year, but this would appear to be due to some purchases made ahead of time, in anticipation of the threatened tariffs. As a result, economic forecasts have been revised downward anyway. Growth could nevertheless gradually benefit from the rearming of Europe. In China, the authorities are fairly optimistic, but the scale of the trade conflict will undermine real GDP, not to mention the uncertainty surrounding the situation in the real estate sector. Global real GDP is expected to grow by 2.4% in 2025. An easing of trade tensions should lead to an improvement in 2026, with global real GDP growing by 2.6% next year.

### United States

The U.S. economy remained relatively strong at the end of 2024, with annualized real GDP growth of 3.1% in the summer and 2.5% in the fall. The year also ended with very strong employment growth. However, the situation changed in early 2025. A slowdown in real consumption, a decline in public spending and a surge in imports caused a 0.3% annualized drop in real GDP in the first quarter of 2025. In addition, the uncertainty surrounding the Trump administration's trade policy and spending cuts by the federal government have led to a sharp decline in consumer confidence. There has also been a resurgence of inflation expectations. Other drops in real GDP are expected during the year. Growth for 2025 as a whole is forecast at only 0.7%. This would be combined with higher inflation, mainly due to tariffs, but also to immigration policy and net job losses. The U.S. Federal Reserve is expected to implement several cuts to its key interest rates. Real GDP growth in 2026 is forecast at 1.3%.

### Canada

The Canadian economy experienced moderate growth in 2024, with real GDP up 1.5%. This growth is expected to have continued in the first quarter of 2025, due to the benefits of interest rate cuts and a temporary surge in exports before the trade conflict began between Canada and the United States. However, the economic situation is expected to deteriorate rapidly thereafter. The implementation of numerous tariffs (on both the Canadian and American sides) and a significant decline in business and consumer confidence are expected to lead to a sharp decline in foreign trade and business investment starting in the second quarter of 2025. With the expected rise in the price of certain goods as a result of Canadian tariffs on imports from the United States and the sharp drop in consumer confidence, consumer spending could also decline. Ultimately, the Canadian economy should slip into recession in the spring and summer of 2025. On average, however, Canada's real GDP could grow by 1.1% in 2025. The adverse effects of the trade conflict should gradually fade starting in 2026.

### Québec

The Québec economy was stronger in 2024, with real GDP growing by 1.4%, more than double the pace recorded for 2023. However, this growth slowed at the end of the year, from 1.8% to 1.4% in the last two quarters, due to less international trade and a slowdown in public spending. Employment held up well, with 100,000 jobs added in the period from August to January. However, the unemployment rate generally rose throughout the year, reaching just under 6% in late fall, the highest it has been since the start of the post-pandemic recovery. This was due to the ongoing high pace of population growth. In 2025 and 2026, several factors will slow the economy, including American tariffs, which will reduce the competitiveness of exporters and create uncertainty for investment, as well as federal and provincial restrictions on immigration, which could bring population growth to a standstill according to the Québec government's projections. As a result, GDP is expected to grow by only 0.8% in 2025 and 0.6% in 2026, with a recession that would start in the second half of 2025. To counter the weakness in the private sector, the Québec government recently increased spending plans for the next two fiscal years, including an additional $11 billion in investments over the next three fiscal years as part of the 2025-2035 Québec Infrastructure Plan. Standard & Poor's recent downgrade of the Government of Québec could lead to higher borrowing costs for the province.

# REVIEW OF FINANCIAL RESULTS

## ANALYSIS OF RESULTS

### Surplus earnings

Comparison of the first quarters of 2025 and 2024

For the first quarter ended March 31, 2025, Desjardins Group recorded surplus earnings before member dividends of $738 million, down $117 million compared to the same quarter of 2024. This decrease in surplus earnings was primarily due to the results of the Property and Casualty Insurance segment, which were affected by higher claims expenses, mainly resulting from increases in both the frequency and the average cost of claims. There was also an increase in the provision for credit losses, due in particular to unfavourable developments in the economic outlook stemming from the imposition of tariffs by the new U.S. administration. In addition, there was an increase in non-interest expense to support growth in operations and enhance the service offering to members and clients. The decline in surplus earnings was partially offset by higher net interest income, mainly as a result of business growth in the Personal and Business Services segment.

As a cooperative financial group contributing to the development of communities, Desjardins Group gives its members and clients the support they need to be financially empowered, a mission it continued to strive to achieve in the first quarter of 2025.

- A total of $139 million was returned to members and the community,[1] compared to $137 million in the first quarter of 2024.
  - The provision for member dividends totalled $113 million for the quarter ended March 31, 2025, up $3 million from the corresponding quarter of 2024.
  - An amount of $26 million was returned in the form of sponsorships, donations and scholarships, compared to $27 million in the same period of 2024, including $13 million in the first quarter of 2025 and $11 million in the first quarter of 2024 from the caisses' Community Development Fund.
- Commitments of $1 million were made in the first quarter of 2025 with regard to the GoodSpark Fund, which seeks in particular to provide social and economic support to the regions. Since 2017, Desjardins Group has made commitments totalling $211 million.

- **Business segment contributions to surplus earnings**
  - Personal and Business Services: **Surplus earnings totalled $399 million,** up $15 million, compared to the same period in 2024. This revenue growth was partly offset by increases in gross non-interest expense and the provision for credit losses.
  - Wealth Management and Life and Health Insurance: **Surplus earnings totalled $168 million**, down $5 million from the first quarter of 2024 due to the following:
    - A decrease in the net insurance finance result due to developments in the financial markets.
    - Offset by an increase in the insurance service result, due to a more favourable experience.
  - Property and Casualty Insurance: **Surplus earnings totalled $34 million,** down $246 million, compared to the first quarter of 2024. The change was mainly on account of the following:
    - Higher claims expenses.
    - Decline in the net insurance finance result.
    - Greater unfavourable effect of the loss component on onerous contracts.
    - Partly offset by the increase in insurance revenue.

- **Return on equity was 7.8%,** compared to 9.8% for the quarter ended March 31, 2024, mainly owing to the decrease in surplus earnings, as previously explained.

The following table presents the calculation of return on equity.

**Return on equity**

| | For the three-month periods ended | | |
|---|---|---|---|
| (in millions of dollars and as a percentage) | **March 31, 2025** | December 31, 2024 | March 31, 2024 |
| Surplus earnings before member dividends | **$ 738** | $ 826 | $ 855 |
| Non-controlling interests' share | **(5)** | (53) | (34) |
| **Group's share before member dividends** | **$ 733** | $ 773 | $ 821 |
| **Average equity – Group's share** | **$ 38,301** | $ 37,646 | $ 33,860 |
| **Return on equity[(1)(2)]** | **7.8%** | 8.2% | 9.8% |

(1) For further information about supplementary financial measures, see the Glossary on pages 46 to 53.
(2) Corresponds to an annualized calculation that takes into account the number of days in the period concerned.

(1) For more information on non-GAAP financial measures, see "Non-GAAP and other financial measures" on pages 5 to 7.

### Net interest income

Comparison of the first quarters of 2025 and 2024

Net interest income is the difference between interest income earned on assets, such as loans and securities, and the interest expense related to liabilities, such as deposits and subordinated notes. It is sensitive to interest rate and volume fluctuations, funding and matching strategies, as well as the composition of both interest-bearing and non-interest-bearing financial instruments.

**Net interest income totalled $1,967 million,** up $234 million, or 13.5%. This increase was due to growth in average residential mortgages and business loans outstanding, partly offset by the increase in outstanding deposits.

- **Net interest margin of 2.29%**[(1)] for the quarter ended March 31, 2025, compared with 2.24% for the corresponding period of 2024. This increase was primarily due to growth in the average volume of loans, partly offset by the growth in deposits, against a backdrop of lower interest rates compared with the corresponding quarter of 2024.

### Net insurance service income

Comparison of the first quarters of 2025 and 2024

**Net insurance service income stood at $464 million,**[(2)] down $255 million, or 35.5%, compared to the first quarter of 2024. The change in this heading, which consists of the insurance service result and the net insurance finance result, was due to items from the following segments:

Wealth Management and Life and Health Insurance segment

- Insurance service result of $185 million, up $43 million, or 30.3%, mainly due to the following:
  - More favourable experience in group insurance, mainly with regard to long-term disability and dental coverage.
  - Favourable experience in group retirement savings.
  - Favourable experience in credit and direct insurance, particularly in life loan insurance.

- Net insurance finance result of $76 million, down $52 million, or 40.6%, primarily due to developments in the financial markets.

Property and Casualty Insurance segment

- Insurance service result of $102 million, down $168 million, or 62.2%.
  - Insurance revenue of $1,931 million, up $182 million, or 10.4%. By including ceded insurance revenue of $96 million, presented under "Net reinsurance service income (expenses)," the increase was $171 million, or 10.3%, mainly due to premium growth in automobile and property insurance and to business resulting from the acquisition, completed in 2024, of The Insurance Company of Prince Edward Island (ICPEI).
  - Insurance service expenses of $1,790 million, up $298 million, or 20.0%. By including ceded insurance service expenses of $57 million, presented under "Net reinsurance service income (expenses)," the increase was $339 million, or 24.3%, essentially due to the following:
    - Increase in claims expenses compared to the corresponding quarter of 2024, mainly attributable to an increase in the frequency and average cost of claims, explained by the following factors:
      - Higher claims expenses for the current year compared to the corresponding quarter of 2024, mainly due to automobile and property insurance.
      - Higher claims expenses related to catastrophes and major events compared to the corresponding quarter of 2024. The first quarter of 2025 was marked by two major events, namely freezing rain in Ontario and water and wind damage in Québec and Ontario, while no catastrophes or major events occurred in the first quarter of 2024.
    - The more unfavourable effect of the loss component on onerous contracts than in the corresponding quarter of 2024, mainly on account of automobile insurance and arising primarily from losses and reversals of losses on onerous contracts that were higher than those for the corresponding quarter of 2024.

- Net insurance finance result of $64 million, down $105 million or 62.1%.
  - Net insurance investment income of $170 million, down $12 million or 6.6%. This change was due to the following:
    - Net loss on shares, while a net gain had been recorded for the corresponding quarter of 2024.
    - Offset by the positive change in the fair value of matched bonds, compared to a negative change in the corresponding quarter of 2024, due in particular to the impact on the market of lower interest rates in the first quarter of 2025, while rates had increased in the first quarter of 2024.
  - Net insurance finance expenses of $118 million, up $104 million in the corresponding quarter. By including net reinsurance finance income of $12 million ($1 million in the first quarter of 2024), net insurance and reinsurance finance expenses totalled $106 million, up $93 million. This change was due in particular to the unfavourable impact of a decrease in the discount rates used to measure net liabilities for incurred claims, whereas rates were higher in the corresponding quarter of 2024.

(1) For more information about non-GAAP ratios, see "Non-GAAP and other financial measures" on pages 5 to 7.
(2) The difference between this result and the sum total of the segment results relates to intersegment transactions, which are eliminated in the Other category.

### Other income

Comparison of the first quarters of 2025 and 2024

**Other income stood at $1,251 million,** up $139 million, or 12.5%, compared to the first quarter of 2024, due to the following:
- Greater income as a result of growth in assets under management and assets under administration.
- Higher foreign exchange income due to fluctuating exchange rates.
- Increase in net other investment income, mainly related to trading income.
- Favourable effect of market rate fluctuations and changes in hedging positions on net other investment income (loss).

### Total net revenue

For the first quarter of 2025, **total net revenue amounted to $3,682 million,** up $118 million, or 3.3%, compared to that which had been recorded for the same period in 2024.

### Provision for credit losses

Comparison of the first quarters of 2025 and 2024

**The provision for credit losses was $210 million,** compared to $133 million for the corresponding period of 2024. The provision for the first quarter of 2025 reflects a migration in credit quality and unfavourable developments in the economic outlook, related in particular to the imposition of tariffs by the new U.S. administration, on the business loan portfolios. In the credit card portfolios, the unfavourable impact of the higher risk and the updating of forward-looking information were partly offset by lower volumes in these portfolios.

Desjardins Group has continued to present a quality loan portfolio in 2025.
- Credit loss provisioning rate of 0.28% for the first quarter of 2025, compared to 0.21% for the corresponding period in 2024.
- Ratio of gross credit-impaired loans, as a percentage of the total gross loans portfolio, of 0.83%, compared to 0.80% as at March 31, 2024. This increase was due to a higher volume of gross impaired loans, mainly in the business loan portfolios.

The following table presents the calculation of the credit loss provisioning rate.

**Credit loss provisioning rate**

| | For the three-month periods ended | | |
|---|---|---|---|
| (in millions of dollars and as a percentage) | **March 31, 2025** | December 31, 2024 | March 31, 2024 |
| Total provision for credit losses | **$ 210** | $ 272 | $ 133 |
| Provision for (recovery of) credit losses on securities | **7** | — | (9) |
| **Provision for credit losses on loans and off-balance sheet items** | **$ 203** | $ 272 | $ 142 |
| **Average gross loans[1]** | **$ 294,324** | $ 287,366 | $ 268,674 |
| **Credit loss provisioning rate[1][2]** | **0.28%** | 0.38% | 0.21% |

(1) For further information on supplementary financial measures, see the Glossary on pages 46 to 53.
(2) Corresponds to an annualized calculation that takes into account the number of days in the period concerned.

### Gross non-interest expense

Comparison of the first quarters of 2025 and 2024

**Gross non-interest expense totalled $2,736 million,** up $180 million, or 7.0%, from the first quarter of 2024 due to the following:
- Increase in spending on personnel, including wage indexation.
- Higher fees and spending on technology to support business growth and enhance the services offered to members and clients.

### Income taxes on surplus earnings

Comparison of the first quarters of 2025 and 2024

**Income taxes on surplus earnings after member dividends of $202 million,** down $34 million, compared to the first quarter of 2024 due to the decrease in surplus earnings.
- Effective tax rate on surplus earnings after member dividends[1] of 23.6% for the quarter ended March 31, 2025, comparable to an effective tax rate of 23.4% for the corresponding period in 2024.

(1) For further information about supplementary financial measures, see the Glossary on pages 46 to 53.

## RESULTS BY BUSINESS SEGMENT

Desjardins Group's financial reporting is organized by business segments, which are defined based on the needs of members and clients and the markets in which Desjardins operates, and on its internal management structure. Desjardins Group's financial results are divided into the following three business segments: Personal and Business Services, Wealth Management and Life and Health Insurance, and Property and Casualty Insurance. In addition to these three segments, there is the Other category. This section presents an analysis of the results for each of these segments.

In 2025, some changes have been made to business segments to reflect how management assesses segment performance. This presentation reflects the revision of the method used to allocate non-interest expense to segments. As a result, some non-interest expense items were reclassified from the Other category to the Personal and Business Services segment, the Wealth Management and Life and Health Insurance segment and the Property and Casualty Insurance segment. Comparative figures have been restated to conform with the presentation for the current period.

Additional information about each business segment, particularly its profile, services, 2024 achievements and industry, can be found on pages 26 to 38 of Desjardins Group's 2024 annual MD&A.

### Personal and Business Services

The Personal and Business Services segment is central to Desjardins Group's operations. With its comprehensive, integrated line of products and services designed to meet the needs of individual and business members, institutions, non-profit organizations and cooperatives, Desjardins Group is a leader in financial services in Québec and is present on the financial services scene outside Québec.

Desjardins's offer includes everyday financial management, savings products, payment services, financing, specialized services, access to capital markets, risk and development capital, business ownership transfers and advisory services, and through its distribution network, life and health insurance and property and casualty insurance products.

In addition, members and clients know that they can rely on the largest advisory force in Québec, made up of dedicated professionals who are there for them at every stage in their life or entrepreneurial journey.

To meet the constantly changing needs of its members and clients, Desjardins Group offers its services through the caisse network and the Desjardins Business centres, in person, by phone, online, via applications for mobile devices, and at ATMs.

**Personal and Business Services – Segment results**

| (in millions of dollars and as a percentage) | For the three-month periods ended March 31, 2025 | December 31, 2024[1] | March 31, 2024[1] |
|---|---|---|---|
| **Net interest income** | **$ 1,818** | $ 1,837 | $ 1,678 |
| **Other income** | **670** | 632 | 598 |
| **Total net revenue** | **2,488** | 2,469 | 2,276 |
| Provision for credit losses | **201** | 272 | 142 |
| Gross non-interest expense | **1,752** | 1,804 | 1,612 |
| Income taxes on surplus earnings | **136** | 100 | 138 |
| **Surplus earnings before member dividends** | **399** | 293 | 384 |
| Member dividends, net of tax recovery | **84** | 84 | 81 |
| **Net surplus earnings for the period after member dividends** | **$ 315** | $ 209 | $ 303 |
| **Indicators** | | | |
| Average assets[2] | **$ 364,460** | $ 353,885 | $ 331,329 |
| Average core interest-bearing assets[3] | **265,846** | 259,433 | 243,697 |
| Average gross loans[2] | **284,197** | 277,452 | 260,006 |
| Average deposits[2] | **221,748** | 219,018 | 220,496 |
| Net interest margin[3] | **2.59%** | 2.63% | 2.64% |
| Productivity index[2] | **70.4** | 73.1 | 70.8 |
| Credit loss provisioning rate[2] | **0.29** | 0.39 | 0.22 |
| Gross credit-impaired loans/gross loans[2] | **0.86** | 0.84 | 0.82 |

(1) Some data have been restated to conform with the current period's presentation.
(2) For further information about supplementary financial measures, see the Glossary on pages 46 to 53.
(3) For more information about non-GAAP financial measures and non-GAAP ratios, see "Non-GAAP and other financial measures" on pages 5 to 7.

Comparison of the first quarters of 2025 and 2024

- **Surplus earnings before member dividends of $399 million,** up $15 million, compared to the same period in 2024. This revenue growth was partly offset by increases in gross non-interest expense and the provision for credit losses.

- **Net interest income of $1,818 million,** up $140 million, or 8.3%. This increase was primarily due to growth in average residential mortgages and business loans outstanding.

- **Other income totalled $670 million,** up $72 million, or 12.0%, due to the following:
  - Increase in net other investment income, mainly related to trading income.
  - Higher in income from deposit and payment service charges.
  - Increase in income related to growth in sales through the caisse network of various Desjardins products.

- **Total net revenue of $2,488 million,** up $212 million, or 9.3%.

- **Provision for credit losses of $201 million,** compared to $142 million for the corresponding period of 2024. The provision for the first quarter of 2025 reflects a migration in credit quality and unfavourable developments in the economic outlook, related in particular to the imposition of tariffs by the new U.S. administration, on the business loan portfolios. In the credit card portfolios, the unfavourable impact of the higher risk and the updating of forward-looking information were partly offset by lower volumes in these portfolios.

- **Gross non-interest expense of $1,752 million,** up $140 million, or 8.7%, as a result of increased investments to support growth in operations and enhance the services offered to members and clients.

- **Net interest margin of 2.59%,** down 5 basis points compared to the corresponding period of 2024, in particular due to stronger growth in the average loan volume in an environment characterized by rates that were lower than in the corresponding quarter.

- **Productivity index of 70.4%,** comparable to the first quarter of 2024.

## Wealth Management and Life and Health Insurance

The Wealth Management and Life and Health Insurance segment plays a leading role in developing the financial independence of Desjardins Group members and clients by helping them develop healthy financial habits.

The segment supports members and clients, individuals and businesses, through various distribution networks and designs several lines of individual insurance (life and health) coverage as well as investment solutions. The segment also includes asset management and trust services. The Wealth Management and Life and Health Insurance segment is a Canadian leader in responsible investing and responsible insurance.

The Wealth Management and Life and Health Insurance segment's vast and diversified Canada-wide distribution networks are one of its greatest strengths:
- Desjardins caisse network;
- Desjardins specialized networks (Signature Service, Private Wealth Management, Securities and Online Brokerage);
- Desjardins agent network;
- Desjardins Financial Security Life Assurance Company partner networks (SFL Wealth Management, Desjardins Financial Security Independent Network and Desjardins Financial Security Investments);
- Insurance and investment solution networks (including subsidiaries of Worldsource Group of Companies Inc.);
- Actuarial consulting firms and brokers;
- Client Relations Centres and digital channels.

**Wealth Management and Life and Health Insurance – Segment results**

| (in millions of dollars) | As at and for the three-month periods ended March 31, 2025 | December 31, 2024[1] | March 31, 2024[1] |
|---|---|---|---|
| **Net interest income** | **$ 69** | $ 70 | $ 57 |
| Insurance service result | | | |
| Insurance revenue | **1,086** | 1,076 | 1,026 |
| Insurance service expenses | **(889)** | (925) | (879) |
| Net reinsurance service income (expenses) | **(12)** | (9) | (5) |
| | **185** | 142 | 142 |
| Net insurance finance result | | | |
| Net insurance investment income (loss) | **439** | 243 | (234) |
| Net insurance finance income (expenses) | **(372)** | (232) | 389 |
| Net reinsurance finance income (expenses) | **9** | 14 | (27) |
| | **76** | 25 | 128 |
| **Net insurance service income** | **261** | 167 | 270 |
| **Other income** | **692** | 673 | 630 |
| **Total net revenue** | **1,022** | 910 | 957 |
| Provision for (recovery of) credit losses | **8** | 1 | (2) |
| Non-interest expense | | | |
| Gross non-interest expense | **878** | 851 | 847 |
| Non-interest expense included in insurance service expenses[2] | **(76)** | (48) | (95) |
| Net non-interest expense | **802** | 803 | 752 |
| Income taxes on surplus earnings | **44** | 31 | 34 |
| **Net surplus earnings for the period** | **$ 168** | $ 75 | $ 173 |
| **Indicators** | | | |
| Contractual service margin (CSM)[3] | | | |
| Total CSM[3][4] | **$ 2,578** | $ 2,585 | $ 2,630 |
| CSM on new sales[3][5] | **18** | 70 | 25 |
| Net sales of savings products[6][7] | **4,732** | 1,510 | 3,119 |
| Insurance sales[7] | **216** | 205 | 260 |
| Group insurance premiums[7] | **1,092** | 1,065 | 1,025 |
| Individual insurance premiums[7] | **315** | 323 | 290 |
| Annuity premiums[7] | **281** | 197 | 457 |

(1) Some data have been restated to conform with the current period's presentation.
(2) Represents the non-interest expense directly related to the fulfillment of insurance contracts presented under "Insurance service result."
(3) Included under "Insurance contract liabilities" and "Reinsurance contract assets (liabilities)" in the Combined Balance Sheets. For further information, see Note 7, "Insurance and reinsurance contracts," to the Interim Combined Financial Statements.
(4) Total CSM of $2,826 million ($2,844 million as at March 31, 2024) presented net of reinsurance for a total amount of $248 million ($214 million as at March 31, 2024).
(5) CSM on new insurance business totalling $17 million ($24 million as at March 31, 2024) presented net of reinsurance for a total amount of $(1) million ($(1) million as at March 31, 2024).
(6) Including $(78) million in segregated funds ($(66) million for the fourth quarter of 2024 and $(86) million for the first quarter of 2024).
(7) For further information about supplementary financial measures, see the Glossary on pages 46 to 53.

Comparison of the first quarters of 2025 and 2024

- **Net surplus earnings of $168 million**, down $5 million from the first quarter of 2024 due to the following:
  - A decrease in the net insurance finance result due to developments in the financial markets.
  - Offset by an increase in the insurance service result, due to a more favourable experience.

- **Net interest income of $69 million**, up $12 million, or 21.1%. This increase was mainly due to the following:
  - Higher net interest margin on securities.
  - Increase in the average outstanding balance of the Desjardins Investment Savings Account.

- **Insurance service result of $185 million,** up $43 million, or 30.3%, mainly due to the following:
  - More favourable experience in group insurance, mainly with regard to long-term disability and dental coverage.
  - Favourable experience in group retirement savings.
  - Favourable experience in credit and direct insurance, particularly in life loan insurance.

- **Net insurance finance result of $76 million,** down $52 million, or 40.6%, primarily due to developments in the financial markets.

- **Other income of $692 million,** up $62 million, or 9.8%, primarily from the following:
  - Higher income from specialized networks, related to the increase in assets under administration.
  - Increase in income stemming from more assets under management.

- **Total net revenue of $1,022 million,** up $65 million, or 6.8%.

- **Gross non-interest expense of $878 million,** up $31 million, or 3.7%, primarily due to the following:
  - Increase in investments related to the continued implementation of strategic projects.
  - Higher commission fees due to growth in assets under management and assets under administration.

  Note that a gross non-interest expense of $76 million was included under insurance service expenses, compared to $95 million for the first quarter of 2024.

Additional information related to certain indicators:

- **Contractual service margin (CSM)**
  - Total CSM of $2,578 million as at March 31, 2025, compared to $2,585 million as at December 31, 2024. This slight decline in total CSM was due to the following:
    - Effect of services rendered, mainly due to the creation of CSM upon transition to IFRS 17, "*Insurance Contracts*."
    - Losses on guaranteed investment funds due to the unfavourable economic environment.

    This decline was partly offset by the following:
    - Favourable experience in individual insurance.
    - Favourable impact of new sales in individual insurance.
    - Effect of accretion expenses.

- **Business growth**
  - Increase in net sales of savings products, mainly from exchange-traded funds.
  - Decrease in insurance sales, mainly in group insurance.
  - Growth in insurance premiums, primarily in group insurance.
  - Decrease in annuity premiums, mainly from group retirement savings, related to fewer new large groups.

### Property and Casualty Insurance

The Property and Casualty (P&C) Insurance segment offers insurance products providing coverage for the assets of Desjardins Group members and clients and guarding them against disaster. This segment includes the operations of Desjardins General Insurance Group Inc. and its subsidiaries, offering a personal line of automobile and property insurance products across Canada and also providing businesses with insurance products. Its products are offered in the Desjardins caisse network in Québec and at Caisse Desjardins Ontario Credit Union Inc. and the Desjardins Business centres, and are distributed through P&C insurance agents in a number of client care centres, as well as through an exclusive agent network, including over 450 agencies in Ontario, Alberta and New Brunswick. This exclusive agent network distributes P&C insurance and several other financial products. In addition, the insurance products offered by the newly acquired ICPEI are distributed by a network of independent brokers, mainly in Québec, Ontario, New Brunswick and Nova Scotia. The segment also offers advice and loss prevention services to members and clients to help them protect their assets and guard against the impact of weather and climate events. Members and clients also have access to a multitude of services online and via applications for mobile devices.

Desjardins General Insurance Group Inc., which has more than 3.7 million clients, markets its products to the Canada-wide individual and business market under the Desjardins Insurance banner, and to the group market—including members of professional associations and unions, and employers' staff—under the The Personal banner.

**Property and Casualty Insurance – Segment results**

| (in millions of dollars and as a percentage) | For the three-month periods ended March 31, 2025 | December 31, 2024[1] | March 31, 2024 |
|---|---|---|---|
| Insurance service result | | | |
| Insurance revenue | **$ 1,931** | $ 1,967 | $ 1,749 |
| Insurance service expenses | **(1,790)** | (1,404) | (1,492) |
| Net reinsurance service income (expenses) | **(39)** | 65 | 13 |
| | **102** | 628 | 270 |
| Net insurance finance result | | | |
| Net insurance investment income (loss) | **170** | 144 | 182 |
| Net insurance finance income (expenses) | **(118)** | (79) | (14) |
| Net reinsurance finance income (expenses) | **12** | 14 | 1 |
| | **64** | 79 | 169 |
| **Net insurance service income** | **166** | 707 | 439 |
| **Other income (loss)** | **(7)** | 25 | 10 |
| **Total net revenue** | **159** | 732 | 449 |
| Provision for (recovery of) credit losses | **1** | (1) | (7) |
| Non-interest expense | | | |
| Gross non-interest expense | **276** | 294 | 248 |
| Non-interest expense included in insurance service expenses[2] | **(164)** | (169) | (158) |
| Net non-interest expense | **112** | 125 | 90 |
| Income taxes on surplus earnings | **12** | 155 | 86 |
| **Net surplus earnings for the period** | **$ 34** | $ 453 | $ 280 |
| Of which: | | | |
| Group's share | **$ 29** | $ 400 | $ 246 |
| Non-controlling interests' share | **5** | 53 | 34 |
| **Indicators** | | | |
| Direct premiums written[3] | **$ 1,671** | $ 1,830 | $ 1,556 |
| Loss ratio[4][5] | **70.1%** | 54.9% | 62.8% |
| Current year loss ratio[4][5] | **73.4** | 59.7 | 69.4 |
| Loss ratio related to catastrophes and major events[4][5] | **2.8** | (0.3) | — |
| Ratio of changes in prior year claims[4][5] | **(6.1)** | (4.5) | (6.6) |
| Expense ratio[4] | **25.4** | 25.9 | 25.5 |
| Ratio of losses on onerous contracts[4] | **8.5** | (4.3) | 5.3 |
| Combined ratio[4][5] | **104.0** | 76.5 | 93.6 |
| Discounted combined ratio[4] | **100.3** | 72.4 | 88.9 |

(1) Some data have been restated to conform with the current period's presentation.
(2) Represents the non-interest expense directly related to the fulfillment of insurance contracts presented under "Insurance service result."
(3) For further information about supplementary financial measures, see the Glossary on pages 46 to 53.
(4) For more information about non-GAAP ratios, see "Non-GAAP and other financial measures" on pages 5 to 7.
(5) Undiscounted ratio, therefore excluding the effect of discounting net liabilities for claims incurred.

Comparison of the first quarters of 2025 and 2024

- **Net surplus earnings of $34 million,** down $246 million, compared to the first quarter of 2024. The change was mainly on account of the following:
  - Higher claims expenses.
  - Decline in the net insurance finance result.
  - Greater unfavourable effect of the loss component on onerous contracts.
  - Partly offset by the increase in insurance revenue.

- **Insurance service result of $102 million,** down $168 million, or 62.2%.
  - **Insurance revenue** of $1,931 million, up $182 million, or 10.4%. By including ceded insurance revenue of $96 million, presented under "Net reinsurance service income (expenses)," the increase was $171 million, or 10.3%, mainly due to premium growth in automobile and property insurance and to business resulting from the acquisition, completed in 2024, of The Insurance Company of Prince Edward Island (ICPEI).
  - **Insurance service expenses** of $1,790 million, up $298 million, or 20.0%. By including ceded insurance service expenses of $57 million, presented under "Net reinsurance service income (expenses)," the increase was $339 million, or 24.3%, essentially due to the following:
    - Increase in claims expenses compared to the corresponding quarter of 2024, mainly attributable to an increase in the frequency and average cost of claims, explained by the following factors:
      - Higher claims expenses for the current year compared to the corresponding quarter of 2024, mainly due to automobile and property insurance.
      - Higher claims expenses related to catastrophes and major events compared to the corresponding quarter of 2024. The first quarter of 2025 was marked by two major events, namely freezing rain in Ontario and water and wind damage in Québec and Ontario, while no catastrophes or major events occurred in the first quarter of 2024.
    - The more unfavourable effect of the loss component on onerous contracts than in the corresponding quarter of 2024, mainly on account of automobile insurance and arising primarily from losses and reversals of losses on onerous contracts that were higher than those for the corresponding quarter of 2024.

- **Net insurance finance result of $64 million,** down $105 million or 62.1%.
  - **Net insurance investment income** of $170 million, down $12 million or 6.6%. This change was due to the following:
    - Net loss on shares, while a net gain had been recorded for the corresponding quarter of 2024.
    - Offset by the positive change in the fair value of matched bonds, compared to a negative change in the corresponding quarter of 2024, due in particular to the impact on the market of lower interest rates in the first quarter of 2025, while rates had increased in the first quarter of 2024.
  - **Net insurance finance expenses** of $118 million, up $104 million in the corresponding quarter. By including net reinsurance finance income of $12 million ($1 million in the first quarter of 2024), net insurance and reinsurance finance expenses totalled $106 million, up $93 million. This change was due in particular to the unfavourable impact of a decrease in the discount rates used to measure net liabilities for incurred claims, whereas rates were higher in the corresponding quarter of 2024.

- **Other loss of $7 million,** compared to income of $10 million in the same quarter of 2024. The change was mainly due to the greater increase in the contingent consideration payable as part of the 2015 acquisition of the Canadian operations of State Farm Mutual Automobile Insurance Company, resulting from favourable developments in claims taken over.

- **Total net revenue of $159 million,** down $290 million, or 64.6%.

- **Gross non-interest expense of $276 million,** up $28 million, or 11.3%. This increase was primarily due to the following:
  - Increase in investments for the continued implementation of strategic projects.
  - Increased spending on technology.
  - Gross non-interest expense incurred by ICPEI.

  Note that a gross non-interest expense of $164 million was included in insurance service expenses, compared to $158 million for the first quarter of 2024.

### Other category

The Other category includes financial information that is not specific to a business segment. It mainly includes treasury activities and the results for the support functions provided by the Federation to Desjardins Group including: finance, including treasury; operations; risk management, including compliance; human resources; marketing, communications, cooperation and the President's Office; Desjardins Group Security Office; legal affairs, including governance; and the Office of Sustainable Development. It also includes all of Desjardins Group's IT operations. In addition to various adjustments required to prepare the Interim Combined Financial Statements, intersegment balance eliminations are classified in this category. Non-interest expenses for support functions and Desjardins Group's IT operations are largely allocated to the various business segments.

The Other category also includes various adjustments required to prepare the Combined Financial Statements and intersegment balance eliminations.

**Other category**

| | For the three-month periods ended | | |
|---|---|---|---|
| (in millions of dollars) | **March 31, 2025** | December 31, 2024[(1)] | March 31, 2024[(1)] |
| **Net interest income** | **$ 80** | $ 55 | $ (2) |
| **Net insurance service income** | **37** | 8 | 10 |
| **Other income (loss)** | **(104)** | (216) | (126) |
| **Total net income (loss)** | **13** | (153) | (118) |
| Net non-interest expense | **(163)** | (73) | (143) |
| Income taxes on surplus earnings | **39** | (85) | 7 |
| **Net surplus earnings for the period** | **$ 137** | $ 5 | $ 18 |

(1) Some data have been restated to conform with the current period's presentation.

Comparison of the first quarters of 2025 and 2024

- **Net surplus earnings of $137 million** compared to $18 million from the first quarter of 2024.
  - In relation to treasury activities, market rate fluctuations as well as changes in hedging positions had an overall favourable effect on net interest income and net other investment income (loss) included under other income.
  - Due to the activities and intersegment balance eliminations in the Other category, we believe that the comparability of the two periods' results is limited.

## SUMMARY OF INTERIM RESULTS

The table below presents a summary of data related to the results for Desjardins Group's most recent eight quarters.

**Results for the most recent eight quarters**

| | 2025 | 2024 | | | | 2023 | | |
|---|---|---|---|---|---|---|---|---|
| (in millions of dollars) | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 |
| **Net interest income** | **$ 1,967** | $ 1,962 | $ 1,915 | $ 1,861 | $ 1,733 | $ 1,696 | $ 1,716 | $ 1,666 |
| Insurance service result | | | | | | | | |
| Insurance revenue | **2,991** | 2,998 | 2,945 | 2,829 | 2,752 | 2,718 | 2,656 | 2,562 |
| Insurance service expenses | **(2,650)** | (2,268) | (3,168) | (2,182) | (2,351) | (2,093) | (2,245) | (2,238) |
| Net reinsurance service income (expenses) | **(51)** | 58 | 493 | (27) | 8 | (47) | (20) | (36) |
| | **290** | 788 | 270 | 620 | 409 | 578 | 391 | 288 |
| Net insurance finance result | | | | | | | | |
| Net insurance investment income (loss) | **639** | 375 | 1,560 | 467 | (39) | 3,005 | (1,363) | 249 |
| Net insurance finance income (expenses) | **(487)** | (309) | (1,463) | (244) | 375 | (2,780) | 1,479 | (83) |
| Net reinsurance finance income (expenses) | **22** | 28 | 57 | 14 | (26) | 115 | (65) | 11 |
| | **174** | 94 | 154 | 237 | 310 | 340 | 51 | 177 |
| **Net insurance service income** | **464** | 882 | 424 | 857 | 719 | 918 | 442 | 465 |
| **Other income** | | | | | | | | |
| Deposit and payment service charges | **137** | 138 | 134 | 129 | 126 | 134 | 119 | 117 |
| Lending fees and card service revenues | **262** | 278 | 260 | 238 | 262 | 185 | 258 | 242 |
| Brokerage and investment fund services | **391** | 367 | 374 | 363 | 376 | 347 | 339 | 400 |
| Management and custodial service fees | **248** | 261 | 219 | 222 | 199 | 207 | 192 | 189 |
| Net other investment income (loss) | **61** | (101) | (60) | (61) | 17 | (65) | (30) | 41 |
| Foreign exchange income | **97** | 80 | 66 | 47 | 48 | 59 | 47 | 47 |
| Other | **55** | 91 | 53 | 97 | 84 | 57 | 50 | 72 |
| | **1,251** | 1,114 | 1,046 | 1,035 | 1,112 | 924 | 975 | 1,108 |
| **Total net revenue** | **3,682** | 3,958 | 3,385 | 3,753 | 3,564 | 3,538 | 3,133 | 3,239 |
| Provision for credit losses | **210** | 272 | 105 | 87 | 133 | 231 | 127 | 66 |
| Non-interest expense | | | | | | | | |
| Gross non-interest expense | **2,736** | 2,868 | 2,524 | 2,697 | 2,556 | 2,749 | 2,443 | 2,680 |
| Non-interest expense included in insurance service expenses[(1)] | **(233)** | (209) | (235) | (250) | (245) | (250) | (240) | (246) |
| Net non-interest expense | **2,503** | 2,659 | 2,289 | 2,447 | 2,311 | 2,499 | 2,203 | 2,434 |
| **Operating surplus earnings** | **969** | 1,027 | 991 | 1,219 | 1,120 | 808 | 803 | 739 |
| Income taxes on surplus earnings | **231** | 201 | 234 | 301 | 265 | 58 | 189 | 186 |
| **Surplus earnings before member dividends** | **738** | 826 | 757 | 918 | 855 | 750 | 614 | 553 |
| Member dividends | **113** | 107 | 110 | 110 | 110 | 91 | 106 | 109 |
| Tax recovery on member dividends | **(29)** | (23) | (28) | (29) | (29) | (23) | (28) | (29) |
| **Net surplus earnings for the period after member dividends** | **$ 654** | $ 742 | $ 675 | $ 837 | $ 774 | $ 682 | $ 536 | $ 473 |
| Of which: | | | | | | | | |
| Group's share | **$ 649** | $ 689 | $ 664 | $ 802 | $ 740 | $ 641 | $ 520 | $ 462 |
| Non-controlling interests' share | **5** | 53 | 11 | 35 | 34 | 41 | 16 | 11 |

(1) Represents the non-interest expense directly related to the fulfillment of insurance contracts presented under "Insurance service result."

Quarterly income, expenses and surplus earnings before member dividends are affected by certain trends, including seasonal variations, and by changes in general economic conditions and the financial markets. In addition, following the transition to IFRS 17, "Insurance Contracts," on January 1, 2023, insurers' net surplus earnings are more sensitive mainly to financial market changes, but also to interest rates, which makes the quarterly results more volatile compared to past quarterly results. For more information about quarterly trends, see pages 41 and 42 of the 2024 annual MD&A.

# BALANCE SHEET REVIEW

## BALANCE SHEET MANAGEMENT

**Combined Balance Sheets**

| (in millions of dollars and as a percentage) | As at March 31, 2025 | | As at December 31, 2024 | |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and deposits with financial institutions | **$ 7,128** | **1.5%** | $ 5,977 | 1.3% |
| Securities | **105,827** | **21.7** | 99,308 | 21.1 |
| Securities borrowed or purchased under reverse repurchase agreements | **25,544** | **5.2** | 23,666 | 5.0 |
| Loans, net of allowance for credit losses | **296,328** | **60.7** | 289,597 | 61.5 |
| Segregated fund net assets | **29,633** | **6.1** | 28,959 | 6.1 |
| Derivative financial instruments | **8,153** | **1.7** | 7,579 | 1.6 |
| Other assets | **15,333** | **3.1** | 15,856 | 3.4 |
| **Total assets** | **$ 487,946** | **100.0%** | $ 470,942 | 100.0% |
| **Liabilities and equity** | | | | |
| Deposits | **$ 309,379** | **63.3%** | $ 300,946 | 64.0% |
| Insurance contract liabilities | **35,028** | **7.2** | 34,538 | 7.3 |
| Commitments related to securities sold short | **18,058** | **3.7** | 13,249 | 2.8 |
| Commitments related to securities lent or sold under repurchase agreements | **23,543** | **4.8** | 20,633 | 4.4 |
| Derivative financial instruments | **6,119** | **1.3** | 6,112 | 1.3 |
| Segregated fund net liabilities – Investment contracts | **26,113** | **5.4** | 25,329 | 5.4 |
| Other liabilities | **25,096** | **5.1** | 27,483 | 5.8 |
| Subordinated notes | **5,239** | **1.1** | 3,962 | 0.8 |
| Equity | **39,371** | **8.1** | 38,690 | 8.2 |
| **Total liabilities and equity** | **$ 487,946** | **100.0%** | $ 470,942 | 100.0% |

### Assets

As at March 31, 2025, Desjardins Group's total assets stood at $487.9 billion, up $17.0 billion, or 3.6%, since December 31, 2024.

Desjardins Group's cash and deposits with financial institutions were up $1.2 billion, or 19.3%, and securities, including securities borrowed or purchased under reverse repurchase agreements, rose $8.4 billion, or 6.8%, reflecting liquidity management activities.

Desjardins Group's outstanding loan portfolio, net of the allowance for credit losses, increased $6.7 billion, or 2.3%, primarily as a result of residential mortgage loans, which were up $4.0 billion, or 2.2%. Business and government loans have climbed $3.0 billion, or 3.5%, since December 31, 2024. Consumer, credit card and other personal loans outstanding were down $0.2 billion, or 1.0%, since the end of 2024.

Information on the quality of Desjardins Group's credit portfolio can be found in the "Risk management" section, on pages 29 to 31 of this MD&A.

Segregated fund net assets rose $0.7 billion, or 2.3%, on account of the growth in contract holders.

Derivative financial instrument assets were up $0.6 billion, or 7.6%, owing primarily to financial market developments and the effect of exchange rate fluctuations.

Other assets fell $0.5 billion, or 3.3%, mainly as a result of lower amounts receivable from clients, brokers and financial institutions.

### Liabilities

Desjardins Group's total liabilities amounted to $448.6 billion as at March 31, 2025, up $16.3 billion, or 3.8%, since December 31, 2024.

Outstanding deposits grew $8.4 billion, or 2.8%. The increase in business and government deposits, which comprised 46.7% of Desjardins Group's total deposit portfolio, was largely responsible for this growth. These deposits outstanding were up $5.2 billion, or 3.8%, owing primarily to the various securities issues in the Canadian, U.S. and international markets, and growth in business member deposits. Personal deposits outstanding, which accounted for 53.2% of the total deposit portfolio, were up $3.2 billion, or 2.0%. Deposits from deposit institutions were have risen $31 million since the end of 2024.

Desjardins Group's insurance contract liabilities were up $0.5 billion, or 1.4%.

Commitments related to securities sold short and lent or sold under repurchase agreements increased $7.7 billion, or 22.8%, to a volume of $41.6 billion.

Derivative financial instrument liabilities were stable compared to December 31, 2024.

Segregated fund net liabilities for investment contracts were up $0.8 billion, or 3.1%, on account of the growth in contract holders.

Other liabilities fell $2.4 billion, or 8.7%, owing primarily to lower amounts payable to clients, brokers and financial institutions.

Subordinated notes increased $1.3 billion, or 32.2%, following an issue of $1,250 million in non-viability contingent capital (NVCC)-eligible notes under the Canadian NVCC Subordinated Notes Program on January 24, 2025. In addition, on April 30, 2025, the Federation announced its intention to repurchase, on May 26, 2025, NVCC subordinated notes totalling $1 billion, maturing on May 26, 2030, at a price equal to their par value, plus accrued and unpaid interest through May 26, 2025, exclusively.

**Equity**

Equity has increased $0.7 billion, or 1.8%, since December 31, 2024 due to net surplus earnings after member dividends totalling $0.7 billion for the first three months of 2025.

Note 22, "Capital stock," and Note 23, "Share capital," to the Annual Combined Financial Statements provide additional information about Desjardins Group's capital stock and share capital.

## CAPITAL MANAGEMENT

Capital management is crucial to the financial management of Desjardins Group with an objective to ensure the financial soundness and sustainability of the Desjardins Cooperative Group. To help safeguard a capital level and structure that maintains the confidence of members and clients and optimizes financial capital costs, the organization has a target capital structure that takes into account the banking industry regulatory requirements, Desjardins Group's objectives for maintaining its credit ratings and the risk profiles of the organization and its components. The target structure is subject to change and is updated annually by the Federation's Board of Directors based on changes in the above factors. Additional information on the Integrated Capital Management Framework can be found in Section 3.2, "Capital management," of Desjardins Group's 2024 annual MD&A.

The current situation and the forecasts show that, overall, Desjardins Group has a solid capital base that allows it to continue to be one of the best-capitalized Canadian financial institutions and meet its targets.

**Regulatory framework**

Desjardins Group's regulatory capital ratios are calculated in accordance with the *Capital Adequacy Guideline* issued by the AMF and applicable, in particular, to financial services cooperatives. The Guideline takes into account the global regulatory framework for more resilient banks and banking systems (Basel III) issued by the Bank for International Settlements.

Under this framework, a minimum amount of capital must be maintained on a combined basis by all the Desjardins Group components. Some of these components are subject to separate requirements regarding regulatory capital, liquidity and funding, which are set by regulatory authorities governing trusts, credit unions, insurers and securities, among other things. Desjardins Group oversees and manages the capital requirements of these entities to ensure efficient use of capital and continuous compliance with the applicable regulations.

In this regard, it should be mentioned that the life and health insurance subsidiary under provincial jurisdiction is subject to the *Capital Adequacy Requirements Guideline – Life and Health Insurance* issued by the AMF. The property and casualty insurance subsidiaries under provincial jurisdiction must comply with the *Guideline on Capital Adequacy Requirements – Property and Casualty Insurance* issued by the AMF. The property and casualty insurance subsidiaries under federal jurisdiction must comply with the OSFI's *Minimum Capital Test – Guideline*.

For the purpose of calculating capital, Desjardins Financial Corporation Inc., the holding corporation that mainly includes the insurance companies, was deconsolidated and presented as a Desjardins Group partial capital deduction under the rules for significant investments stated in the *Capital Adequacy Guideline*. Desjardins Financial Corporation Inc., is subject to the AMF's *Capital Adequacy Requirements Guideline – Life and Health Insurance.*

In addition, Desjardins Group has been required to maintain a minimum loss absorbing capacity at all times in order to support its internal recapitalization (bail-in) in the event of failure. Such capacity is composed of regulatory capital instruments and unsecured external long-term debt that meets the criteria under the *Total Loss Absorbing Capacity Guideline* (TLAC Guideline) issued by the AMF.

The following table presents a summary of the minimum regulatory ratios set by the AMF under Basel III.

**Summary of ratios regulated by the AMF under Basel III**

| (as a percentage) | | Minimum ratio | Capital conservation buffer | | Minimum ratio including capital conservation buffer | Supplement applying to D-SIFIs[1][2] | | Minimum ratio including capital conservation buffer and supplement applying to D-SIFIs | **Capital and leverage ratios as at March 31, 2025** |
|---|---|---|---|---|---|---|---|---|---|
| Tier 1A capital ratio[3] | > | 4.5% | 2.5% | > | 7.0% | 1.0% | > | 8.0% | **22.4%** |
| Tier 1 capital ratio[3] | > | 6.0 | 2.5 | > | 8.5 | 1.0 | > | 9.5 | **22.4** |
| Total capital ratio[3] | > | 8.0 | 2.5 | > | 10.5 | 1.0 | > | 11.5 | **25.3** |
| TLAC ratio[4] | > | 21.5 | N/A | > | 21.5 | N/A | > | 21.5 | **33.1** |
| Leverage ratio[5] | > | 3.0 | N/A | > | 3.0 | 0.5 | > | 3.5 | **7.6** |
| TLAC leverage ratio[6] | > | 6.75 | N/A | > | 6.75 | N/A | > | 6.75 | **11.0** |

(1) Supplement applicable to Desjardins Group as a domestic systemically important financial institution (D-SIFI).

(2) At its discretion, the AMF may also set higher target ratios when warranted by circumstances. In this regard, the AMF could activate the countercyclical buffer when it considers that excess credit growth is associated with a build-up of system-wide risk. Based on this assessment, a countercyclical buffer requirement representing between 0% and 2.5% of total risk-weighted assets (RWA) will be put in place when circumstances warrant. This requirement will be lifted when the risk either crystallizes or dissipates.

(3) The capital ratios are expressed as a percentage of regulatory capital to risk-weighted assets.

(4) The TLAC ratio is expressed as a percentage of regulatory capital and TLAC-eligible instruments (as set out in the TLAC Guideline) compared to risk-weighted assets at the level of the resolution group, which is deemed to be Desjardins Group, excluding Caisse Desjardins Ontario Credit Union Inc.

(5) The leverage ratio is calculated by dividing Tier 1 capital by the exposure measure, which is an independent measure of risk and includes: (1) on-balance sheet exposures, (2) securities financing transaction exposures, (3) derivative exposures, and (4) off-balance sheet items.

(6) The TLAC leverage ratio is calculated by dividing the sum total of regulatory capital and TLAC-eligible instruments (as set out in the TLAC Guideline) by the exposure measure at the level of the resolution group.

## Regulatory developments

Desjardins Group continues to monitor changes in capital requirements under the global standards developed by the Basel Committee on Banking Supervision (BCBS) and to assess their impact on the capital ratios and the leverage ratio. Additional information in this regard can be found in Desjardins Group's 2024 annual MD&A on page 45. The "Changes in the regulatory environment" section of this MD&A also presents additional details on regulation as it affects all Desjardins Group operations.

In February 2025, the AMF issued a new revision of the *Capital Adequacy Guideline* proposing, in particular, changes to the principles for non-viability contingent capital-eligible instruments as well as concordance and clarification changes. These changes became effective on January 1, 2025.

## Compliance with requirements

As at March 31, 2025, the Tier 1A, Tier 1 and total capital ratios of Desjardins Group, calculated in accordance with Basel III requirements, were 22.4%, 22.4% and 25.3%, respectively. The leverage ratio was 7.6%.

As at March 31, 2025, the Tier 1A capital ratio was up 27 basis points compared to December 31, 2024, owing primarily to the increase in reserves and surpluses for the period combined with risk-weighted asset optimization initiatives.

In addition, the TLAC ratio and the TLAC leverage ratio were respectively 33.1% and 11.0% as at March 31, 2025.

Desjardins Group and all its components that are subject to minimum regulatory requirements with respect to capitalization were in compliance with said requirements as at March 31, 2025.

**Regulatory capital and other TLAC instruments**

The following tables present Desjardins Group's main capital components, regulatory capital balances and other TLAC instruments, as well as risk-weighted assets, regulatory ratios, and changes in regulatory capital and other TLAC instruments during the period.

**Main capital components and other TLAC instruments**

<table>
<tr><th rowspan="4"></th><th colspan="4">Regulatory capital and other TLAC instruments</th></tr>
<tr><th colspan="3">Total capital</th><th rowspan="3">Other TLAC instruments</th></tr>
<tr><th colspan="2">Tier 1 capital</th><th rowspan="2">Tier 2 capital</th></tr>
<tr><th>Tier 1A[1]</th><th>Tier 1B[1]</th></tr>
<tr><td>Eligible items</td><td>• Reserves and undistributed surplus earnings<br>• Eligible accumulated other comprehensive income<br>• F capital shares</td><td>• Non-controlling interests[2]</td><td>• Eligible portion of allowance for credit losses<br>• NVCC subordinated notes[3]<br>• Eligible qualifying shares</td><td>• TLAC senior notes</td></tr>
<tr><td>Regulatory adjustments</td><td>• Goodwill<br>• Software<br>• Other intangible assets<br>• Net defined benefit plan assets<br>• Deferred tax assets essentially resulting from loss carryforwards<br>• Provision deficit<br>• Gains and losses from fluctuations in the fair value of financial liabilities due to changes in the entity's credit risk<br>• Equity investments in investment funds subject to the fallback approach</td><td></td><td></td><td></td></tr>
<tr><td>Deductions</td><td>• Mainly significant investments in financial entities[4]</td><td>• Investment in preferred shares of a component deconsolidated for regulatory capital purposes</td><td>• Investment in preferred shares of a component deconsolidated for regulatory capital purposes<br>• Subordinated financial instrument</td><td></td></tr>
</table>

(1) The Tier 1A and Tier 1B ratios are the equivalent of the financial institutions' CET1 and AT1 ratios for financial services cooperatives regulated by the AMF.
(2) The amount of non-controlling interests is determined, in particular, based on the nature of the operations and the capitalization level of the investee.
(3) These notes meet the non-viability contingent capital (NVCC) requirements of the *Capital Adequacy Guideline*. To be eligible, the notes must include a clause requiring the full and permanent conversion into a Tier 1A capital instrument at the point of non-viability.
(4) Represent the portion of investments in the components deconsolidated for regulatory capital purposes (mainly Desjardins Financial Corporation Inc.) that exceeds 10% of capital, net of regulatory adjustments. In addition, when the non-deducted balance, plus deferred tax assets, net of corresponding deferred tax liabilities, exceeds 15% of the adjusted capital, the surplus is also deducted from this capital. The net non-deducted balance is subject to risk weighting at a rate of 250%.

### Regulatory capital and other TLAC instruments

| (in millions of dollars and as a percentage) | As at March 31, 2025 | As at December 31, 2024 |
|---|---|---|
| **Capital** | | |
| Tier 1A capital | **$ 34,061** | $ 33,157 |
| Tier 1 capital | **34,061** | 33,157 |
| Total capital | **38,357** | 36,269 |
| Total loss absorbing capacity (TLAC) available[1] | **48,615** | 47,797 |
| **Risk-weighted assets** | | |
| Credit risk | **$ 122,870** | $ 121,845 |
| Market risk | **6,055** | 4,901 |
| Operational risk | **22,957** | 22,875 |
| **Total risk-weighted assets** | **$ 151,882** | $ 149,621 |
| **Total risk-weighted assets for TLAC ratio purposes[1]** | **147,079** | 145,372 |
| **Leverage ratio exposure** | **451,038** | 434,089 |
| **TLAC leverage ratio exposure[1]** | **443,245** | 427,337 |
| **Ratios** | | |
| Tier 1A capital ratio | **22.4%** | 22.2% |
| Tier 1 capital ratio | **22.4** | 22.2 |
| Total capital ratio | **25.3** | 24.2 |
| TLAC[1] | **33.1** | 32.9 |
| Leverage ratio | **7.6** | 7.6 |
| TLAC leverage ratio[1] | **11.0** | 11.2 |

(1) Data calculated at the level of the resolution group, which is deemed to be Desjardins Group, excluding Caisse Desjardins Ontario Credit Union Inc.

The Federation is able to issue non-viability contingent capital-eligible (NVCC) instruments on Canadian, U.S. and international markets. Should there be a trigger event as defined in the *Capital Adequacy Guideline*, these notes would automatically and immediately be converted into Tier 1A capital of the Federation.

The Federation issued NVCC securities totalling $5.3 billion as at March 31, 2025. In addition, on April 30, 2025, the Federation announced its intention to repurchase, on May 26, 2025, NVCC subordinated notes totalling $1 billion, maturing on May 26, 2030, at a price equal to their par value, plus accrued and unpaid interest through May 26, 2025, exclusively.

Desjardins Group also issued TLAC-eligible debt to meet minimum requirements, for a total of $11.2 billion as at March 31, 2025.

### Change in regulatory capital and other TLAC instruments

For the three-month period ended

| (in millions of dollars) | March 31, 2025 |
|---|---|
| **Tier 1A capital** | |
| Balance at beginning of period | **$ 33,157** |
| Increase in reserves and undistributed surplus earnings[1] | **561** |
| Eligible accumulated other comprehensive income | **459** |
| F capital shares[2] | **(100)** |
| Deductions | **(16)** |
| Balance at end of period | **34,061** |
| **Total Tier 1 capital[3]** | **34,061** |
| **Tier 2 capital** | |
| Balance at beginning of period | **3,112** |
| Eligible instruments | **1,277** |
| Eligible portion of allowance for credit losses | **31** |
| Deductions | **(124)** |
| Balance at end of period | **4,296** |
| **Total capital** | **$ 38,357** |
| **Total capital for TLAC purposes[4]** | **$ 37,400** |
| **Other TLAC instruments** | |
| Balance at beginning of period | **12,469** |
| TLAC senior notes | **(1,254)** |
| Balance at end of period | **11,215** |
| **Total loss absorbing capacity (TLAC) available[4]** | **$ 48,615** |

(1) Amount including the change in defined benefit pension plans.
(2) On March 24, 2025, the Federation redeemed for cancellation 10 million F capital shares held in the Trust Fund.
(3) No Tier 1B capital instrument has been issued to date.
(4) Data calculated at the level of the resolution group, which is deemed to be Desjardins Group, excluding Caisse Desjardins Ontario Credit Union Inc.

### Risk-weighted assets (RWA)

Desjardins Group calculates RWA for credit risk, market risk and operational risk.

Credit risk

- Desjardins uses the Internal Ratings-Based Approach for credit risk.
- This approach is used for retail exposures – Personal as well as for most exposures in the asset classes consisting of sovereign borrowers, financial institutions, businesses and SMEs similar to other retail client exposures.
- The Standardized Approach is used to measure the credit risk of certain exposures related to components of lesser importance, as well as asset classes that are not significant in terms of amount and perceived risk profile.

Market risk

- Desjardins Group uses the standardized approach framework for the calculation of market risk RWA.

Operational risk

- Desjardins Group uses the Standardized Approach to calculate operational risk.

Desjardins is also subject to an RWA floor. When the RWA modelled are lower than the RWA calculated using the Standardized Approach multiplied by a factor set by the AMF, the difference is added to the denominator of the regulatory capital ratio, as specified in the AMF's *Capital Adequacy Guideline*.

### Movements in risk-weighted assets

RWA totalled $151.9 billion as at March 31, 2025, up $2.3 billion compared to the previous quarter.

For credit risk, changes in RWA for the first quarter of 2025 are divided into two segments: credit risk other than counterparty risk, and counterparty risk.

- Credit risk other than counterparty risk remained stable compared to the previous quarter.
- Counterparty risk reflected a net increase amounting to $1.0 billion.

Market risk saw a net increase in RWA totalling $1.2 billion. Operational risk was also up, rising $0.1 billion.

### Disclosure of systemically important financial institutions (SIFI) indicators

The rules for global systemically important financial institutions (G-SIFIs) are determined by the BCBS. The recommended G-SIFI assessment methodology is outlined in the document entitled, *Global systemically important banks: updated assessment methodology and the higher loss absorbency requirement*, issued by the BCBS in July 2018. In order to apply this assessment exercise to Québec, the AMF issued a revision of the *Pillar 3 Disclosure Requirements Guideline* in January 2020. This version requires the public disclosure of the macro indicator table "Disclosure of SIFI indicators" for all deposit institutions with a Basel III leverage ratio exposure measure exceeding €200 billion and designated as SIFIs. This table contains 13 indicators used as a basis for the BCBS's assessment methodology to identify G-SIFIs. Based on the value of the indicators as well as the BCBS's and the AMF's prudential judgment, Desjardins Group could be designated as a G-SIFI. Given that the indicators are calculated using the specific methodology prescribed by the Basel Committee, the measures may not be comparable to other measures reported in this MD&A.

**Disclosure of SIFI indicators**[1]

(in millions of dollars)

| | Category | Indicator | As at December 31, 2024 | As at December 31, 2023 |
|---|---|---|---|---|
| 1 | **Cross-jurisdictional activity**[2] | Cross-jurisdictional claims | **$ 3,267** | $ 2,920 |
| 2 | | Cross-jurisdictional liabilities | **37,035** | 36,333 |
| 3 | **Size**[3] | Total exposures[4] | **497,166** | 448,483 |
| 4 | **Interconnectedness**[5] | Intra-financial system assets[4] | **28,025** | 32,782 |
| 5 | | Intra-financial system liabilities[4] | **6,175** | 5,872 |
| 6 | | Securities outstanding (issued by Desjardins)[4] | **51,304** | 46,576 |
| 7 | **Substitutability / financial** | Assets under custody | **376,827** | 354,105 |
| 8 | **institution infrastructure**[6] | Payment activities | **1,636,569** | 1,679,915 |
| 9 | | Underwritten transactions in debt and equity markets | **20,568** | 17,950 |
| 10 | | Trading volume | | |
| | | Trading volume – fixed income | **120,226** | 143,155 |
| | | Trading volume – equities and other securities | **201,839** | 157,635 |
| 11 | **Complexity**[7] | Notional amount of over-the-counter (OTC) derivatives[4] | **598,563** | 695,212 |
| 12 | | Level 3 assets | **5,732** | 5,089 |
| 13 | | Trading and available-for-sale securities[4] | **5,447** | 5,553 |

(1) Global systemically important indicators are prepared based on the methodology prescribed in the BCBS guidelines published in July 2018 and the BCBS January 2022 instructions, and are reported in accordance with the *Pillar 3 Disclosure Requirements Guideline* of January 2024.
(2) Represents an institution's level of interaction outside Canada.
(3) Represents the total on- and off-balance sheet exposures of the institution determined as per the AMF's Base III leverage ratio rules before regulatory adjustments.
(4) Including insurance operations.
(5) Represents transactions with other financial institutions.
(6) Represents the extent to which Desjardins Group's services could be substituted by those of other institutions.
(7) Includes the level of complexity and volume of an institution's trading activities represented through derivative financial instruments, trading securities, investment securities and Level 3 financial assets.

## OFF-BALANCE SHEET ARRANGEMENTS

In the normal course of operations, Desjardins Group enters into various off-balance sheet arrangements, including assets under management and under administration on behalf of its members and clients, credit instruments, guarantees and structured entities, including securitization. Additional information is included in Section 3.3, "Off-balance sheet arrangements," of Desjardins Group's 2024 annual MD&A.

Note 13, "Interests in other entities," and Note 28, "Commitments, guarantees and contingent liabilities," to Desjardins Group's Annual Combined Financial Statements contain information about structured entities, credit instruments and guarantees, while Note 8, "Derecognition of financial assets," to the Annual Combined Financial Statements provides information about the securitization of Desjardins Group's loans.

**Assets under management and under administration**

As at March 31, 2025, Desjardins Group administered, on behalf of its members and clients, assets totalling $614.6 billion, for an increase of $13.7 billion, or 2.3%, since December 31, 2024. Financial assets entrusted to Desjardins Group as wealth manager amounted to $107.0 billion as at March 31, 2025, up $2.8 billion, or 2.7%, since December 31, 2024. The increase in assets under management and under administration resulted from growth in the volume of assets managed and administered.

Assets under management and under administration by Desjardins Group are composed essentially of financial assets in the form of investment funds, securities held in custody and assets accumulated by pension funds. They do not belong to Desjardins Group, but to its members and clients and, as a result, they are not recognized on the Combined Balance Sheets. The Wealth Management segment is primarily responsible for the activities related to assets under management and under administration.

# RISK MANAGEMENT

## RISK MANAGEMENT

Desjardins Group's objective in risk management is to optimize the risk-return trade-off by developing and applying integrated risk management strategies, frameworks, practices and procedures to all of the organization's business sectors and support functions. To this end, Desjardins developed an Integrated Risk Management Framework reflective of its business strategies and organizational risk-taking philosophy which is aimed, among other things, at giving its senior management and the Federation's Board of Directors an appropriate level of confidence and comfort regarding the understanding and management of the risks associated with the achievement of its objectives, including risks related to external factors such as climate change.

Desjardins Group is exposed to different types of risk in the normal course of its operations, including credit risk, market risk, liquidity risk, operational risk, insurance risk, strategic risk, reputational risk, environmental, social and governance risk, and regulatory risk.

Strict and effective management of these risks is a priority for Desjardins Group, its purpose being to support its major orientations, particularly regarding its financial soundness as well as its sustained and profitable growth, while complying with regulatory requirements. Desjardins Group considers risk an inextricable part of its development, and consequently strives to promote a proactive approach in which each of its business segments, employees and managers is responsible for risk management.

In the first three months of fiscal 2025, Desjardins Group's governance structure, frameworks and practices for risk management, and the nature and description of the risks to which it is exposed (including operational risk, insurance risk, strategic risk, reputational risk, environmental, social risk and governance risk, and regulatory risk) did not change significantly from those described on pages 55 to 93 of Desjardins Group's 2024 annual MD&A. In addition to these types of risk, other risk factors, which are beyond Desjardins Group's control, could have an impact on its future results. These principal risks and emerging risks, as well as other risk factors, did not change significantly from those described on pages 52 to 55 of Desjardins Group's 2024 annual MD&A, except for the economic situation as specified in the "Economic environment and outlook" section of this MD&A. In addition, the following text is an update of the 2024 annual MD&A.

### RISK FACTORS THAT COULD IMPACT FUTURE RESULTS

**Update on the trade dispute with the United States and economic and financial market effects**

The Trump administration has begun rolling out its protectionist trade policy. To date, virtually every policy announcement of this nature has given way to temporary pauses or carve-outs. The situation remains highly uncertain. There will be direct adverse effects on world trade and economic activity, and even recessions, around the world, including in Canada, Quebec and Ontario. In addition, the trade dispute and its many tariffs will inevitably push up prices for multiple imported goods. However, the impact on businesses and consumers is highly uncertain, and how quickly inflation will gather pace is not readily predictable. In addition, financial markets have recently seen a sharp rise in volatility, and the environment could rapidly deteriorate in response to U.S. policy uncertainty and economic conditions. In these circumstances, Desjardins Group is monitoring and assessing developments to identify appropriate measures to mitigate any potential impact on its operations, members and clients.

## CREDIT RISK

*Credit risk is the risk of losses resulting from a borrower's or counterparty's failure to honour its contractual obligations, whether or not such obligations appear on the Combined Balance Sheets.*

Desjardins Group is exposed to credit risk first through its direct personal, business and government loans. It is also exposed through various other commitments, including letters of credit and transactions involving derivative financial instruments as well as securities transactions.

The macroeconomic environment remains highly uncertain, in particular with respect to the evolution of trade relations with the United States, including the imposition of tariffs and retaliatory measures, interest rates and geopolitical tensions. Therefore, management has to continue making particularly complex judgments to estimate the allowance for credit losses in such situation. Expert adjustments are applied to the measurement of the allowance for expected credit losses to take into account relevant risk factors related to the macroeconomic environment that are not reflected in models.

The tariffs imposed and potential impacts on our members and clients could dampen debtors' ability to pay. However, our credit portfolio remains in good shape despite the economic uncertainty. Members and clients affected in this environment may also draw on support measures.

### Quality of loan portfolio

As at March 31, 2025, in accordance with Note 5, "Loans and allowance for credit losses," to the Interim Combined Financial Statements, the loss allowance for expected credit losses on loans totalled $1,403 million, and the loss allowance for off-balance-sheet items was $119 million, for a total of $1,522 million, up $102 million, compared to December 31, 2024. This change reflects a migration in credit quality and unfavourable developments in the economic outlook, related in particular to the imposition of tariffs by the new U.S. administration, on the business loan portfolios. In the credit card portfolios, the unfavourable impact of the higher risk and the updating of forward-looking information were partly offset by lower volumes in these portfolios. For more information about the methodology and assumptions used to estimate the loss allowance for expected credit losses, please refer to Note 5, "Loans and allowance for credit losses," to the Interim Combined Financial Statements.

Gross credit-impaired loans outstanding are considered Stage 3 loans of the impairment model. The ratio of gross credit-impaired loans, as a percentage of the total gross loans portfolio, was 0.83% for the first quarter of 2025, compared to 0.81% as at December 31, 2024. The allowance for credit losses on credit-impaired loans totalled $665 million as at March 31, 2025, resulting in a provisioning rate of 27.0% for credit-impaired loans.

The following table presents the aging of gross loans that are past due but not credit-impaired.

**Gross loans past due but not credit-impaired[1]**

| | As at March 31, 2025 | | | As at December 31, 2024 | | |
|---|---|---|---|---|---|---|
| (in millions of dollars) | 31 to 90 days | 91 days or more | Total | 31 to 90 days | 91 days or more | Total |
| Residential mortgages | $ 213 | $ 106 | $ 319 | $ 165 | $ 113 | $ 278 |
| Consumer, credit card and other personal loans | 192 | 34 | 226 | 195 | 36 | 231 |
| Business and government | 57 | 103 | 160 | 84 | 110 | 194 |
| **Total** | $ 462 | $ 243 | $ 705 | $ 444 | $ 259 | $ 703 |

[1] Loans less than 31 days past due are not presented because, in general, they are not an indication that borrowers will not meet their payment obligations.

The following tables present gross credit-impaired loans by Desjardins Group borrower category and the change in gross credit-impaired loans.

**Gross credit-impaired loans by borrower category**

| | As at March 31, 2025 | | | | | As at December 31, 2024 | |
|---|---|---|---|---|---|---|---|
| | Gross carrying amount | | | Allowance for credit losses on credit-impaired loans | Net credit-impaired loans | | |
| (in millions of dollars and as a percentage) | Gross loans | Gross credit-impaired loans[1] | | | | Gross credit-impaired loans | Net credit-impaired loans |
| Residential mortgages | $ 183,965 | $ 490 | 0.27% | $ 32 | $ 458 | $ 454 | $ 424 |
| Consumer, credit card and other personal loans | 24,442 | 269 | 1.10 | 182 | 87 | 249 | 84 |
| Business and government | 89,324 | 1,700 | 1.90 | 451 | 1,249 | 1,653 | 1,233 |
| **Total** | $ 297,731 | $ 2,459 | 0.83% | $ 665 | $ 1,794 | $ 2,356 | $ 1,741 |

[1] For more information on the gross credit-impaired loans/gross loans ratio, which is a supplementary financial measure, see the Glossary on pages 46 to 53.

**Change in gross credit-impaired loans**

| | For the three-month periods ended | | |
|---|---|---|---|
| (in millions of dollars) | **March 31, 2025** | December 31, 2024 | March 31, 2024 |
| **Gross credit-impaired loans at the beginning of the period** | **$ 2,356** | $ 2,287 | $ 1,964 |
| Gross loans that became credit-impaired since the last period | **822** | 846 | 930 |
| Loans returned to unimpaired status | **(618)** | (668) | (645) |
| Write-offs and recoveries | **(101)** | (109) | (98) |
| Other changes | **—** | — | (1) |
| **Gross credit-impaired loans at the end of the period** | **$ 2,459** | $ 2,356 | $ 2,150 |

The following tables are presented to meet the disclosure requirements of the *Residential Hypothecary Lending Guideline* issued by the AMF. They present the residential mortgage portfolio of the caisse network in Québec and Caisse Desjardins Ontario Credit Union Inc. by product type and geographic area, as well as the corresponding loan-to-value ratios.

**Residential mortgage portfolio**[1]
Caisse network in Québec and Caisse Desjardins Ontario Credit Union Inc.[2]

| | **As at March 31, 2025** | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| (in millions of dollars and as a percentage) | **Guaranteed or insured loans**[3] | | **Uninsured loans**[4] | | **Home equity lines of credit**[5] | | **Total** | |
| Québec | **$ 30,809** | **97.6%** | **$ 97,622** | **95.0%** | **$ 6,134** | **95.0%** | **$ 134,565** | **95.6%** |
| Ontario | **718** | **2.3** | **5,065** | **5.0** | **323** | **5.0** | **6,106** | **4.3** |
| Other[6] | **19** | **0.1** | **51** | **—** | **—** | **—** | **70** | **0.1** |
| **All geographic areas** | **$ 31,546** | **100.0%** | **$ 102,738** | **100.0%** | **$ 6,457** | **100.0%** | **$ 140,741** | **100.0%** |

| | As at December 31, 2024 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| (in millions of dollars and as a percentage) | Guaranteed or insured loans[3] | | Uninsured loans[4] | | Home equity lines of credit[5] | | Total | |
| Québec | $ 30,514 | 97.7% | $ 96,125 | 95.2% | $ 6,109 | 95.1% | $ 132,748 | 95.8% |
| Ontario | 696 | 2.2 | 4,874 | 4.8 | 318 | 4.9 | 5,888 | 4.2 |
| Other[6] | 19 | 0.1 | 48 | — | — | — | 67 | — |
| **All geographic areas** | $ 31,229 | 100.0% | $ 101,047 | 100.0% | $ 6,427 | 100.0% | $ 138,703 | 100.0% |

| | As at March 31, 2024 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| (in millions of dollars and as a percentage) | Guaranteed or insured loans[3] | | Uninsured loans[4] | | Home equity lines of credit[5] | | Total | |
| Québec | $ 28,480 | 97.9% | $ 91,206 | 95.1% | $ 5,760 | 94.8% | $ 125,446 | 95.8% |
| Ontario | 594 | 2.0 | 4,653 | 4.9 | 315 | 5.2 | 5,562 | 4.2 |
| Other[6] | 19 | 0.1 | 43 | — | — | — | 62 | — |
| **All geographic areas** | $ 29,093 | 100.0% | $ 95,902 | 100.0% | $ 6,075 | 100.0% | $ 131,070 | 100.0% |

(1) Represents all loans secured by a property with up to four units. Residential mortgages on properties with up to four units held outside of the caisse network in Québec and Caisse Desjardins Ontario Credit Union Inc. totalled $242 million as at March 31, 2025 ($235 million as at December 31, 2024 and $218 million as at March 31, 2024).
(2) Caisse Desjardins Ontario Credit Union Inc. is not legally subject to the AMF rules but is instead subject to the Financial Services Regulatory Authority of Ontario (FSRA) rules.
(3) Term mortgages and the amortized portion of home equity lines of credit for which Desjardins Group has a full or partial guarantee or insurance from a mortgage insurer (public or private) or a government.
(4) Conventional term mortgages including the conventional amortized portion of home equity lines of credit and amortized consumer loans secured by a property with up to four units.
(5) Unamortized portion of home equity lines of credit and consumer lines of credit secured by a property with up to four units.
(6) Represents the geographic areas of Canada other than Québec and Ontario.

**Average loan-to-value (LTV) ratio for uninsured residential mortgages granted during the quarter**

Caisse network in Québec and Caisse Desjardins Ontario Credit Union Inc.[1]

| | As at March 31, 2025 | | | As at December 31, 2024 | | | As at March 31, 2024 | | |
|---|---|---|---|---|---|---|---|---|---|
| (average loan-to-value ratio, by geographic area) | Uninsured loans[2] | Home equity lines of credit and related loans[3] | Total uninsured | Uninsured loans[2] | Home equity lines of credit and related loans[3] | Total uninsured | Uninsured loans[2] | Home equity lines of credit and related loans[3] | Total uninsured |
| Québec | **65.5%** | **61.8%** | **63.1%** | 64.2% | 63.0% | 63.4% | 61.8% | 61.4% | 61.5% |
| Ontario | **63.7** | **63.8** | **63.8** | 63.6 | 60.6 | 62.0 | 65.8 | 61.7 | 63.5 |
| Other[4] | **78.6** | **62.2** | **76.4** | 57.1 | 79.9 | 71.7 | 79.9 | — | 79.9 |
| **All geographic areas** | **65.3%** | **61.9%** | **63.1%** | 64.2% | 63.0% | 63.4% | 62.1% | 61.4% | 61.6% |

(1) Caisse Desjardins Ontario Credit Union Inc. is not legally subject to the AMF rules but rather to the FSRA rules.
(2) Conventional term mortgages and amortized consumer loans secured by a property with up to four units.
(3) Home equity lines of credit including related amortized loans and consumer lines of credit secured by a property with up to four units.
(4) Represents the geographic areas of Canada other than Québec and Ontario.

The following table presents Desjardins Group's residential mortgage portfolio by remaining amortization period.

**Remaining amortization period for residential mortgages[1][2]**

Caisse network in Québec and Caisse Desjardins Ontario Credit Union Inc.[3]

| | Total amortized loans | | | | | |
|---|---|---|---|---|---|---|
| (in millions of dollars in gross loans and as a percentage of the total by remaining amortization category) | As at March 31, 2025 | | As at December 31, 2024 | | As at March 31, 2024 | |
| 0 to 10 years | **$ 9,447** | **7.0%** | $ 9,390 | 7.1% | $ 9,099 | 7.3% |
| 10 to 20 years | **44,279** | **33.0** | 43,556 | 32.9 | 41,402 | 33.1 |
| 20 to 25 years | **69,230** | **51.6** | 68,338 | 51.7 | 62,661 | 50.1 |
| 25 to 30 years | **8,276** | **6.2** | 7,150 | 5.4 | 5,945 | 4.8 |
| 30 to 35 years | **163** | **0.1** | 170 | 0.1 | 172 | 0.1 |
| 35 years or more[4] | **2,889** | **2.1** | 3,672 | 2.8 | 5,716 | 4.6 |
| **All amortization periods** | **$ 134,284** | **100.0%** | $ 132,276 | 100.0% | $ 124,995 | 100.0% |

(1) The caisse network's variable-rate mortgages represented 25.0% as at March 31, 2025 (23.2% as at December 31, 2024 and 24.1% as at March 31, 2024).
(2) In accordance with Desjardins Group's internal practices, the remaining amortization period for residential mortgages is limited to 30 years. However, exceeding this 30-year maximum amortization is permitted in certain exceptional situations.
(3) Caisse Desjardins Ontario Credit Union Inc. is not legally subject to the AMF rules but rather to the FSRA rules.
(4) Negative amortization loans are included in the over 35 years category, which reflects the impact of interest rate hikes on the variable-rate mortgage portfolio.

### International exposures

As at March 31, 2025, Desjardins Group credit risk exposures outside of Canada and the U.S. represented 1.2% of the total exposures.

### Counterparty and issuer risk

*Counterparty and issuer risk is a credit risk relative to different types of securities, derivative financial instrument and securities lending transactions.*

The Risk Management Executive Division sets the maximum exposure for each counterparty and issuer based on quantitative and qualitative criteria. In addition, limits are set for certain financial instruments. The amounts are then allocated to different components based on their needs.

A large proportion of Desjardins Group's exposure is to the different levels of government in Canada, Québec public and parapublic entities and major Canadian banks. For most of these counterparties and issuers, the credit rating is A- or higher. Apart from the U.S. sovereign debt holdings and commitments with major international banks, Desjardins Group's exposure to foreign entities is low.

## MARKET RISK

*Market risk refers to the risk of loss arising from changes in the fair value of financial instruments as a result of fluctuations in the parameters affecting this value, in particular, interest rates, exchange rates, credit spreads, equity prices and their volatility.*

Desjardins Group is exposed to market risk through its trading activities, which result primarily from short-term transactions conducted with the intention of profiting from current price movements or to provide arbitrage revenue. Desjardins Group is also exposed to market risk through its non-trading activities, which group together mainly asset/liability management transactions in the course of its traditional banking activities as well as investment portfolios related to its insurance operations. Desjardins Group and its components have adopted policies that set out the principles, limits and procedures to use in managing market risk.

### Link between market risk and the Combined Balance Sheets

The following table presents the link between the main Combined Balance Sheet data and the positions included in trading activities and non-trading activities. The principal market risks associated with non-trading activities are also indicated in the table.

**Link between market risk and the Combined Balance Sheets**
As at March 31, 2025

| (in millions of dollars) | Combined Balance Sheets | Exposed to market risk – Trading activities[1][2] | Exposed to market risk – Non-trading activities[3] | Not exposed to market risk | Principal risks associated with non-trading activities |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and deposits with financial institutions | $ 7,128 | $ — | $ 7,128 | $ — | Interest rate |
| Securities | | | | | |
| Securities at fair value through profit or loss | 46,726 | 16,628 | 30,098 | — | Interest rate |
| Securities at fair value through other comprehensive income | 59,056 | — | 59,056 | — | Interest rate, FX, price |
| Securities at amortized cost | 45 | — | 45 | — | Interest rate |
| Securities borrowed or purchased under reverse repurchase agreements | 25,544 | 22,037 | 3,507 | — | Interest rate |
| Loans, net of allowance for credit losses | 296,328 | — | 296,328 | — | Interest rate |
| Segregated fund net assets | 29,633 | — | 29,633 | — | Interest rate, price |
| Derivative financial instruments | 8,153 | 793 | 7,360 | — | Interest rate, FX, price |
| Other assets | 15,333 | — | — | 15,333 | |
| **Total assets** | $ 487,946 | $ 39,458 | $ 433,155 | $ 15,333 | |
| **Liabilities and equity** | | | | | |
| Deposits | $ 309,379 | $ — | $ 309,379 | $ — | Interest rate |
| Insurance contract liabilities | 35,028 | — | 35,028 | — | Interest rate |
| Commitments related to securities sold short | 18,058 | 17,451 | 607 | — | Interest rate |
| Commitments related to securities lent or sold under repurchase agreements | 23,543 | 23,325 | 218 | — | Interest rate |
| Derivative financial instruments | 6,119 | 628 | 5,491 | — | Interest rate, FX, price |
| Segregated fund net liabilities – Investment contracts | 26,113 | — | 26,113 | — | Interest rate, price |
| Other liabilities | 25,096 | — | 710 | 24,386 | Interest rate |
| Subordinated notes | 5,239 | — | 5,239 | — | Interest rate |
| Equity | 39,371 | — | — | 39,371 | |
| **Total liabilities and equity** | $ 487,946 | $ 41,404 | $ 382,785 | $ 63,757 | |

See next page for footnotes.

**Link between market risk and the Combined Balance Sheets (continued)**
As at December 31, 2024

| (in millions of dollars) | Combined Balance Sheets | Exposed to market risk: Trading activities[1][2] | Exposed to market risk: Non-trading activities[3] | Not exposed to market risk | Principal risks associated with non-trading activities |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and deposits with financial institutions | $ 5,977 | $ — | $ 5,977 | $ — | Interest rate |
| Securities | | | | | |
| Securities at fair value through profit or loss | 41,961 | 13,210 | 28,751 | — | Interest rate |
| Securities at fair value through other comprehensive income | 57,302 | — | 57,302 | — | Interest rate, FX, price |
| Securities at amortized cost | 45 | — | 45 | — | Interest rate |
| Securities borrowed or purchased under reverse repurchase agreements | 23,666 | 20,159 | 3,507 | — | Interest rate |
| Loans, net of allowance for credit losses | 289,597 | — | 289,597 | — | Interest rate |
| Segregated fund net assets | 28,959 | — | 28,959 | — | Interest rate, price |
| Derivative financial instruments | 7,579 | 983 | 6,596 | — | Interest rate, FX, price |
| Other assets | 15,856 | — | — | 15,856 | |
| **Total assets** | $ 470,942 | $ 34,352 | $ 420,734 | $ 15,856 | |
| **Liabilities and equity** | | | | | |
| Deposits | $ 300,946 | $ — | $ 300,946 | $ — | Interest rate |
| Insurance contract liabilities | 34,538 | — | 34,538 | — | Interest rate |
| Commitments related to securities sold short | 13,249 | 12,589 | 660 | — | Interest rate |
| Commitments related to securities lent or sold under repurchase agreements | 20,633 | 20,459 | 174 | — | Interest rate |
| Derivative financial instruments | 6,112 | 685 | 5,427 | — | Interest rate, FX, price |
| Segregated fund net liabilities – Investment contracts | 25,329 | — | 25,329 | — | Interest rate, price |
| Other liabilities | 27,483 | — | 713 | 26,770 | Interest rate |
| Subordinated notes | 3,962 | — | 3,962 | — | Interest rate |
| Equity | 38,690 | — | — | 38,690 | |
| **Total liabilities and equity** | $ 470,942 | $ 33,733 | $ 371,749 | $ 65,460 | |

(1) Trading activity positions for which the risk measure is Value at Risk (VaR).
(2) The amounts presented under trading activities take inter-company eliminations into account.
(3) Positions mainly related to non-trading banking activities and insurance activities.

## Management of market risk related to trading activities – Value at Risk

The market risk of trading portfolios is managed on a day-to-day basis under specific frameworks, which set out the risk factors that must be measured and the limit for each of these factors as well as the total. Tolerance limits are also provided for various stress testing. Compliance with these limits is monitored daily and a market risk dashboard is produced on a daily basis and reported to senior management. Any limit exceeded is immediately analyzed and the appropriate action is taken.

The main tool used to measure this risk is Value at Risk (VaR). VaR is an estimate of the potential loss over a certain period of time at a given confidence level. A Monte Carlo VaR is calculated daily on the trading portfolios, using a 99% confidence level and a holding horizon of one day holding horizon. It is therefore reasonable to expect a loss exceeding the VaR figure once every 100 days. The calculation of VaR is based on historical data for a one-year interval.

The following table presents the aggregate VaR of trading activities. Equity price risk, foreign exchange risk and interest rate risk are the three market risk categories to which Desjardins Group is exposed. These risk factors are taken into account in measuring the market risk of the trading portfolio. They are reflected in the VaR table presented below. The definition of a trading portfolio meets the various criteria defined in the *Capital Adequacy Guideline* issued by the AMF.

**Market risk measures for the trading portfolio**

| (in millions of dollars) | As at March 31, 2025 | For the quarter ended March 31, 2025 Average | High | Low | For the quarters ended December 31, 2024 As at December 31, 2024 | Average | March 31, 2024 As at March 31, 2024 | Average |
|---|---|---|---|---|---|---|---|---|
| Equities | **$ 0.4** | **$ 0.4** | **$ 0.6** | **$ 0.3** | $ 0.3 | $ 0.3 | $ 0.3 | $ 0.2 |
| Foreign exchange | **0.9** | **0.6** | **2.1** | **0.2** | 0.4 | 0.7 | 0.4 | 0.5 |
| Interest rate | **6.1** | **5.6** | **8.2** | **3.0** | 4.0 | 4.7 | 4.4 | 4.8 |
| Diversification effect(1) | **(1.0)** | **(0.8)** | **N/A(2)** | **N/A(2)** | (0.6) | (0.9) | (0.9) | (0.8) |
| **Aggregate VaR** | **$ 6.4** | **$ 5.8** | **$ 8.2** | **$ 3.1** | $ 4.1 | $ 4.8 | $ 4.2 | $ 4.7 |

(1) Represents the risk reduction related to diversification, namely the difference between the sum of the VaR of the various market risks and the aggregate VaR.
(2) The highs and lows of the various market risk categories can refer to different dates. It is not relevant to calculate a diversification effect.

The average of the trading portfolio's aggregate VaR was $5.8 million for the quarter ended March 31, 2025, up $1.0 million compared to the quarter ended December 31, 2024.

Aggregate VaR is an appropriate measure for a trading portfolio but must be interpreted by taking into account certain limits, in particular the following ones:

- This measure does not allow future losses to be predicted if actual market fluctuations differ markedly from those used to do the calculations.
- This measure is used to determine the potential losses for a one-day holding period, not the losses on positions that cannot be liquidated or hedged during this one-day period.
- This measure does not provide information on potential losses beyond the selected confidence level of 99%.

Given these limitations, the process of monitoring trading activities using VaR is supplemented by stress testing and by establishing limits in this regard.

### Structural interest rate risk management

Desjardins Group is exposed to structural interest rate risk, which represents the potential impact of interest rate fluctuations on net interest income and the economic value of equity. This risk is the main component of market risk for Desjardins Group's traditional non-trading banking activities, such as accepting deposits and granting loans, as well as for its securities portfolios used for long-term investment purposes and as liquidity reserves.

Interest rate sensitivity is based on the earlier of the repricing or the maturity date of the assets, liabilities and derivative financial instruments used to manage structural interest rate risk. The situation presented reflects the position on the date indicated and can change significantly in subsequent quarters depending on the preferences of Desjardins Group members and clients, and the application of policies on structural interest rate risk management.

Some Combined Balance Sheet items are considered non-interest-rate-sensitive instruments, including investments in equities, non-performing loans, non-interest-bearing deposits, non-maturity deposits with an interest rate not referenced to a specific rate (such as the prime rate), and equity. As dictated in its policies, Desjardins Group's management practices are based on prudent assumptions with respect to the maturity profile used in its models to determine the interest rate sensitivity of such instruments.

In addition to the total sensitivity gap, the main structural interest rate risk factors are:

- Trend in interest rate level and volatility.
- Changes in the shape of the interest rate curve.
- Member and client behaviour in their choice of products.
- Financial intermediation margin.
- Optionality of the various financial products offered.

In order to mitigate these risk factors, sound and prudent management is applied to optimize net interest income while reducing the negative incidence of interest rate movements. The established policies describe the principles, limits and procedures that apply to structural interest rate risk management. Stress testing is used to measure the effect of different variables on changes in net interest income and the economic value of equity. These policies specify the structural interest rate risk factors, the risk measures selected, the risk tolerance levels and the management limits as well as the procedures in the event that limits are exceeded. Structural interest rate risk is assessed at the required frequency based on portfolio volatility (daily, monthly and quarterly).

The assumptions used in the stress testing are based on an analysis of historical data and on the effects of various interest rate environments on changes in such data. These assumptions concern changes in the structure of assets and liabilities, including modelling for non-maturity deposits, in member and client behaviour, and in pricing. Desjardins Group's Asset/Liability Committee (ALCO) is responsible for analyzing and approving the global matching strategy on a monthly basis while respecting the parameters defined in structural interest rate risk management policies.

The table below presents the potential impact before income taxes, with regard to structural interest rate risk management associated with banking activities, of a sudden and sustained 100-basis-point increase or decrease in interest rates on net interest income and the economic value of equity for Desjardins Group, assuming the balance sheet is stable and management takes no measures to mitigate risk.

**Interest rate sensitivity (before income taxes)**

| | As at March 31, 2025 | | As at December 31, 2024 | | As at March 31, 2024 | |
|---|---|---|---|---|---|---|
| (in millions of dollars) | **Net interest income[1]** | **Economic value of equity[2]** | Net interest income[1] | Economic value of equity[2] | Net interest income[1] | Economic value of equity[2][3] |
| Impact of a 100-basis-point increase in interest rates | **$ (23)** | **$ (1,409)** | $ 54 | $ (1,213) | $ 58 | $ (983) |
| Impact of a 100-basis-point decrease in interest rates | **61** | **1,268** | (20) | 1,104 | (53) | 837 |

(1) Represents the interest rate sensitivity of net interest income for the next 12 months.
(2) Represents the sensitivity of the present value of assets, liabilities and off-balance sheet instruments.
(3) The sensitivity of the economic value of equity was revised in fiscal 2024 in line with the update of the AMF's *Interest Rate Risk Management Guideline*. The revised measure no longer includes an equity maturity assumption. The data as at March 31, 2024 has been restated for comparison purposes.

## LIQUIDITY RISK

*Liquidity risk refers to Desjardins Group's capacity to raise the necessary funds (by increasing liabilities or converting assets) to meet a financial obligation, whether or not it appears on the Combined Balance Sheets.*

Desjardins Group manages liquidity risk in order to ensure that it has timely and cost-effective access to the funds needed to meet its financial obligations as they become due, in both routine and crisis situations. Managing this risk involves maintaining a sufficient level of liquid securities, ensuring stable and diversified sources of funding, monitoring indicators and having a contingency plan in the event of a liquidity crisis.

Liquidity risk management is a key component of the overall risk management strategy. Desjardins Group has established policies describing the principles, limits, risk appetite thresholds as well as the procedures that apply to liquidity risk management. These policies are reviewed on a regular basis to ensure that they are appropriate for the operating environment and prevailing market conditions. They are also updated to reflect regulatory requirements and sound liquidity risk management practices. Given that the insurance companies are subject to specific regulatory requirements, they manage their liquidity risks based on their own needs while following Desjardins Group guidelines. The securities held by these components are not taken into account in the valuation of Desjardins Group's liquidity reserves.

Desjardins Group's Treasury ensures stable and diversified sources of institutional funding by type, source and maturity. It uses a wide range of financial products and borrowing programs on various markets for its funding needs. Through these operations, the funding needs of Desjardins Group components can be satisfied under conditions comparable to those offered on financial markets.

Furthermore, Desjardins Group issues covered bonds and securitizes loans insured by Canada Mortgage and Housing Corporation (CMHC) in the course of its day-to-day operations. Desjardins Group is also eligible for the Bank of Canada's various intervention programs and loan facilities for Emergency Lending Assistance advances.

The implementation of Basel III strengthens international minimum liquidity requirements through the application of a liquidity coverage ratio (LCR), a net stable funding ratio (NSFR) and the use of Net Cumulative Cash Flow (NCCF). Under its liquidity risk management policy, Desjardins Group already produces and regularly reports on these ratios to the AMF.

### Liquidity risk measurement and monitoring

Desjardins Group determines its liquidity needs by reviewing its current operations and evaluating its future forecasts for balance sheet growth and institutional funding conditions. Various analyses are used to determine the actual liquidity levels of assets and the stability of liabilities based on observed behaviours or contractual maturities. Maintaining liquidity reserves of high-quality assets is required to offset potential cash outflows following a disruption in financial markets, or events that would restrict its access to funding or result in a serious run on deposits.

The minimum liquid asset levels to be maintained by Desjardins Group are specifically prescribed by policies. Daily management of these securities and the reserve level to be maintained is centralized at Desjardins Group Treasury and is subject to monitoring by the Risk Management function under the supervision of the Desjardins Group Finance and Risk Management Committee. Securities eligible for liquidity reserves must meet high security and negotiability criteria and provide assurance of their adequacy in the event of a severe liquidity crisis.

In addition to complying with regulatory ratios, a Desjardins-wide stress testing program has been set up. This program incorporates the concepts put forward by the BCBS in *Basel III: International Framework for Liquidity Risk Measurement, Standards and Monitoring*. The scenarios make it possible to:
- measure the extent of potential cash outflows in a crisis situation.
- implement liquidity ratios and levels to be maintained across Desjardins Group.
- assess the potential marginal cost of such events, depending on the type, severity and level of the crisis.

### Liquidity risk indicators

The purpose of monitoring liquidity indicators daily is to quickly identify a lack of liquidity, whether potential or real, within Desjardins Group and on financial markets. Warning levels subject to an escalation process are established for each of these indicators. If one or more indicators trigger a warning level, the relevant senior executives are alerted, depending on the nature of the incident. The senior executives would act as plan owners should the contingency plan be put into action.

This plan lists the sources of liquidity available in exceptional situations. In addition, it lays down the decision-making and information process. The aim of the plan is to allow quick and effective intervention in order to minimize disruptions caused by sudden changes in member and client behaviour and potential disruptions in capital markets or economic conditions. Furthermore, in the event of a crisis extensive enough to question Desjardins Group's creditworthiness, a living will has been prepared to enable those responsible to draw on a broader range of liquidity sources to deal with the situation.

### Liquid assets

The following tables present a summary of Desjardins Group's liquid assets, which do not include assets held by the insurance subsidiaries because those assets are committed to covering insurance liabilities and not the liquidity needs of Desjardins Group's other components. Liquid assets constitute Desjardins Group's primary liquidity reserve for all its operations. Encumbered liquid assets mainly include liquid assets that are pledged as collateral or cannot be used due to regulatory, legal, operational or other restrictions.

**Liquid assets[(1)]**

As at March 31, 2025

| (in millions of dollars) | Liquid assets held by Desjardins Group | Securities held as collateral – Securities financing and derivatives trading | Total liquid assets | Encumbered liquid assets | Unencumbered liquid assets |
|---|---|---|---|---|---|
| **Cash and deposits with financial institutions** | **$ 6,411** | **$ —** | **$ 6,411** | **$ 621** | **$ 5,790** |
| **Securities** | | | | | |
| Issued or guaranteed by Canada, provinces and municipal corporations in Canada, school or public corporations in Canada, and foreign public administrations | **63,535** | **25,933** | **89,468** | **40,572** | **48,896** |
| Other securities in Canada | **5,962** | **1,330** | **7,292** | **1,827** | **5,465** |
| Issued or guaranteed by foreign issuers | **309** | **15** | **324** | **20** | **304** |
| **Loans** | | | | | |
| Insured residential mortgage-backed securities | **16,664** | **—** | **16,664** | **1,226** | **15,438** |
| **Total** | **$ 92,881** | **$ 27,278** | **$ 120,159** | **$ 44,266** | **$ 75,893** |

As at December 31, 2024

| (in millions of dollars) | Liquid assets held by Desjardins Group | Securities held as collateral – Securities financing and derivatives trading | Total liquid assets | Encumbered liquid assets | Unencumbered liquid assets |
|---|---|---|---|---|---|
| **Cash and deposits with financial institutions** | $ 4,996 | $ — | $ 4,996 | $ 469 | $ 4,527 |
| **Securities** | | | | | |
| Issued or guaranteed by Canada, provinces and municipal corporations in Canada, school or public corporations in Canada, and foreign public administrations | 56,336 | 24,296 | 80,632 | 32,487 | 48,145 |
| Other securities in Canada | 6,034 | 1,468 | 7,502 | 2,024 | 5,478 |
| Issued or guaranteed by foreign issuers | 321 | 7 | 328 | 9 | 319 |
| **Loans** | | | | | |
| Insured residential mortgage-backed securities | 17,334 | — | 17,334 | 1,691 | 15,643 |
| **Total** | $ 85,021 | $ 25,771 | $ 110,792 | $ 36,680 | $ 74,112 |

(1) Excluding assets held by insurance subsidiaries.

**Unencumbered liquid assets by entity[(1)]**

| (in millions of dollars) | As at March 31, 2025 | As at December 31, 2024 |
|---|---|---|
| Federation | **$ 51,027** | $ 49,022 |
| Caisse network | **21,818** | 22,303 |
| Other entities | **3,048** | 2,787 |
| **Total** | **$ 75,893** | $ 74,112 |

(1) Excluding assets held by insurance subsidiaries. Substantially all unencumbered liquid assets presented in this table are issued in Canadian dollars.

## Encumbered assets

In the course of its day-to-day operations, Desjardins Group pledges securities, loans and other assets as collateral, mainly with regard to financing operations, participation in clearing and payments systems and operations related to insurance contract liabilities.

The following table presents, for all assets on the Combined Balance Sheets and securities held as collateral, those that are encumbered as well as those that may be pledged as collateral as part of funding or other transactions.

**Encumbered assets**
As at March 31, 2025

| | | | | Breakdown of total assets | | | |
|---|---|---|---|---|---|---|---|
| | | | | Encumbered assets | | Unencumbered assets | |
| (in millions of dollars) | Combined Balance Sheet assets | Securities held as collateral | Total assets | Pledged as collateral | Other[(1)] | Available as collateral | Other[(2)] |
| Cash and deposits with financial institutions | $ 7,128 | $ — | $ 7,128 | $ 193 | $ 621 | $ 5,597 | $ 717 |
| Securities | 105,827 | 38,105 | 143,932 | 55,174 | 349 | 52,387 | 36,022 |
| Securities borrowed or purchased under reverse repurchase agreements | 25,544 | — | 25,544 | — | — | — | 25,544 |
| Loans, net of allowance for credit losses | 296,328 | — | 296,328 | 40,040 | — | 72,552 | 183,736 |
| Segregated fund net assets | 29,633 | — | 29,633 | — | — | — | 29,633 |
| Other assets | 23,486 | — | 23,486 | — | — | — | 23,486 |
| **Total** | $ 487,946 | $ 38,105 | $ 526,051 | $ 95,407 | $ 970 | $ 130,536 | $ 299,138 |

As at December 31, 2024

| | | | | Breakdown of total assets | | | |
|---|---|---|---|---|---|---|---|
| | | | | Encumbered assets | | Unencumbered assets | |
| (in millions of dollars) | Combined Balance Sheet assets | Securities held as collateral | Total assets | Pledged as collateral | Other[(1)] | Available as collateral | Other[(2)] |
| Cash and deposits with financial institutions | $ 5,977 | $ — | $ 5,977 | $ 189 | $ 469 | $ 4,338 | $ 981 |
| Securities | 99,308 | 30,024 | 129,332 | 41,438 | 314 | 50,964 | 36,616 |
| Securities borrowed or purchased under reverse repurchase agreements | 23,666 | — | 23,666 | — | — | — | 23,666 |
| Loans, net of allowance for credit losses | 289,597 | — | 289,597 | 39,159 | — | 70,727 | 179,711 |
| Segregated fund net assets | 28,959 | — | 28,959 | — | — | — | 28,959 |
| Other assets | 23,435 | — | 23,435 | — | — | — | 23,435 |
| **Total** | $ 470,942 | $ 30,024 | $ 500,966 | $ 80,786 | $ 783 | $ 126,029 | $ 293,368 |

(1) Assets that cannot be used for legal or other reasons.
(2) "Other" unencumbered assets include those of the insurance companies as well as other assets that in management's opinion would not be immediately available for collateral or funding purposes in their current form. Some of these other assets could eventually be assigned to the central bank as collateral.

## Liquidity coverage ratio

The liquidity coverage ratio (LCR) was developed by the BCBS to promote the short-term resilience of the liquidity risk profile of financial institutions, and incorporated into the *Liquidity Adequacy Guideline* issued by the AMF. The LCR is the ratio of a stock of unencumbered high-quality liquid assets (HQLA) to net cash outflows over the next 30 days in the event of an acute liquidity stress scenario.

Under the AMF's *Liquidity Adequacy Guideline*, HQLA qualifying for the purpose of calculating the LCR consist of assets that can be converted quickly into cash at little or no loss of value on financial markets. For Desjardins Group, such high-quality liquid assets are comprised primarily of cash and highly rated securities issued or guaranteed by various levels of government. This guideline also prescribes weightings for cash inflows and outflows.

The AMF stipulates that this ratio is not to be less than the minimum requirements of 100% in the absence of stressed conditions. This ratio is proactively managed by Desjardins Group's Treasury, and an appropriate level of high-quality liquid assets is maintained for adequate coverage of the theoretical cash outflows associated with the standardized crisis scenario within the Basel III framework. Desjardins Group's main sources of theoretical cash outflows are a potential serious run on member and client deposits and a sudden drying-up of the short-term institutional funding sources used on a day-to-day basis by Desjardins Group.

The table below presents quantitative information regarding the LCR, based on the template recommended in the AMF's *Liquidity Adequacy Guideline* for disclosure requirements.

**Liquidity coverage ratio**[(1)]

| (in millions of dollars and as a percentage) | For the quarter ended March 31, 2025 | | For the quarter ended December 31, 2024 |
|---|---|---|---|
| | **Total non-weighted value[(2)] (average[(3)])** | **Total weighted value[(4)] (average[(3)])** | Total weighted value[(4)] (average[(3)]) |
| **High-quality liquid assets** | | | |
| Total high-quality liquid assets | **N/A** | **$ 63,085** | $ 58,052 |
| **Cash outflows** | | | |
| Retail deposits and small business deposits, including: | **$ 102,545** | **8,095** | 7,870 |
| Stable deposits | **49,450** | **1,484** | 1,478 |
| Less stable deposits | **53,095** | **6,611** | 6,392 |
| Unsecured wholesale funding, including: | **46,568** | **21,566** | 19,999 |
| Operational deposits (all counterparties) and deposits in cooperative bank networks | **16,471** | **3,967** | 3,869 |
| Non-operational deposits (all counterparties) | **20,921** | **8,423** | 7,519 |
| Unsecured debt | **9,176** | **9,176** | 8,611 |
| Secured wholesale funding | **N/A** | **157** | 182 |
| Additional requirements, including: | **29,026** | **4,946** | 5,142 |
| Outflows related to exposures on derivatives and other collateral required | **1,280** | **1,274** | 1,275 |
| Outflows related to funding loss on debt products | **161** | **161** | 526 |
| Credit and liquidity facilities | **27,585** | **3,511** | 3,341 |
| Other contractual funding liabilities | **3,001** | **1,495** | 1,602 |
| Other contingent funding liabilities | **95,855** | **2,727** | 2,670 |
| **Total cash outflows** | **N/A** | **$ 38,986** | $ 37,465 |
| **Cash inflows** | | | |
| Secured loans (e.g. reverse repurchase agreements) | **$ 19,792** | **$ 754** | $ 810 |
| Inflows related to completely effective exposures | **3,010** | **1,505** | 1,473 |
| Other cash inflows | **28** | **28** | 20 |
| **Total cash inflows** | **$ 22,830** | **$ 2,287** | $ 2,303 |
| | | **Total adjusted value[(5)]** | Total adjusted value[(5)] |
| **Total high-quality liquid assets** | | **$ 63,085** | $ 58,052 |
| **Total net cash outflows** | | **36,699** | 35,162 |
| **Liquidity coverage ratio** | | **172%** | 165% |

(1) Excluding the insurance subsidiaries.
(2) The non-weighted values of cash inflows and outflows represent unpaid balances either maturing or falling due and payable within 30 days.
(3) The ratio is presented based on the average daily data for the quarter.
(4) Weighted values are calculated after the "haircuts" prescribed for high-quality liquid assets and the rates prescribed for cash inflows and outflows have been applied.
(5) The total adjusted value takes into account, if applicable, the caps prescribed by the AMF for high-quality liquid assets and cash inflows.

Desjardins Group's average LCR was 172% for the quarter ended March 31, 2025, up 7% from the previous quarter. The LCR remains substantially above regulatory requirements. For the quarter ended March 31, 2025, the high quality liquid asset average was approximately $63.1 billion ($58.1 billion as at December 31, 2024), of which 95% (95% as at December 31, 2024) was composed of Level 1 assets according to Basel III criteria. These include, in particular, coins and banknotes, deposits with central banks, and securities issued or secured by sovereign issuers.

### Net stable funding ratio

The net stable funding ratio (NSFR) was developed by the BCBS to promote the medium- and long-term resilience of the liquidity risk profile of financial institutions, and was incorporated into the AMF's *Liquidity Adequacy Guideline*. The NSFR requires financial institutions to maintain a stable funding and capitalization profile in relation to the composition of their assets and off-balance sheet activities. The NSFR limits overreliance on short-term wholesale funding, encourages better assessment of funding risk for all on- and off-balance sheet items, and promotes funding stability.

This ratio presents the amount of available stable funding (ASF) relative to the amount of required stable funding (RSF). The amount of ASF designates the portion of capital and liabilities considered stable over a one-year horizon. Liabilities with the longest contractual maturities are the most significant contributors to the increase in the ratio. The ASF is composed mainly of capital, retail and business deposits, as well as wholesale funding liabilities. The amount of RSF is measured based on the broad characteristics of the liquidity risk profile of assets and off-balance sheet exposures. The RSF is composed mainly of mortgages, other institutional loans and, to a lesser extent, other assets and off-balance-sheet items. The amounts of ASF and RSF are weighted to reflect the degree of stability of liabilities and the liquidity of assets. According to the AMF's *Liquidity Adequacy Guideline*, this ratio should be equal to at least 100% on an on-going basis.

The table below presents quantitative information regarding the NSFR, based on the template recommended in the AMF's *Liquidity Adequacy Guideline* for disclosure requirements.

**Net Stable Funding Ratio**(1)

| (in millions of dollars and as a percentage) | As at March 31, 2025 | | | | | As at December 31, 2024 |
|---|---|---|---|---|---|---|
| | Unweighted value by residual maturity | | | | | |
| | No maturity | < 6 months | 6 months to < 1 year | ≥ 1 year | Weighted value | Weighted value |
| **Available Stable Funding (ASF) item** | | | | | | |
| Capital | $ 38,743 | $ — | $ — | $ 4,250 | $ 42,993 | $ 40,589 |
| Regulatory capital | 38,743 | — | — | 4,250 | 42,993 | 40,589 |
| Other capital instruments | — | — | — | — | — | — |
| Retail deposits and deposits from small business customers | 81,654 | 55,668 | 19,207 | 39,503 | 182,025 | 179,815 |
| Stable deposits | 45,600 | 8,967 | 4,416 | 11,812 | 67,845 | 68,469 |
| Less stable deposits | 36,054 | 46,701 | 14,791 | 27,691 | 114,180 | 111,346 |
| Wholesale funding | 30,704 | 50,630 | 5,925 | 27,671 | 48,569 | 46,078 |
| Operational deposits | 17,358 | — | — | — | 8,679 | 6,920 |
| Other wholesale funding | 13,346 | 50,630 | 5,925 | 27,671 | 39,890 | 39,158 |
| Liabilities with matching interdependent assets | — | 577 | 926 | 17,297 | — | — |
| Other liabilities(2) | 36,189 | | | 16,280 | — | — |
| NSFR derivative liabilities(2) | N/A | | | 4,177 | N/A | N/A |
| All other liabilities and equity not included in the above categories | 36,189 | 12,103 | — | — | — | — |
| **Total ASF** | N/A | N/A | N/A | N/A | $ 273,587 | $ 266,482 |
| **Required Stable Funding (RSF) item** | | | | | | |
| Total NSFR high-quality liquid assets (HQLA) | N/A | N/A | N/A | N/A | $ 729 | $ 709 |
| Deposits held by other financial institutions for operational purposes | $ — | $ — | $ — | $ — | — | — |
| Performing loans and securities | 20,662 | 72,706 | 30,260 | 181,790 | 189,865 | 187,584 |
| Performing loans to financial institutions secured by Level 1 HQLA | — | 24,986 | — | — | 1,249 | 1,173 |
| Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions | — | 2,522 | — | 990 | 1,242 | 1,402 |
| Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and public sector entities (PSEs), of which: | 14,228 | 29,551 | 12,764 | 77,382 | 96,602 | 94,242 |
| Loans with a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk | — | 8,726 | 7,125 | 12,114 | 7,874 | 8,488 |
| Performing residential mortgages, of which: | 6,377 | 14,884 | 16,807 | 100,546 | 87,558 | 87,558 |
| Loans with a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk | 6,377 | 14,884 | 16,807 | 100,546 | 87,558 | 87,558 |
| Securities that are not in default and do not qualify as HQLA, including exchange-traded equities | 57 | 763 | 689 | 2,872 | 3,214 | 3,209 |
| Assets with matching interdependent liabilities | — | 577 | 926 | 17,297 | — | — |
| Other assets(2) | — | | | 28,533 | 14,782 | 14,899 |
| Physical traded commodities, including gold | — | N/A | N/A | N/A | — | — |
| Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties(2) | N/A | | | 611 | 519 | 387 |
| NSFR derivative assets(2) | N/A | | | 8,080 | 294 | 292 |
| NSFR derivative liabilities before deduction of variation margin posted(2) | N/A | | | 5,873 | — | — |
| All other assets not included in the above categories | — | — | — | 13,969 | 13,969 | 14,220 |
| Off-balance sheet items(2) | N/A | | | 122,445 | 3,279 | 3,277 |
| **Total RSF** | N/A | N/A | N/A | N/A | $ 208,655 | $ 206,469 |
| **Net Stable Funding Ratio** | N/A | N/A | N/A | N/A | 131% | 129% |

(1) Excluding the insurance subsidiaries.
(2) The amounts in these lines include the categories of residual maturities of less than 6 months, 6 months to less than 1 year and 1 year or more.

For the quarter ended March 31, 2025, the NSFR ratio was 131%, compared to 129% as at December 31, 2024. The increase resulted from quarterly changes in deposits and long-term funding.

### Sources of funding

Core funding, which includes capital, long-term liabilities and a diversified deposit portfolio, is the foundation upon which Desjardins Group's liquidity position depends. The solid base of deposits from individuals combined with wholesale funding, diversified in terms of both the programs used as well as the staggering of contractual maturities, allows Desjardins Group to maintain high regulatory liquidity ratios while ensuring their stability. Total deposits, including wholesale funding, presented on the Combined Balance Sheets amounted to $309.4 billion as at March 31, 2025, up $8.4 billion since December 31, 2024. Additional information on deposits is presented in the "Balance sheet management" section of this MD&A.

### Funding programs and strategies

As Desjardins Group's treasurer, the Federation meets the needs of the organization's members and clients. Its first priority is to implement appropriate strategies to identify, measure and manage risks, and these strategies are regulated by policies. In the first three months of 2025, the Federation maintained a liquidity level sufficient to meet Desjardins Group's needs through its strict treasury policy, solid institutional funding and sustained growth in member and client savings during the period. Short-term wholesale funding is used to finance very liquid assets while long-term wholesale funding is mainly used to finance less liquid assets and to support reserves of liquid assets.

In order to secure long-term funding at the lowest cost on the market, the Federation maintains an active presence in the federally guaranteed mortgage loan securitization market under the *National Housing Act* (NHA) Mortgage-Backed Securities Program. In addition, to ensure stable funding, it diversifies its sources from institutional markets. It therefore resorts to the capital markets when conditions are favourable, and makes public and private issues of term notes on Canadian, U.S. and international markets, as required.

The main programs currently used by the Federation are as follows:

**Main funding programs**
As at March 31, 2025

| | Maximum authorized amount |
|---|---|
| Short-term notes (U.S.) | **US$20 billion** |
| Short-term notes (multi-currency) | **€5 billion** |
| Medium-term notes (Canadian)[1] | **$13 billion** |
| Medium-term and subordinated notes (multi-currency)[1] | **€13 billion** |
| Medium-term notes (Australian)[1] | **AU$3 billion** |
| Covered bonds (multi-currency)[1][2] | **$26 billion** |
| NVCC subordinated notes (Canadian)[1] | **$7 billion** |

(1) Sustainable bonds may be issued under these funding programs in compliance with the Desjardins Sustainable Bond Framework.
(2) The maximum authorized amount remains subject to the prudential limit set by the AMF.

The following table presents the remaining terms to maturity of wholesale funding.

**Remaining contractual term to maturity of wholesale funding**

| | As at March 31, 2025 | | | | | | | | As at December 31, 2024 |
|---|---|---|---|---|---|---|---|---|---|
| (in millions of dollars) | Less than 1 month | 1 to 3 months | 3 to 6 months | 6 to 12 months | Total – Less than 1 year | 1 to 2 years | Over 2 years | Total | Total |
| Bearer discount notes | **$ 2,611** | **$ 704** | **$ 32** | **$ —** | **$ 3,347** | **$ —** | **$ —** | **$ 3,347** | $ 2,678 |
| Commercial paper | **8,776** | **3,466** | **2,747** | **—** | **14,989** | **—** | **—** | **14,989** | 15,942 |
| Medium-term notes | **—** | **—** | **1,078** | **3,511** | **4,589** | **2,520** | **8,696** | **15,805** | 15,970 |
| Mortgage loan securitization | **—** | **442** | **130** | **924** | **1,496** | **1,459** | **15,717** | **18,672** | 16,722 |
| Covered bonds | **—** | **—** | **779** | **1,437** | **2,216** | **5,117** | **9,947** | **17,280** | 15,430 |
| Subordinated notes | **—** | **988** | **—** | **—** | **988** | **—** | **4,251** | **5,239** | 3,962 |
| **Total** | **$ 11,387** | **$ 5,600** | **$ 4,766** | **$ 5,872** | **$ 27,625** | **$ 9,096** | **$ 38,611** | **$ 75,332** | $ 70,704 |
| Including: | | | | | | | | | |
| Secured | **$ —** | **$ 442** | **$ 909** | **$ 2,361** | **$ 3,712** | **$ 6,576** | **$ 25,664** | **$ 35,952** | $ 32,152 |
| Unsecured | **11,387** | **5,158** | **3,857** | **3,511** | **23,913** | **2,520** | **12,947** | **39,380** | 38,552 |

Desjardins Group's total wholesale funding shown in the table above was carried out by the Federation. Total wholesale funding was up $4.6 billion compared to December 31, 2024, owing primarily to rises in mortgage loan securitization, and covered bond and subordinated note issuances. Desjardins Group does not foresee any event, commitment or requirement that could have a major impact on its ability to raise funds through wholesale funding or its members' deposits.

In addition, Desjardins Group diversifies its funding sources in order to limit its reliance on a single currency. The "Wholesale funding by currency" table presents a breakdown of borrowings on markets and subordinated notes by currency. These funds are obtained primarily through short- and medium-term notes, mortgage loan securitization, covered bonds and subordinated notes.

**Wholesale funding by currency**

| (in millions of dollars and as a percentage) | As at March 31, 2025 | | As at December 31, 2024 | |
|---|---|---|---|---|
| Canadian dollars | **$ 32,495** | **43.1%** | $ 28,463 | 40.3% |
| U.S. dollars | **24,843** | **33.0** | 27,382 | 38.7 |
| Euros | **11,108** | **14.8** | 9,762 | 13.8 |
| Other | **6,886** | **9.1** | 5,097 | 7.2 |
| **Total** | **$ 75,332** | **100.0%** | $ 70,704 | 100.0% |

Moreover, the Federation participated in new issues under the NHA Mortgage-Backed Securities Program for a total amount of $2.4 billion in the first three months of 2025. The Federation also made the following issues:

- On January 14, 2025, an issue totalling €750 million, subject to the bail-in regime, under its multi-currency medium-term note program.
- On January 15, 2025, an issue totalling £600 million under its legislative covered bond program.
- On January 24, 2025, an issue totalling C$1,250 million in notes eligible as non-viability contingent capital under its Canadian NVCC subordinated notes program.
- On January 27, 2025, an issue totalling US$600 million subject to the bail-in regime, under its multi-currency medium-term note program.
- On January 29, 2025, an issue totalling 175 million Swiss francs under its legislative covered bond program.

Outstanding notes issued under the Federation's medium-term funding programs amounted to $51.8 billion as at March 31, 2025, compared to $48.1 billion as at December 31, 2024. The outstanding notes for these issues are presented under "Deposits – Business and government" on the Combined Balance Sheets.

Overall, these transactions made it possible to adequately meet the liquidity needs of Desjardins Group, to diversify its sources of funding and to further extend the average term.

### Credit ratings of securities issued and outstanding

Desjardins Group's credit ratings affect its ability to access sources of funding on capital markets, as well as the conditions of such funding. They are also a factor considered in certain Desjardins Group transactions involving counterparties.

Rating agencies assign credit ratings and related ratings outlooks based on their own proprietary methodology, which includes a number of analytical criteria, including factors that are not under Desjardins Group's control. The rating agencies evaluate Desjardins Group on a combined basis and recognize its capitalization, its consistent financial performance, its significant market shares in Québec and the quality of its assets. Consequently, the credit ratings of the Federation, a reporting issuer, are backed by Desjardins Group's financial strength.

The Federation has first-class credit ratings that are among the best of the major Canadian and international banking institutions.

Highlighted decision by rating agencies concerning Desjardins Group's instruments:

- On March 26, 2025, Moody's maintained the ratings of the instruments issued by the Federation and their outlook as "stable." This rating decision reflects Desjardins Group's strength in Québec, where it has leading market shares in multiple industries.

The following table shows the different credit ratings assigned to the Federation's financial instruments.

**Credit ratings of securities issued and outstanding**

| | DBRS | FITCH | MOODY'S | STANDARD & POOR'S |
|---|---|---|---|---|
| *Fédération des caisses Desjardins du Québec* | | | | |
| Counterparty/Deposits(1) | AA | AA | Aa1 | A+ |
| Short-term debt | R-1 (high) | F1+ | P-1 | A-1 |
| Medium- and long-term debt, senior excluded from bail-in regime(2) | AA | AA | Aa2 | A+ |
| Medium- and long-term debt, senior(3) | AA (low) | AA- | A1 | A- |
| NVCC subordinated notes | A (low) | A | A2 | BBB+ |
| 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 issuable senior medium- and long-term debt that would be excluded from the bail-in regime applicable to Desjardins Group.
(3) Includes issued senior medium- and long-term debt that qualifies for the bail-in regime applicable to Desjardins Group.

Desjardins Group regularly monitors the additional level of obligations that its counterparties would require in the event of a credit rating downgrade for the Federation. This monitoring enables Desjardins Group to assess the impact of such a downgrade on its funding capabilities and its ability to perform transactions in the normal course of its operations as well as ensure that it has the additional liquid assets and collateral to meet its obligations. Currently, Desjardins Group is not obliged to provide additional collateral in the event of its credit rating being lowered three notches by one or more credit rating agencies.

### Contractual maturities of on-balance sheet items and off-balance sheet commitments

The following table presents assets and liabilities recorded on the Combined Balance Sheets and off-balance sheet commitments at their carrying amount and classified according to their residual contractual maturities. The classification of maturities is an information source for liquidity and funding risk, but it differs from the analysis performed by Desjardins Group to determine the expected maturity of the items for liquidity risk management purposes. Many factors other than contractual maturity are taken into consideration to measure expected future cash flows and liquidity risk.

The value of the credit commitments presented in this table represents the maximum amount of additional credit that Desjardins Group could be required to grant if the commitments were fully used. The value of guarantees and standby letters of credit amounts to the maximum cash outflows that Desjardins Group could be required to make in the event of complete default of the parties to the guarantees, without taking any possible recovery into account. These commitments and guarantees do not necessarily represent future liquidity needs because a large portion of these instruments will expire or be cancelled without giving rise to any cash outflows.

Note 16, "Insurance and reinsurance contracts," to the annual combined financial statements provides additional information on the contractual maturities of reinsurance contract assets and insurance contract liabilities.

**Residual contractual maturities of on-balance sheet items and off-balance sheet commitments**
As at March 31, 2025

| (in millions of dollars) | Less than 1 month | 1 to 3 months | 3 to 6 months | 6 to 9 months | 9 to 12 months | 1 to 2 years | 2 to 5 years | Over 5 years | No stated maturity | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | | | |
| Cash and deposits with financial institutions | $ 6,891 | $ 232 | $ — | $ — | $ — | $ — | $ — | $ — | $ 5 | $ 7,128 |
| **Securities** | | | | | | | | | | |
| Securities at fair value through profit or loss[1] | 246 | 1,626 | 1,253 | 708 | 1,355 | 3,103 | 8,465 | 24,496 | 5,474 | 46,726 |
| Securities at fair value through other comprehensive income[1] | 308 | 2,033 | 2,340 | 1,351 | 789 | 13,254 | 23,772 | 13,733 | 1,476 | 59,056 |
| Securities at amortized cost | — | — | — | — | 2 | 2 | 5 | 36 | — | 45 |
| Securities borrowed or purchased under reverse repurchase agreements | 22,326 | 1,391 | 1,261 | 298 | 35 | — | — | — | 233 | 25,544 |
| **Loans** | | | | | | | | | | |
| Residential mortgages[2] | 3,790 | 7,340 | 10,564 | 11,528 | 9,861 | 47,021 | 82,512 | 3,915 | 7,434 | 183,965 |
| Consumer, credit card and other personal loans[2] | 53 | 60 | 118 | 179 | 210 | 1,034 | 4,874 | 8,522 | 9,392 | 24,442 |
| Business and government[2] | 28,368 | 10,231 | 5,954 | 8,475 | 7,363 | 8,786 | 9,047 | 1,807 | 9,293 | 89,324 |
| Allowance for credit losses | — | — | — | — | — | — | — | — | (1,403) | (1,403) |
| Segregated fund net assets | — | — | — | — | — | — | — | — | 29,633 | 29,633 |
| Derivative financial instruments | 547 | 398 | 406 | 510 | 269 | 1,651 | 4,034 | 338 | — | 8,153 |
| Amounts receivable from clients, brokers and financial institutions | 1,504 | 6 | — | — | — | — | — | — | 734 | 2,244 |
| Reinsurance contract assets | 59 | 77 | 68 | 61 | 54 | 185 | 364 | 888 | 177 | 1,933 |
| Right-of-use assets | — | — | — | — | — | — | — | — | 448 | 448 |
| Investment property | — | — | — | — | — | — | — | — | 809 | 809 |
| Property, plant and equipment | — | — | — | — | — | — | — | — | 1,458 | 1,458 |
| Goodwill | — | — | — | — | — | — | — | — | 596 | 596 |
| Intangible assets | — | — | — | — | — | — | — | — | 1,259 | 1,259 |
| Investments in companies accounted for using the equity method | — | — | — | — | — | — | — | — | 1,264 | 1,264 |
| Net defined benefit plan assets | — | — | — | — | — | — | — | — | 673 | 673 |
| Deferred tax assets | — | — | — | — | — | — | — | — | 1,058 | 1,058 |
| Other assets – Other | 1,272 | 404 | 260 | 60 | 23 | 30 | 71 | 11 | 1,460 | 3,591 |
| **Total assets** | **$ 65,364** | **$ 23,798** | **$ 22,224** | **$ 23,170** | **$ 19,961** | **$ 75,066** | **$ 133,144** | **$ 53,746** | **$ 71,473** | **$ 487,946** |
| **Liabilities and equity** | | | | | | | | | | |
| **Deposits** | | | | | | | | | | |
| Individuals[3] | $ 9,679 | $ 8,622 | $ 15,141 | $ 11,940 | $ 6,304 | $ 16,556 | $ 22,106 | $ 773 | $ 73,539 | $ 164,660 |
| Business and government[3] | 15,639 | 6,687 | 6,247 | 4,617 | 3,683 | 10,465 | 24,540 | 11,617 | 60,949 | 144,444 |
| Deposit-taking institutions[3] | 1 | — | 2 | 1 | — | 1 | 1 | — | 269 | 275 |
| Insurance contract liabilities | 922 | 733 | 830 | 774 | 726 | 2,383 | 5,102 | 19,605 | 3,953 | 35,028 |
| Commitments related to securities sold short[4] | 434 | 801 | 446 | 773 | 455 | 1,137 | 3,864 | 10,145 | 3 | 18,058 |
| Commitments related to securities lent or sold under repurchase agreements | 21,685 | 1,853 | — | — | — | — | — | — | 5 | 23,543 |
| Derivative financial instruments | 496 | 345 | 295 | 426 | 168 | 1,140 | 3,013 | 236 | — | 6,119 |
| Amounts payable to clients, brokers and financial institutions | 2,261 | 9 | — | — | — | — | — | — | 10,245 | 12,515 |
| Lease liabilities | 7 | 11 | 17 | 20 | 17 | 65 | 163 | 239 | — | 539 |
| Reinsurance contract liabilities | — | — | 1 | 1 | — | 2 | 4 | 29 | — | 37 |
| Segregated fund net liabilities – Investment contracts | — | — | — | — | — | — | — | — | 26,113 | 26,113 |
| Net defined benefit plan liabilities | — | — | — | — | — | — | — | — | 710 | 710 |
| Deferred tax liabilities | — | — | — | — | — | — | — | — | 520 | 520 |
| Other liabilities – Other | 3,474 | 1,394 | 707 | 516 | 691 | 693 | 994 | 177 | 2,129 | 10,775 |
| Subordinated notes | — | 988 | — | — | — | — | — | 4,251 | — | 5,239 |
| Total equity | — | — | — | — | — | — | — | — | 39,371 | 39,371 |
| **Total liabilities and equity** | **$ 54,598** | **$ 21,443** | **$ 23,686** | **$ 19,068** | **$ 12,044** | **$ 32,442** | **$ 59,787** | **$ 47,072** | **$ 217,806** | **$ 487,946** |
| **Off-balance sheet commitments** | | | | | | | | | | |
| Credit commitments[5] | $ 1,940 | $ 1,078 | $ 2,094 | $ 1,369 | $ 2,223 | $ 6,904 | $ 15,299 | $ 514 | $ 112,407 | $ 143,828 |
| Documentary letters of credit | 6 | 4 | 1 | — | 1 | — | — | — | — | 12 |
| Guarantees and standby letters of credit | 851 | 373 | 506 | 535 | 395 | 136 | 46 | 42 | 3 | 2,887 |

See next page for footnotes.

**Residual contractual maturities of on-balance sheet items and off-balance sheet commitments (continued)**
As at December 31, 2024

| (in millions of dollars) | Less than 1 month | 1 to 3 months | 3 to 6 months | 6 to 9 months | 9 to 12 months | 1 to 2 years | 2 to 5 years | Over 5 years | No stated maturity | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | | | |
| Cash and deposits with financial institutions | $ 5,579 | $ 391 | $ 2 | $ — | $ — | $ — | $ — | $ — | $ 5 | $ 5,977 |
| **Securities** | | | | | | | | | | |
| Securities at fair value through profit or loss[1] | 287 | 1,050 | 2,716 | 895 | 1,844 | 2,674 | 6,111 | 21,105 | 5,279 | 41,961 |
| Securities at fair value through other comprehensive income[1] | 705 | 1,636 | 2,065 | 3,139 | 1,408 | 11,204 | 23,322 | 12,089 | 1,734 | 57,302 |
| Securities at amortized cost | — | — | — | — | 2 | 1 | 6 | 36 | — | 45 |
| Securities borrowed or purchased under reverse repurchase agreements | 18,464 | 1,206 | 3,136 | 445 | 196 | — | — | — | 219 | 23,666 |
| **Loans** | | | | | | | | | | |
| Residential mortgages[2] | 3,159 | 5,005 | 10,277 | 10,698 | 11,844 | 46,284 | 81,483 | 3,794 | 7,376 | 179,920 |
| Consumer, credit card and other personal loans[2] | 36 | 69 | 147 | 163 | 215 | 1,049 | 4,797 | 8,531 | 9,676 | 24,683 |
| Business and government[2] | 26,744 | 9,030 | 7,155 | 5,938 | 7,990 | 9,400 | 9,497 | 1,684 | 8,876 | 86,314 |
| Allowance for credit losses | — | — | — | — | — | — | — | — | (1,320) | (1,320) |
| Segregated fund net assets | — | — | — | — | — | — | — | — | 28,959 | 28,959 |
| Derivative financial instruments | 485 | 551 | 732 | 374 | 401 | 1,325 | 3,465 | 246 | — | 7,579 |
| Amounts receivable from clients, brokers and financial institutions | 2,309 | 13 | — | — | — | — | — | — | 774 | 3,096 |
| Reinsurance contract assets | 42 | 88 | 76 | 63 | 59 | 183 | 375 | 890 | 129 | 1,905 |
| Right-of-use assets | — | — | — | — | — | — | — | — | 454 | 454 |
| Investment property | — | — | — | — | — | — | — | — | 817 | 817 |
| Property, plant and equipment | — | — | — | — | — | — | — | — | 1,486 | 1,486 |
| Goodwill | — | — | — | — | — | — | — | — | 596 | 596 |
| Intangible assets | — | — | — | — | — | — | — | — | 1,255 | 1,255 |
| Investments in companies accounted for using the equity method | — | — | — | — | — | — | — | — | 1,241 | 1,241 |
| Net defined benefit plan assets | — | — | — | — | — | — | — | — | 724 | 724 |
| Deferred tax assets | — | — | — | — | — | — | — | — | 986 | 986 |
| Other assets – Other | 1,245 | 200 | 287 | 41 | 19 | 20 | 62 | 12 | 1,410 | 3,296 |
| **Total assets** | $ 59,055 | $ 19,239 | $ 26,593 | $ 21,756 | $ 23,978 | $ 72,140 | $ 129,118 | $ 48,387 | $ 70,676 | $ 470,942 |
| **Liabilities and equity** | | | | | | | | | | |
| **Deposits** | | | | | | | | | | |
| Individuals[3] | $ 5,956 | $ 4,781 | $ 13,730 | $ 15,097 | $ 12,029 | $ 15,878 | $ 20,486 | $ 642 | $ 72,880 | $ 161,479 |
| Business and government[3] | 18,584 | 10,070 | 3,635 | 3,186 | 4,592 | 9,654 | 24,233 | 8,942 | 56,327 | 139,223 |
| Deposit-taking institutions[3] | 2 | 1 | — | 2 | 1 | 1 | 1 | — | 236 | 244 |
| Insurance contract liabilities | 887 | 854 | 846 | 734 | 717 | 2,275 | 5,035 | 19,312 | 3,878 | 34,538 |
| Commitments related to securities sold short[4] | 90 | 213 | 653 | 287 | 201 | 1,169 | 3,452 | 7,160 | 24 | 13,249 |
| Commitments related to securities lent or sold under repurchase agreements | 20,617 | 10 | — | — | — | — | — | — | 6 | 20,633 |
| Derivative financial instruments | 109 | 355 | 691 | 307 | 332 | 1,050 | 2,965 | 303 | — | 6,112 |
| Amounts payable to clients, brokers and financial institutions | 4,499 | 5 | — | — | — | — | — | — | 9,691 | 14,195 |
| Lease liabilities | 6 | 11 | 17 | 19 | 17 | 65 | 162 | 237 | — | 534 |
| Reinsurance contract liabilities | — | — | 1 | — | 1 | 2 | 4 | 29 | — | 37 |
| Segregated fund net liabilities – Investment contracts | — | — | — | — | — | — | — | — | 25,329 | 25,329 |
| Net defined benefit plan liabilities | — | — | — | — | — | — | — | — | 713 | 713 |
| Deferred tax liabilities | — | — | — | — | — | — | — | — | 454 | 454 |
| Other liabilities – Other | 3,796 | 1,820 | 1,393 | 543 | 360 | 561 | 984 | 159 | 1,934 | 11,550 |
| Subordinated notes | — | — | — | — | — | — | — | 3,962 | — | 3,962 |
| Total equity | — | — | — | — | — | — | — | — | 38,690 | 38,690 |
| **Total liabilities and equity** | $ 54,546 | $ 18,120 | $ 20,966 | $ 20,175 | $ 18,250 | $ 30,655 | $ 57,322 | $ 40,746 | $ 210,162 | $ 470,942 |
| **Off-balance sheet commitments** | | | | | | | | | | |
| Credit commitments[5] | $ 1,580 | $ 782 | $ 1,321 | $ 1,845 | $ 1,594 | $ 7,728 | $ 16,133 | $ 519 | $ 111,569 | $ 143,071 |
| Documentary letters of credit | 5 | 1 | 2 | 1 | — | — | — | — | — | 9 |
| Guarantees and standby letters of credit | 195 | 105 | 571 | 719 | 521 | 547 | 57 | 42 | 3 | 2,760 |

(1) Equity securities are classified under "No stated maturity."
(2) Amounts repayable on demand are classified under "No stated maturity."
(3) Deposits payable on demand or after notice are considered as having "No stated maturity."
(4) Amounts are presented by remaining contractual maturity of the underlying security.
(5) Includes personal lines of credit, lines of credit secured by real or immovable property, and credit card lines for which the amounts committed are unconditionally revocable at any time at Desjardins Group's discretion. These are classified under "No stated maturity."

# ADDITIONAL INFORMATION

## CONTROLS AND PROCEDURES

During the three-month period ended March 31, 2025, Desjardins Group made no changes to its policies, procedures or other processes with regard to internal control that materially affected, or may materially affect internal control over financial reporting. The parties involved and their responsibilities regarding such internal control are described on pages 93 and 94 of the Desjardins Group's 2024 annual MD&A.

## RELATED PARTY DISCLOSURES

In the normal course of operations, Desjardins Group offers financial services to related parties, including its associates, joint ventures and other related companies, and enters into agreements for operating services with them. It also pays its key management personnel compensation on terms similar to those offered to unrelated parties.

Furthermore, Desjardins Group provides its financial products and services to its directors, its key management personnel and the persons related to them on terms similar to those offered to unrelated parties.

Desjardins Group has set up a process to obtain assurance that all transactions with its officers and the persons related to them have been carried out on terms similar to those offered to unrelated parties and in compliance with the legislative framework for its various components. These policies and procedures have not changed significantly since December 31, 2024.

Additional information on related party transactions is provided in Note 31, "Related party disclosures," to the Annual Combined Financial Statements.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

A description of the accounting policies used by Desjardins Group is essential to understanding the Annual and Interim Combined Financial Statements. The significant accounting policies are described in Note 2, "Accounting policies," to Desjardins Group's Annual Combined Financial Statements on pages 127 to 147 of the 2024 Annual Report.

Some of these policies are of particular importance in presenting Desjardins Group's financial position and operating results because they require management to make judgments as well as estimates and assumptions that affect the reported amounts of some assets, liabilities, income and expenses, as well as related information. Explanations of the significant accounting policies that have required management to make difficult, subjective or complex judgments, often about matters that are inherently uncertain, are provided on pages 94 to 100 of the 2024 annual MD&A. No significant changes were made to these accounting policies during the first three months of 2025.

The economic conditions, strongly affected by the uncertainty surrounding the evolution of trade relations with the United States, continue to have an impact on the judgments and significant estimates and assumptions made by management in preparing the Interim Combined Financial Statements for the three-month period ended March 31, 2025. The judgments, estimates and assumptions that will be made for future periods will be reassessed in light of the development of these highly uncertain conditions and could therefore differ from those made in preparing the Interim Combined Financial Statements for the three-month period ended March 31, 2025. Desjardins Group is closely monitoring developments and their impact on its surplus earnings and financial position.

## FUTURE ACCOUNTING CHANGES

Accounting standards issued by the IASB but not yet effective as at December 31, 2024 are described in Note 2, "Accounting policies," to Desjardins Group's Annual Combined Financial Statements, on page 147 of the 2024 Annual Report. Regulatory authorities have stated that early adoption of these standards and amendments will not be permitted, unless they indicate otherwise.

## ADDITIONAL INFORMATION REQUIRED PURSUANT TO THE AMF'S DECISION NO. 2021-FS-0091

In addition to the entities comprising the Desjardins Cooperative Group (as defined under "Desjardins Group profile") and the subsidiaries of such entities, Desjardins Group's Combined Financial Statements include Caisse Desjardins Ontario Credit Union Inc. (CDO). The CDO's financial information compared to that of Desjardins Group is presented in the table below.

**CDO financial information**

| | As at March 31, 2025 | | | As at December 31, 2024 | | |
|---|---|---|---|---|---|---|
| (in millions of dollars and as a percentage) | **CDO** | **Desjardins Group Combined Balance Sheets** | **% proportion** | CDO | Desjardins Group Combined Balance Sheets | % proportion |
| Total assets | **$ 14,582** | **$487,946** | **3.0%** | $ 14,051 | $470,942 | 3.0% |
| Total liabilities | **13,712** | **448,575** | **3.1** | 13,193 | 432,252 | 3.1 |
| Total equity | **870** | **39,371** | **2.2** | 858 | 38,690 | 2.2 |

| | For the three-month periods ended | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | March 31, 2025 | | | December 31, 2024 | | | March 31, 2024 | | |
| (in millions of dollars and as a percentage) | **CDO** | **Desjardins Group Combined Statements of Income** | **% proportion** | CDO | Desjardins Group Combined Statements of Income | % proportion | CDO | Desjardins Group Combined Statements of Income | % proportion |
| Total net revenue | **$ 62** | **$ 3,682** | **1.7%** | $ 67 | $ 3,958 | 1.7% | $ 55 | $ 3,564 | 1.5% |
| Surplus earnings before member dividends | **11** | **738** | **1.5** | 21 | 826 | 2.5 | 9 | 855 | 1.1 |
| Net surplus earnings for the period after member dividends | **8** | **654** | **1.2** | 18 | 742 | 2.4 | 6 | 774 | 0.8 |

# GLOSSARY

**Acceptance**
Short-term debt security traded on the money market, guaranteed by a financial institution for a borrower in exchange for a stamping fee.

**Advanced Internal Ratings-Based Approach**
Approach under which risk weighing is based on the type of counterparty (individuals, small or medium-sized business, large corporation, etc.) and risk-weighting factors determined using internal parameters: the borrower's probability of default, loss given default, applicable maturity and exposure at default.

**Allowance for credit losses**
The loss allowance for expected credit losses reflects an unbiased amount, based on a probability-weighted present value of cash flow shortfalls, and takes into account reasonable and supportable information about past events, current conditions and forecasts of future economic conditions.

**Amortized cost**
For a financial asset or a financial liability, represents the historical cost at initial recognition, decreased or increased by amortization and any differences that made it fluctuate from initial recognition to maturity.

**Annuity premium**
Amount invested by a policyholder in order to receive annuity payments, immediately or after an accumulation period.

**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 also included in assets under administration.

***Autorité des marchés financiers* (AMF)**
Organization whose mission is to enforce the laws governing the financial industry, particularly in the areas of insurance, securities, deposit-taking institutions and financial product and service distribution.

**Average assets**
Average of assets presented in the Combined Financial Statements at quarter-end calculated from the quarter preceding the relevant period.

**Average core interest-bearing assets**
Include securities, cash and deposits with financial institutions, as well as loans, and exclude life and health insurance and property and casualty insurance assets and assets related to trading activities, and other assets not generating net interest income. Average of quarter-end balances calculated from the quarter preceding the relevant period.

**Average core interest-bearing assets – Personal and Business Services**
Include securities, cash and deposits with financial institutions, as well as loans, and excludes assets related to trading activities as well as assets related to capital market and liquidity management activities, and all other assets not generating net interest income – Personal and Business Services. Average of quarter-end balances calculated from the quarter preceding the relevant period.

**Average deposits**
Average of deposits presented in the Combined Financial Statements at quarter-end calculated from the quarter preceding the relevant period.

**Average equity – Group's share**
Average equity – Group's share presented in the Combined Financial Statements at quarter-end calculated from the quarter preceding the relevant period.

**Average gross loans**
Average of loans, presented in the Combined Financial Statements at quarter-end calculated from the quarter preceding the relevant period.

**Average interest-bearing assets**
Consist of securities, including those borrowed or purchased under reverse repurchase agreements, cash and deposits with financial institutions, as well as loans, and exclude life and health insurance and property and casualty insurance assets, as well as all other assets not generating net interest income. Average of quarter-end balances calculated from the quarter preceding the relevant period.

**Average interest-bearing liabilities**
Include deposits, subordinated notes and other interest-bearing liabilities, and exclude life and health insurance and property and casualty insurance liabilities as well as all other liabilities not generating any net interest income.

**Average liabilities**
Average of liabilities presented in the Combined Financial Statements at quarter-end calculated from the quarter preceding the relevant period.

**Average net loans**
Average of loans, net of the allowance for credit losses, presented in the Combined Financial Statements at the quarter-end calculated from the quarter preceding the relevant period.

**Average net loans and acceptances**
Average of loans, including clients' liability under acceptances, net of the allowance for credit losses, presented in the Combined Financial Statements at quarter-end calculated from the quarter preceding the relevant period.

**Basis point**
Unit of measure equal to one one-hundredth of a percent (0.01%).

**Bond**
Certificate evidencing a debt under which the issuer promises to pay the holder a specified amount of interest for a specified period of time, and to repay the borrowing at maturity. Generally, assets are pledged as security for the borrowing, except in the case of government or corporate bonds. This term is often used to describe any debt security.

**Capital ratios**
Ratios determined by dividing regulatory capital by risk-weighted assets. These measures are defined in the *Capital Adequacy Guideline* issued by the AMF.

**Capital shares**
Equity security offered to Desjardins caisse members.

**Catastrophe and notable event**
- Catastrophe
  In property and casualty insurance, group of claims caused by one or multiple close events arising from, among others, natural or other than natural causes, for which the cost is deemed significant since it reaches a minimum threshold, established annually Desjardins Group's management, for the reinsurance program retention.
  - Natural catastrophes can take many forms and include, but are not limited to, hurricanes, tornados, windstorms, hailstorms, heavy rainfalls, ice storms, floods, extreme weather conditions and wildfires.
  - Catastrophes other than natural catastrophes include, but are not limited to, terrorist acts, riots, explosions, crashes, train wrecks, large-scale cyber attacks.
- Notable event
  In property and casualty insurance, group of claims caused by one or multiple close events arising from, among others, natural or other than natural causes, for which the impact on the loss ratio and claims frequency is deemed significant by Desjardins Group's management.

**Commitment**
- Direct commitment
  Any agreement entered into by a Desjardins Group component with a natural or legal person creating an on- or off-balance sheet exposure, either disbursed or non-disbursed, revocable or irrevocable, with or without condition, that may lead to losses for the component if the debtor is unable to meet its obligations.
- Indirect commitment
  Any financial receivable creating a credit exposure that is acquired by a Desjardins Group component in connection with a purchase on the market or the delivery of a financial asset pledged as collateral by a client or a counterparty, whose value may change in particular as a result of the deterioration of the creditworthiness of the counterparty associated to this receivable or changes in market prices.

**Contractual service margin (CSM)**
For insurance contracts that are not measured using the premium allocation approach, represents the unearned profit that will be recognized under "Insurance revenue," in the Combined Statements of Income, as insurance contract services are provided.

**Countercyclical buffer**
The countercyclical buffer aims to ensure that capital requirements take account of the macro-financial environment in which Desjardins Group operates. The AMF could deploy this buffer when it judges that excessive credit growth is associated with a build-up of system-wide risks and, as such, would provide a buffer of capital to absorb potential losses.

**Covered bond**
Full recourse on-balance sheet bond issued by a financial institution and secured by assets, comprised mainly of mortgage loans, over which investors enjoy a priority claim in the event of an issuer's insolvency or bankruptcy. These assets are separated from the issuer's assets in the event of the issuer's insolvency or bankruptcy and belong to a bankruptcy remote structured entity that guarantees the bond.

**Credit commitment**
Unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit, whose primary purpose is to ensure that members and clients have funds available, when necessary, for variable maturity terms and under specific conditions.

**Credit instrument**
Credit facility offered in the form of a loan or other financing vehicle recognized in the Combined Balance Sheets or in the form of an off-balance sheet product. Credit instruments include credit commitments, documentary letters of credit as well as guarantees and standby letters of credit.

**Credit loss provisioning rate**
Provision for credit losses on loans and off-balance sheet items expressed as a percentage of average gross loans.

**Credit risk**
Risk of losses resulting from a borrower's or counterparty's failure to honour its contractual obligations, whether or not such obligations appear on the Combined Balance Sheets.

**Credit valuation adjustment (CVA)**
Adjustment applied to the value of over-the-counter derivatives to reflect the possibility that the counterparty will not meet its contractual obligations and that Desjardins Group will be unable to receive the full amounts owed.

**Defined benefit pension plan**
Pension plan guaranteeing each participant a defined level of retirement income that is often based on a formula set by the plan in terms of the participant's salary and years of service.

**Derivative financial instrument**
Financial contract whose value fluctuates based on an underlying asset, but that does not require holding or delivering the underlying asset itself. Derivatives are used to transfer, modify or reduce current or expected risks, including risks related to interest and exchange rates and financial indexes.

**Desjardins Group (Desjardins) component**
Cooperative or subsidiary that is part of Desjardins Group.

**Direct premiums written**
In property and casualty insurance, the premiums stipulated in insurance policies issued and in force during the year. In life and health insurance, insurance or annuity premiums for the policies or certificates issued during the year.

**Documentary letter of credit**
Instrument issued for a member or a client that represents Desjardins Group's agreement to honour drafts presented by a third party upon completion of certain activities, up to a set maximum amount. Desjardins Group is exposed to the risk that the client does not ultimately pay the amount of the drafts. However, the amounts used are secured by the related goods.

**Economic capital**
Amount of capital that an institution must maintain, in addition to anticipated losses, to ensure its solvency over a certain horizon and at a high confidence level.

**Effective interest rate**
Rate determined by discounting total future cash flows, including those related to commissions paid or received, premiums or discounts and transaction costs.

**Effective tax rate on surplus earnings after member dividends**
Income taxes on surplus earnings after member dividends expressed as a percentage of surplus earnings after member dividends.

**Environmental, social and governance (ESG) risk factors**
ESG risks are linked to an environmental, social or governance event or issue, which materializes as part of Desjardins Group's operations, financing, investing, insurance activities, or its commitments, the consequences of which could generate financial losses or reputational harm.

**Exposure at default (EAD)**
Estimate of the amount of a given exposure at time of default. For balance sheet exposures, it corresponds to the balance as at observation time. For off-balance sheet exposures, it includes an estimate of additional draws that may be made between observation time and default.

**Exposures related to residential mortgage loans**
In accordance with the regulatory capital framework, risk category that includes mortgage loans and credit margins secured by real property granted to individuals.

**Fair value**
Price that would be received to sell an asset or paid to transfer a liability in an orderly transaction at the measurement date.

**Fair value measurement**
Measurement to determine the approximate value at which financial instruments could be traded in a current transaction between willing parties.

**Forward contract**
Contractual commitment to sell or purchase a determined quantity of a specified underlying asset on a future specified date and at a predetermined price. These contracts, which are derivatives, are tailored and traded over the counter.

**Forward exchange contract**
Contractual commitment to sell or purchase a fixed amount of foreign currency on a specified future date and at a predetermined exchange rate.

**Foundation Internal Ratings-Based Approach**
Approach under which risk weighing is based on the type of counterparty (individuals, small or medium-sized business, large corporation, etc.) and risk-weighting factors determined using internal parameters: the borrower's probability of default, applicable maturity and exposure at default. The regulator prescribes the loss given default parameters.

**Fraud and financial crime risk**
Risk associated with acts conducted illegally by internal or external parties with the intent to cause harm, benefit from them or misappropriate assets belonging to Desjardins Group, members or clients, or the risk associated with non-compliance by Desjardins Group with obligations arising from the anticipation, interpretation or application of a legislative or regulatory provision regarding financial crimes.

**Futures contract**
Contractual commitment to sell or purchase a determined quantity of a specified underlying asset on a future specified date and at a predetermined price. These contracts, which are derivatives, are standardized and exchange-traded.

**Gross credit-impaired loan**
A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated cash flows of that financial asset have occurred. A financial asset is therefore considered credit-impaired when it is in default, unless the detrimental impact on the estimated future cash flows is considered insignificant. The definition of default is associated with an instrument for which contractual payments are 90 days past due, or certain other criteria.

**Gross credit-impaired loans/gross loans**
Gross credit-impaired loans expressed as a percentage to total gross loans.

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

**Group insurance premium**
Payment that the insurance policyholder is required to make to maintain the contract in force. This payment represents the cost of insurance. The premium is directly proportional to the number of insured persons and the coverage chosen by the policyholder.

**Guarantee and standby letter of credit**
Irrevocable commitment by a financial institution to make payments in the event that a member or client cannot meet financial obligations to third parties. Desjardins Group's policy with respect to collateral received for these instruments is generally the same as for loans.

**Hedge fund**
Investment fund offered to accredited investors. A hedge fund manager enjoys great latitude with respect to the investment strategies to be used, which may include selling short, leverage, program trading, swaps, arbitrage and derivatives.

**Hedging**
Transaction designed to reduce or offset Desjardins Group's exposure to one or more financial risks that involves taking a position exposed to effects that are equivalent, but of opposite direction, to the effects of market fluctuations on an existing or forecasted position.

**Indemnification commitment related to securities lending**
Commitment made to members and clients with whom Desjardins Group entered into securities lending agreements and intended to ensure that the fair value of the securities lent will be reimbursed if the borrower does not return the borrowed securities or if the fair value of assets held as collateral is insufficient to cover the fair value of the securities lent. These commitments usually mature before being used.

**Individual insurance premium**
Payment that the insurance policyholder is required to make to maintain the contract in force. This payment represents the cost of insurance and can sometimes include a savings component. The cost of insurance portion of the premium is directly proportional to the amount of risk underwritten by the insurer.

**Insurance contract**
Insurance contracts are contracts that transfer a significant insurance risk to an insurer upon their issuance. An insurance risk is transferred when the insurance subsidiaries agree to compensate a contract holder if a specified uncertain future event adversely affects the contract holder. In certain situations, an insurance contract may also transfer a financial risk.

**Insurance contract liabilities**
Obligation representing the amount of an insurance company's commitments toward all insureds and beneficiaries, including in particular an amount to cover the payment of benefits and claims.

**Insurance premium**
Payment that the insurance policyholder is required to make to maintain the contract in force. This payment represents the cost of insurance and can sometimes include a savings component. The premium is directly proportional to the amount of risk underwritten by the insurer.

**Insurance risk**
- Life and health insurance risk refers to the risk that the amount and timing of benefits and expenses payable on life insurance, health insurance or annuity contract products differ from those expected.
- Property and casualty insurance risk is the risk that benefits and related expenses will differ from the amounts estimated when designing, pricing or measuring actuarial reserves of property and casualty insurance products for individuals and businesses.

**Insurance sales**
Metric used to measure growth in Wealth Management and Life and Health Insurance segment operations. It is equal to annualized gross new premiums under group and individual insurance policies.

**Large loss**
In property and casualty insurance, single claim having a significant cost.

**Legal and regulatory risk**
Risk associated with the non-compliance by Desjardins Group with obligations arising from the anticipation, interpretation or application of a legislative or regulatory provision or a contractual commitment, which could have an impact on the conduct of its operations, its reputation, its strategies and its financial objectives.

**Leverage ratio**
Ratio calculated as the capital measure, which is Tier 1 capital, divided by the exposure measure. The exposure measure includes:

- on-balance sheet exposures;
- securities financing transaction exposures;
- derivative exposures; and
- off-balance sheet items.

**Liquidity coverage ratio**
Ratio determined by dividing the stock of unencumbered HQLA by the amount of net cash outflows for the next 30 days assuming an acute liquidity stress scenario.

**Liquidity risk**
Risk related to Desjardins Group's capacity to raise the necessary funds (by increasing liabilities or converting assets) to meet a financial obligation, whether or not it appears on the Combined Balance Sheets.

**Loss given default (LGD)**
Economic loss that may be incurred should the borrower default, expressed as a percentage of exposure at default.

**Loss on onerous contracts**
When a group of insurance contracts is onerous on initial recognition or subsequently becomes onerous, a loss on onerous contracts is recognized as insurance service expenses and a loss component is added to the liability for remaining coverage. Subsequent changes in the loss component related to future service are recognized as losses and reversals of losses on onerous contracts under "Insurance service expenses" in the Combined Statements of Income.

**Market risk**
Risk of loss arising from changes in the fair value of financial instruments as a result of fluctuations in the parameters affecting this value, in particular, interest rates, exchange rates, credit spreads, equity prices and their volatility.

**Master netting agreement**
Standard agreement developed to reduce the credit risk of multiple derivative transactions by creating a legal right to set off the obligations of a counterparty in the event of default.

**Matching**
Process of adjusting asset, liability and off-balance sheet item maturities in order to reduce risks related to interest or exchange rates and financial indexes. Matching is used in asset/liability management.

**Member dividend**
As a cooperative financial group, Desjardins Group distributes to its members a portion of its surplus earnings for a given year, taking into account its financial capacity. This distribution, called member dividend, is paid by the caisses and tailored to each member based on the use they make of their cooperative's financial services.

**Morbidity rate**
Probability that a person of a given age will suffer an illness or disability. The accident/health insurance premium paid by a person belonging to a particular age group is based on this group's morbidity rate.

**Mortality rate**
Rate of death in a particular group of persons. The life insurance premium paid by a person belonging to a particular age group is based on this group's mortality rate.

**Mortgage-backed security**
Security created through the securitization of a pool of residential mortgage loans under the *National Housing Act*.

**Net interest income**
Difference between what a financial institution receives on assets such as loans and securities and what it pays out on liabilities such as deposits and subordinated notes.

**Net interest income on core assets**
Net interest income excluding net interest income generated by non-core assets.

**Net interest income on core assets – Personal and Business Services**
Net interest income – Personal and Business Services excluding net interest income generated by non-core assets – Personal and Business Services.

**Net interest margin**
Net interest income on core assets expressed as a percentage of average core interest-bearing assets.

**Net interest margin – Personal and Business Services**
Net interest income on core assets – Personal and Business Services expressed as a percentage of average core interest-bearing assets – Personal and Business Services.

**Net sales of savings products**
Metric used to measure growth in Wealth Management and Life and Health Insurance segment operations. It is equal to sales of group and individual savings products manufactured and distributed by segment entities, and is comprised of on- or off-balance sheet deposits, less redemptions.

**Net stable funding ratio (NSFR)**
Ratio determined by dividing available stable funding, designated by capital and liabilities, by required stable funding, designated by assets.

**Notional amount**
Reference amount used to calculate payments for instruments such as forward rate agreements and interest rate swaps. This amount is called "notional" because it does not change hands.

**NVCC subordinated notes**
Securities that meet the non-viability contingent capital (NVCC) requirements set out in the *Capital Adequacy Guideline* issued by the AMF, in particular securities issued by the Federation with a clause providing for their automatic conversion into capital shares of the Federation upon the occurrence of a trigger event as defined in the guideline.

**Off-balance sheet exposure**
Includes guarantees, commitments, derivatives and other contractual agreements whose total notional amount may not be recognized on the balance sheet.

**Office of the Superintendent of Financial Institutions (OSFI)**
Organization whose mission is to enforce all laws governing the financial industry in Canada, particularly as concerns banks, insurance companies, trust companies, loan companies, cooperative credit associations, fraternal companies and private pension plans subject to federal oversight.

**Operational risk**
Risk of inadequacy or failure attributable to processes, people, internal systems or external events and resulting in losses or failure to achieve objectives, and takes into consideration the impact of failures to achieve the strategic objectives of the component concerned or Desjardins Group, if applicable.

**Operating leverage**
Represents the difference between the growth rate for total net revenue and the growth rate for net non-interest expense.

**Option**
Contractual agreement that grants the right, but not the obligation, to sell (put option) or to buy (call option) a specified amount of a financial instrument at a predetermined price (the exercise or strike price) on or before a specified date.

**Other retail client exposures**
In accordance with the regulatory capital framework, risk category that includes all loans granted to individuals except for exposures related to residential mortgage loans and qualifying revolving retail client exposures.

**Pension plan**
Contract under which participants receive retirement benefits under certain terms starting at a given age. A pension plan is funded through contributions made either by the employer alone or by both the employer and the participants.

**Privacy risk**
Risk associated with inadequate handling of personal information (theft or breach, loss, collection, consent management, use, disclosure, retention, destruction or infringement of the rights of individuals related to their personal information), through intentional or unintentional actions (internal threat, error, negligence or omission). The key consequences of privacy risk deal with Desjardins Group's reputation, compliance and potential financial losses.

**Probability of default (PD)**
Probability that a borrower defaults on his obligations over a period of one year.

**Productivity index – Personal and Business Services**
Gross non-interest expense for the Personal and Business Services segment expressed as a percentage of total net revenue for the Personal and Business Services segment.

**Provision for credit losses**
Amount recognized in profit or loss to bring the allowance for credit losses to a level determined appropriate by management. It includes provisions for credit losses on unimpaired and impaired financial assets.

**Qualifying revolving retail client exposures**
In accordance with the regulatory capital framework, risk category that includes credit card loans and unsecured credit margins granted to individuals.

**Regulatory capital**
In accordance with the definition set out in the *Capital Adequacy Guideline* issued by the AMF, the regulatory capital under Basel III comprises Tier 1A capital, Tier 1 capital and Tier 2 capital. The composition of these various tiers is presented in the "Capital management" section of the Management's Discussion and Analysis.

**Regulatory funds**
Funds needed to cover unexpected losses, calculated according to parameters and methods prescribed by regulatory authorities.

**Reinsurance contract**
Contract whereby one insurer assumes all or part of a risk undertaken by another insurer. Despite such a contract, the original insurer remains fully liable to its policyholders for the insurance obligations.

**Repurchase agreement**
Agreement involving both the sale of securities for cash and the repurchase of these securities for value at a later date. This type of agreement represents a form of short-term financing.

**Reputation risk**
Risk that a negative perception by the stakeholders, whether or not justified, of Desjardins Group's practices, actions or lack of action could have a material unfavourable impact on revenues and equity or may significantly affect the confidence of its members and clients or, more broadly, public opinion.

**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 – Group's share.

**Reverse repurchase agreement**
Agreement involving both the purchase of securities for cash and the sale of these securities for value at a later date. This type of agreement represents a form of short-term financing.

**Risk adjustment for non-financial risk**
Represents the compensation that the insurance subsidiaries require for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risks when they fulfill insurance contracts.

**Risk-weighted assets**
Assets adjusted based on a risk-weighting factor prescribed by regulations to reflect the level of risk associated with items presented in the combined balance sheets. Some assets are not weighted, but rather deducted from capital. The calculation method is defined in the guidelines issued by the AMF. For more details, see the "Capital management" section of the Management's Discussion and Analysis.

**Securitization**
Process by which financial assets, such as mortgage loans, are converted into asset-backed securities.

**Security borrowed or purchased**
Security typically borrowed or purchased to cover a short position. The borrowing or purchase usually requires that an asset, taking the form or cash or highly rated securities, be pledged as collateral by the borrower.

**Security lent or sold**
Security typically lent or sold to cover a short position of the borrower. The loan or sale usually requires that an asset, taking the form or cash or highly rated securities, be pledged as collateral by the borrower.

**Security sold short**
Commitment by a seller to sell a security it does not own. Typically, the seller initially borrows the security to deliver it to the purchaser. At a later date, the seller buys an identical security to replace the borrowed security.

**Segregated fund**
Type of fund offered by insurance companies through a variable contract that provides the contract holder with a number of guarantees, such as principal repayment upon death. Segregated funds encompass a range of categories of securities and are designed to meet a variety of investment objectives. Segregated fund deposits represent amounts invested by clients. Segregated funds are comprised of investment funds with capital guaranteed upon death or at maturity.

**Standardized Approach**

- Credit risk
  Default approach used to calculate risk-weighted assets. Under this method, the entity uses valuations performed by external credit assessment institutions recognized by the AMF to determine the risk-weighting factors related to the various exposure categories.
- Market risk
  Default approach used to calculate risk-weighted assets for the market risk classes: interest rate risk, credit spread risk, equity risk, foreign exchange risk, commodity risk and default risk.
- Operational risk
  Standardized Approach for operational risk based on two main components: a Business Indicator Component (BIC), which is based on financial statements, and a Loss Component (LC), from which an Internal Loss Multiplier (ILM) is calculated using average historical losses. The operational risk capital requirement is calculated by multiplying the BIC and the ILM, and risk-weighted assets for operational risk are equal to this capital requirement multiplied by 12.5.

**Strategic risk**

Risk of loss attributable to the occurrence of external and internal events or the implementation of inappropriate strategies or actions that may prevent Desjardins Group from achieving its strategic priorities including the interests of its members and clients.

**Structural interest rate risk**

Risk related to the potential impact of interest rate fluctuations on net interest income and the economic value of equity.

**Structured entity**

Entity that has been designed so that voting rights or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes: restricted activities, a narrow and well-defined objective, insufficient equity to permit it to finance its activities without subordinated financial support, or financing in the form of multiple contractually linked instruments to investors.

**Subordinated note**

Unsecured note whose repayment in the event of liquidation is subordinated to the prior repayment of certain other creditors.

**Subsidiary**

Company controlled by the Federation.

**Swap**

Derivative financial instrument under which two parties agree to exchange interest rates or currencies for a specified period according to predetermined rules.

**TLAC leverage ratio**

Ratio determined by dividing the total loss absorbing capacity by the exposure measure. The exposure measure is independent from risk and includes:

- on-balance sheet exposures;
- securities financing transaction exposures;
- derivative exposures; and
- off-balance sheet items.

**TLAC ratio**

Ratio determined by dividing the total loss absorbing capacity (TLAC) by risk-weighted assets.

**Total loss absorbing capacity – TLAC**

Regulatory capital and instruments that meet the eligibility criteria set out in the Total Loss Absorbing Capacity Guideline issued by the AMF.

**Unused exposure**

Amount of credit authorizations offered in the form of margins or loans that is not yet used.

**Used exposure**

Amount of funds invested in or advanced to a member or client.

**Value at Risk (VaR)**

Potential loss that could occur by the next business day in normal market conditions and at a confidence level of 99% (approximate loss that could occur once every 100 days).

# COMBINED FINANCIAL STATEMENTS

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# Combined Balance Sheets

(unaudited)

| (in millions of Canadian dollars) | Notes | As at March 31, 2025 | As at December 31, 2024 |
|---|---|---|---|
| **ASSETS** | | | |
| **Cash and deposits with financial institutions** | | **$ 7,128** | $ 5,977 |
| **Securities** | | | |
| Securities at fair value through profit or loss | | **46,726** | 41,961 |
| Securities at fair value through other comprehensive income | | **59,056** | 57,302 |
| Securities at amortized cost | | **45** | 45 |
| | | **105,827** | 99,308 |
| **Securities borrowed or purchased under reverse repurchase agreements** | | **25,544** | 23,666 |
| **Loans** | 5 | | |
| Residential mortgages | | **183,965** | 179,920 |
| Consumer, credit card and other personal loans | | **24,442** | 24,683 |
| Business and government | | **89,324** | 86,314 |
| | | **297,731** | 290,917 |
| Allowance for credit losses | 5 | **(1,403)** | (1,320) |
| | | **296,328** | 289,597 |
| **Segregated fund net assets** | | **29,633** | 28,959 |
| **Other assets** | | | |
| Derivative financial instruments | | **8,153** | 7,579 |
| Amounts receivable from clients, brokers and financial institutions | | **2,244** | 3,096 |
| Reinsurance contract assets | 7 | **1,933** | 1,905 |
| Right-of-use assets | | **448** | 454 |
| Investment property | | **809** | 817 |
| Property, plant and equipment | | **1,458** | 1,486 |
| Goodwill | | **596** | 596 |
| Intangible assets | | **1,259** | 1,255 |
| Investments in companies accounted for using the equity method | | **1,264** | 1,241 |
| Net defined benefit plan assets | | **673** | 724 |
| Deferred tax assets | | **1,058** | 986 |
| Other | | **3,591** | 3,296 |
| | | **23,486** | 23,435 |
| **TOTAL ASSETS** | | **$ 487,946** | $ 470,942 |
| **LIABILITIES AND EQUITY** | | | |
| **LIABILITIES** | | | |
| **Deposits** | 6 | | |
| Individuals | | **$ 164,660** | $ 161,479 |
| Business and government | | **144,444** | 139,223 |
| Deposit-taking institutions | | **275** | 244 |
| | | **309,379** | 300,946 |
| **Insurance contract liabilities** | 7 | **35,028** | 34,538 |
| **Other liabilities** | | | |
| Commitments related to securities sold short | | **18,058** | 13,249 |
| Commitments related to securities lent or sold under repurchase agreements | | **23,543** | 20,633 |
| Derivative financial instruments | | **6,119** | 6,112 |
| Amounts payable to clients, brokers and financial institutions | | **12,515** | 14,195 |
| Lease liabilities | | **539** | 534 |
| Reinsurance contract liabilities | 7 | **37** | 37 |
| Segregated fund net liabilities – Investment contracts | | **26,113** | 25,329 |
| Net defined benefit plan liabilities | | **710** | 713 |
| Deferred tax liabilities | | **520** | 454 |
| Other | | **10,775** | 11,550 |
| | | **98,929** | 92,806 |
| **Subordinated notes** | 6 | **5,239** | 3,962 |
| **TOTAL LIABILITIES** | | **448,575** | 432,252 |
| **EQUITY** | | | |
| Capital stock | | **4,685** | 4,731 |
| Undistributed surplus earnings | | **3,864** | 3,319 |
| Accumulated other comprehensive income | 8 | **715** | 256 |
| Reserves | | **29,551** | 29,481 |
| **Equity – Group's share** | | **38,815** | 37,787 |
| **Non-controlling interests** | | **556** | 903 |
| **TOTAL EQUITY** | | **39,371** | 38,690 |
| **TOTAL LIABILITIES AND EQUITY** | | **$ 487,946** | $ 470,942 |

The accompanying notes are an integral part of the Condensed Interim Combined Financial Statements.

# Combined Statements of Income

(unaudited)

| (in millions of Canadian dollars) | Notes | For the three-month periods ended March 31 2025 | 2024 |
|---|---|---|---|
| **INTEREST INCOME**[1] | | | |
| Loans | | **$ 3,794** | $ 3,620 |
| Securities | | **627** | 637 |
| | | **4,421** | 4,257 |
| **INTEREST EXPENSE** | | | |
| Deposits | | **1,903** | 1,975 |
| Subordinated notes | | **48** | 35 |
| Other | | **503** | 514 |
| | | **2,454** | 2,524 |
| **NET INTEREST INCOME** | 10 | **1,967** | 1,733 |
| **INSURANCE SERVICE RESULT** | | | |
| Insurance revenue | | **2,991** | 2,752 |
| Insurance service expenses | | **(2,650)** | (2,351) |
| Net reinsurance service income (expenses) | | **(51)** | 8 |
| | | **290** | 409 |
| **NET INSURANCE FINANCE RESULT** | | | |
| Net insurance investment income (loss)[1] | | **639** | (39) |
| Net insurance finance income (expenses) | | **(487)** | 375 |
| Net reinsurance finance income (expenses) | | **22** | (26) |
| | 7 | **174** | 310 |
| **NET INSURANCE SERVICE INCOME** | | **464** | 719 |
| **OTHER INCOME** | | | |
| Deposit and payment service charges | | **137** | 126 |
| Lending fees and card service revenues | | **262** | 262 |
| Brokerage and investment fund services | | **391** | 376 |
| Management and custodial service fees | | **248** | 199 |
| Net other investment income (loss)[1] | 10 | **61** | 17 |
| Foreign exchange income | | **97** | 48 |
| Other | | **55** | 84 |
| | | **1,251** | 1,112 |
| **TOTAL NET REVENUE** | | **3,682** | 3,564 |
| **PROVISION FOR CREDIT LOSSES** | 5 | **210** | 133 |
| **NON-INTEREST EXPENSE** | | | |
| Salaries and employee benefits | | **1,422** | 1,352 |
| Professional fees | | **204** | 168 |
| Technology | | **316** | 290 |
| Commissions | | **206** | 209 |
| Occupancy costs | | **97** | 99 |
| Communications | | **96** | 74 |
| Business and capital taxes | | **50** | 37 |
| Other | | **345** | 327 |
| **Gross non-interest expense** | | **2,736** | 2,556 |
| Non-interest expense included in insurance service expenses | | **(233)** | (245) |
| **NET NON-INTEREST EXPENSE** | | **2,503** | 2,311 |
| **OPERATING SURPLUS EARNINGS** | | **969** | 1,120 |
| Income taxes on surplus earnings | | **231** | 265 |
| **SURPLUS EARNINGS BEFORE MEMBER DIVIDENDS** | | **738** | 855 |
| Member dividends | | **113** | 110 |
| Tax recovery on member dividends | | **(29)** | (29) |
| **NET SURPLUS EARNINGS FOR THE PERIOD AFTER MEMBER DIVIDENDS** | | **$ 654** | $ 774 |
| **of which:** | | | |
| Group's share | | **$ 649** | $ 740 |
| Non-controlling interests' share | | **5** | 34 |

(1) Include interest income of $4,389 million for the three-month period ended March 31, 2025 ($4,269 million for the three-month period ended March 31, 2024) calculated using the effective interest method.

The accompanying notes are an integral part of the Condensed Interim Combined Financial Statements.

# Combined Statements of Comprehensive Income

(unaudited)

| (in millions of Canadian dollars) | For the three-month periods ended March 31 2025 | 2024 |
|---|---|---|
| **Net surplus earnings for the period after member dividends** | **$ 654** | $ 774 |
| **Other comprehensive income, net of income taxes** | | |
| **Items that will not be reclassified subsequently to the Combined Statements of Income** | | |
| Remeasurement of net defined benefit plan assets and liabilities | **(41)** | 192 |
| Net change in gains and losses on equity securities designated as at fair value through other comprehensive income | **5** | 97 |
| Net change in fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss | **4** | (7) |
| | **(32)** | 282 |
| **Items that will be reclassified subsequently to the Combined Statements of Income** | | |
| Net change in unrealized gains and losses on debt securities classified as at fair value through other comprehensive income | | |
| Net unrealized gains (losses) | **254** | 5 |
| Reclassification of net (gains) losses to the Combined Statements of Income | **(98)** | 15 |
| | **156** | 20 |
| Net change in cash flow hedges | | |
| Net gains (losses) on derivative financial instruments designated as cash flow hedges | **255** | (340) |
| Reclassification to the Combined Statements of Income of net (gains) losses on derivative financial instruments designated as cash flow hedges | **48** | 63 |
| | **303** | (277) |
| | **459** | (257) |
| **Total other comprehensive income, net of income taxes** | **427** | 25 |
| **COMPREHENSIVE INCOME FOR THE PERIOD** | **$ 1,081** | $ 799 |
| **of which:** | | |
| Group's share | **$ 1,074** | $ 764 |
| Non-controlling interests' share | **7** | 35 |

The accompanying notes are an integral part of the Condensed Interim Combined Financial Statements.

### Income taxes on other comprehensive income

The tax expense (recovery) related to each component of other comprehensive income for the period is presented in the following table.

| (in millions of Canadian dollars) | For the three-month periods ended March 31 2025 | 2024 |
|---|---|---|
| **Items that will not be reclassified subsequently to the Combined Statements of Income** | | |
| Remeasurement of net defined benefit plan assets and liabilities | **$ (14)** | $ 69 |
| Net change in gains and losses on equity securities designated as at fair value through other comprehensive income | **3** | 20 |
| Net change in fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss | **1** | (1) |
| | **(10)** | 88 |
| **Items that will be reclassified subsequently to the Combined Statements of Income** | | |
| Net change in unrealized gains and losses on debt securities classified as at fair value through other comprehensive income | | |
| Net unrealized gains (losses) | **91** | 2 |
| Reclassification of net (gains) losses to the Combined Statements of Income | **(36)** | 4 |
| | **55** | 6 |
| Net change in cash flow hedges | | |
| Net gains (losses) on derivative financial instruments designated as cash flow hedges | **92** | (122) |
| Reclassification to the Combined Statements of Income of net (gains) losses on derivative financial instruments designated as cash flow hedges | **17** | 23 |
| | **109** | (99) |
| | **164** | (93) |
| **Total income tax expense (recovery)** | **$ 154** | $ (5) |

# Combined Statements of Changes in Equity

(unaudited)

For the three-month periods ended March 31

| | | | | Reserves | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| (in millions of Canadian dollars) | Capital stock | Undistributed surplus earnings | Accumulated other comprehensive income (Note 8) | Stabilization reserve | Reserve for future member dividends | General and other reserves | Total reserves | Equity – Group's share | Non-controlling interests | Total equity |
| **BALANCE AS AT DECEMBER 31, 2024** | **$ 4,731** | **$ 3,319** | **$ 256** | **$ 624** | **$ 3,522** | **$ 25,335** | **$ 29,481** | **$ 37,787** | **$ 903** | **$ 38,690** |
| Net surplus earnings for the period after member dividends | **—** | **649** | **—** | **—** | **—** | **—** | **—** | **649** | **5** | **654** |
| Other comprehensive income for the period | **—** | **(34)** | **459** | **—** | **—** | **—** | **—** | **425** | **2** | **427** |
| Comprehensive income for the period | **—** | **615** | **459** | **—** | **—** | **—** | **—** | **1,074** | **7** | **1,081** |
| Other net changes in capital stock | **(46)** | **—** | **—** | **—** | **—** | **—** | **—** | **(46)** | **—** | **(46)** |
| Dividends | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **(90)** | **(90)** |
| Transactions related to non-controlling interests[(1)] | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **(264)** | **(264)** |
| Transfer between undistributed surplus earnings and reserves | **—** | **(70)** | **—** | **22** | **—** | **48** | **70** | **—** | **—** | **—** |
| **BALANCE AS AT MARCH 31, 2025** | **$ 4,685** | **$ 3,864** | **$ 715** | **$ 646** | **$ 3,522** | **$ 25,383** | **$ 29,551** | **$ 38,815** | **$ 556** | **$ 39,371** |
| | | | | | | | | | | |
| **RESTATED BALANCE AS AT DECEMBER 31, 2023** | $ 4,731 | $ 2,668 | $ (708) | $ 616 | $ 3,528 | $ 22,640 | $ 26,784 | $ 33,475 | $ 915 | $ 34,390 |
| Net surplus earnings for the period after member dividends | — | 740 | — | — | — | — | — | 740 | 34 | 774 |
| Other comprehensive income for the period | — | 279 | (255) | — | — | — | — | 24 | 1 | 25 |
| Comprehensive income for the period | — | 1,019 | (255) | — | — | — | — | 764 | 35 | 799 |
| Other net changes in capital stock | 5 | — | — | — | — | — | — | 5 | — | 5 |
| Dividends | — | — | — | — | — | — | — | — | (25) | (25) |
| Transfer between undistributed surplus earnings and reserves | — | (10) | — | 8 | (5) | 7 | 10 | — | — | — |
| **BALANCE AS AT MARCH 31, 2024** | $ 4,736 | $ 3,677 | $ (963) | $ 624 | $ 3,523 | $ 22,647 | $ 26,794 | $ 34,244 | $ 925 | $ 35,169 |

(1) On January 1, 2025, through one of its subsidiaries, Desjardins Group redeemed preferred shares of $464 million and issued preferred shares of $200 million to holders of non-controlling interests..

The accompanying notes are an integral part of the Condensed Interim Combined Financial Statements.

# Combined Statements of Cash Flows

(unaudited)

| (in millions of Canadian dollars) | For the three-month periods ended March 31 2025 | 2024 |
|---|---|---|
| **CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES** | | |
| Operating surplus earnings | $ 969 | $ 1,120 |
| Non-cash adjustments: | | |
| Depreciation of right-of-use assets, property, plant and equipment and investment property, and amortization of intangible assets | 120 | 120 |
| Amortization of premiums and discounts | — | 18 |
| Provision for credit losses | 210 | 133 |
| Net realized (gains) losses on securities classified as at fair value through other comprehensive income | (3) | 9 |
| Other | 21 | (18) |
| Change in operating assets and liabilities: | | |
| Securities at fair value through profit or loss | (4,765) | (564) |
| Securities borrowed or purchased under reverse repurchase agreements | (1,878) | (4,036) |
| Loans | (6,974) | (3,264) |
| Insurance and reinsurance contract assets and liabilities | 462 | (360) |
| Derivative financial instruments, net amount | (538) | (492) |
| Net amounts receivable from and payable to clients, brokers and financial institutions | (828) | 906 |
| Deposits | 8,433 | 1,860 |
| Commitments related to securities sold short | 4,809 | 570 |
| Commitments related to securities lent or sold under repurchase agreements | 2,910 | 5,922 |
| Other | (558) | (638) |
| Income taxes paid on surplus earnings | (588) | (161) |
| | 1,802 | 1,125 |
| **CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES** | | |
| Issuance of subordinated notes | 1,246 | — |
| Sale (purchase) of debt securities and subordinated notes to (from) third parties on the market | (11) | (3) |
| Repayment of lease liabilities | (20) | (22) |
| Other net changes in capital stock | (46) | 5 |
| Remuneration on capital stock | (266) | (293) |
| Transactions related to non-controlling interests | (264) | — |
| Dividends paid | (90) | (25) |
| | 549 | (338) |
| **CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES** | | |
| Purchase of securities at fair value through other comprehensive income and at amortized cost | (8,373) | (9,275) |
| Proceeds from disposals of securities at fair value through other comprehensive income and at amortized cost | 6,088 | 4,505 |
| Proceeds from maturities of securities at fair value through other comprehensive income and at amortized cost | 1,136 | 3,202 |
| Acquisitions of property, plant and equipment, intangible assets and investment property | (84) | (97) |
| Proceeds from disposals (acquisition) of investments in companies accounted for using the equity method | (8) | (14) |
| Distributions received from investments in companies accounted for using the equity method | 8 | 9 |
| Other investing activities | 33 | 54 |
| | (1,200) | (1,616) |
| **Net increase (decrease) in cash and cash equivalents** | 1,151 | (829) |
| Cash and cash equivalents at beginning of period | 5,977 | 8,987 |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** | $ 7,128 | $ 8,158 |
| **Supplemental information on cash flows from (used in) operating activities** | | |
| Interest paid | $ 1,969 | $ 1,899 |
| Interest received | 4,098 | 3,972 |
| Dividends received | 59 | 49 |

The accompanying notes are an integral part of the Condensed Interim Combined Financial Statements.

# NOTES TO THE CONDENSED INTERIM COMBINED FINANCIAL STATEMENTS (unaudited)

## NOTE 1 – BASIS OF PRESENTATION

**Nature of operations**

Desjardins Group is made up of the Desjardins caisses in Québec, Caisse Desjardins Ontario Credit Union Inc. (CDO), the *Fédération des caisses Desjardins du Québec* (the Federation) and its subsidiaries, and the *Fonds de sécurité Desjardins*. A number of the subsidiaries are active across Canada. The address of its head office is 100 Des Commandeurs Street, Lévis, Québec, Canada.

**Combined Financial Statements**

As an integrated financial services group, Desjardins Group is a complete economic entity. These unaudited Condensed Interim Combined Financial Statements (the Interim Combined Financial Statements) have been prepared to present the financial position, the financial performance and the cash flows of this economic entity. The Desjardins caisses exercise a collective power over the Federation, which is the cooperative entity responsible for assuming orientation, framework, coordination and development activities for Desjardins Group. The role of the Federation is also to protect the interests of Desjardins Group members.

As Desjardins caisses and the Federation are financial services cooperatives, these Interim Combined Financial Statements differ from the consolidated financial statements of a group with a traditional organizational structure. Consequently, the Combined Financial Statements of Desjardins Group are a combination of the accounts of the Desjardins caisses in Québec, the Federation, CDO and the entities controlled by them, namely the Federation's subsidiaries and the *Fonds de sécurité Desjardins*. The capital stock of Desjardins Group represents the aggregate of the capital stock issued by the Desjardins caisses in Québec, the Federation and CDO.

**Statement of Compliance**

Pursuant to the *Act Respecting Financial Services Cooperatives*, these Interim Combined Financial 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), more specifically in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting," and the accounting requirements of the *Autorité des marchés financiers* (AMF) in Québec, which do not differ from IFRS.

These Interim Combined Financial Statements should be read in conjunction with the audited Annual Combined Financial Statements (the Annual Combined Financial Statements) for the year ended December 31, 2024, and the shaded areas of section 4.0, "Risk management," of the related Management's Discussion and Analysis, which are an integral part of the Annual Combined Financial Statements.

These Interim Combined Financial Statements were approved by the Board of Directors of Desjardins Group, which is the Board of Directors of the Federation, on May 13, 2025.

**Significant judgments, estimates and assumptions**

The economic conditions, strongly affected by the uncertainty surrounding the evolution of trade relations with the United States, continue to have an impact on the judgments and significant estimates and assumptions made by management in preparing the Interim Combined Financial Statements for the three-month period ended March 31, 2025. The judgments, estimates and assumptions that will be made for future periods will be reassessed in light of the development of these highly uncertain conditions and could therefore differ from those made in preparing these Interim Combined Financial Statements. Desjardins Group is closely monitoring developments and their impact on its surplus earnings and financial position.

**Presentation and functional currency**

These Interim Combined Financial Statements are expressed in Canadian dollars, which is also the functional currency of Desjardins Group. Dollar amounts presented in the tables of the Notes to the Interim Combined Financial Statements are in millions of dollars, unless otherwise stated.

## NOTE 2 – ACCOUNTING POLICIES

All accounting policies were applied as described in Note 2, "Accounting policies," to the Annual Combined Financial Statements.

### FUTURE ACCOUNTING CHANGES

Accounting standards issued by the IASB, but not effective as at December 31, 2024, are described in Note 2, "Accounting policies," to the Annual Combined Financial Statements. Regulatory authorities have stated that early adoption of these standards and amendments will not be permitted, unless they indicate otherwise.

# NOTE 3 – CARRYING AMOUNT OF FINANCIAL INSTRUMENTS

## CLASSIFICATION AND CARRYING AMOUNT OF FINANCIAL INSTRUMENTS

The following tables present the carrying amount of financial assets and liabilities according to their classification in the classes defined in the financial instrument standards.

| | At fair value through profit or loss | | At fair value through other comprehensive income | | | |
|---|---|---|---|---|---|---|
| **As at March 31, 2025** | Classified as at fair value through profit or loss | Designated as at fair value through profit or loss | Classified as at fair value through other comprehensive income[1] | Designated as at fair value through other comprehensive income | Amortized cost[1] | Total |
| **Financial assets** | | | | | | |
| Cash and deposits with financial institutions | $ 254 | $ 33 | $ 200 | $ — | $ 6,641 | $ 7,128 |
| Securities | 25,778 | 20,948 | 57,580 | 1,476 | 45 | 105,827 |
| Securities borrowed or purchased under reverse repurchase agreements | — | — | — | — | 25,544 | 25,544 |
| Loans, net of allowance for credit losses | — | 1,666 | — | — | 294,662 | 296,328 |
| Segregated fund net assets | 29,924 | — | — | — | (291) | 29,633 |
| Other financial assets | | | | | | |
| Derivative financial instruments[2] | 8,153 | — | — | — | — | 8,153 |
| Amounts receivable from clients, brokers and financial institutions | — | — | — | — | 2,244 | 2,244 |
| Other | — | — | — | — | 2,482 | 2,482 |
| **Total financial assets** | $ 64,109 | $ 22,647 | $ 57,780 | $ 1,476 | $ 331,327 | $ 477,339 |
| **Financial liabilities** | | | | | | |
| Deposits | $ — | $ 1,729 | $ — | $ — | $ 307,650 | $ 309,379 |
| Other financial liabilities | | | | | | |
| Commitments related to securities sold short | 18,058 | — | — | — | — | 18,058 |
| Commitments related to securities lent or sold under repurchase agreements | — | — | — | — | 23,543 | 23,543 |
| Derivative financial instruments[2] | 6,119 | — | — | — | — | 6,119 |
| Amounts payable to clients, brokers and financial institutions | — | — | — | — | 12,515 | 12,515 |
| Segregated fund net liabilities – Investment contracts | — | — | — | — | 26,113 | 26,113 |
| Other | 33 | — | — | — | 7,237 | 7,270 |
| Subordinated notes | — | — | — | — | 5,239 | 5,239 |
| **Total financial liabilities** | $ 24,210 | $ 1,729 | $ — | $ — | $ 382,297 | $ 408,236 |

(1) As at March 31, 2025, the allowance for credit losses on securities at "Amortized cost" was insignificant, and the allowance for credit losses on securities "Classified as at fair value through other comprehensive income" totalled $23 million. Detailed information on the allowance for credit losses on loans is presented in Note 5, "Loans and allowance for credit losses."

(2) Include derivative financial instruments designated as hedging instruments amounting to $1,591 million in assets and $72 million in liabilities.

# NOTE 3 – CARRYING AMOUNT OF FINANCIAL INSTRUMENTS *(continued)*

### CLASSIFICATION AND CARRYING AMOUNT OF FINANCIAL INSTRUMENTS *(continued)*

| | At fair value through profit or loss | | At fair value through other comprehensive income | | | |
|---|---|---|---|---|---|---|
| As at December 31, 2024 | Classified as at fair value through profit or loss | Designated as at fair value through profit or loss | Classified as at fair value through other comprehensive income[1] | Designated as at fair value through other comprehensive income | Amortized cost[1] | Total |
| **Financial assets** | | | | | | |
| Cash and deposits with financial institutions | $ 308 | $ 47 | $ 500 | $ — | $ 5,122 | $ 5,977 |
| Securities | 21,535 | 20,426 | 55,568 | 1,734 | 45 | 99,308 |
| Securities borrowed or purchased under reverse repurchase agreements | — | — | — | — | 23,666 | 23,666 |
| Loans, net of allowance for credit losses | — | 1,662 | — | — | 287,935 | 289,597 |
| Segregated fund net assets | 29,167 | — | — | — | (208) | 28,959 |
| Other financial assets | | | | | | |
| Premiums receivable | | | | | | |
| Derivative financial instruments[2] | 7,579 | — | — | — | — | 7,579 |
| Amounts receivable from clients, brokers and financial institutions | — | — | — | — | 3,096 | 3,096 |
| Other | — | — | — | — | 2,282 | 2,282 |
| **Total financial assets** | $ 58,589 | $ 22,135 | $ 56,068 | $ 1,734 | $ 321,938 | $ 460,464 |
| **Financial liabilities** | | | | | | |
| Deposits | $ — | $ 1,668 | $ — | $ — | $ 299,278 | $ 300,946 |
| Other financial liabilities | | | | | | |
| Commitments related to securities sold short | 13,249 | — | — | — | — | 13,249 |
| Commitments related to securities lent or sold under repurchase agreements | — | — | — | — | 20,633 | 20,633 |
| Derivative financial instruments[2] | 6,112 | — | — | — | — | 6,112 |
| Amounts payable to clients, brokers and financial institutions | — | — | — | — | 14,195 | 14,195 |
| Segregated fund net liabilities – Investment contracts | — | — | — | — | 25,329 | 25,329 |
| Other | 25 | — | — | — | 7,090 | 7,115 |
| Subordinated notes | — | — | — | — | 3,962 | 3,962 |
| **Total financial liabilities** | $ 19,386 | $ 1,668 | $ — | $ — | $ 370,487 | $ 391,541 |

[1] As at December 31, 2024, the allowance for credit losses on securities at "Amortized cost" was insignificant, and the allowance for credit losses on securities "Classified as at fair value through other comprehensive income" totalled $16 million. Detailed information on the allowance for credit losses on loans is presented in Note 5, "Loans and allowance for credit losses."

[2] Include derivative financial instruments designated as hedging instruments amounting to $1,102 million in assets and $204 million in liabilities.

During the three-month period ended March 31, 2025 and the year ended December 31, 2024, there were no material reclassifications of financial instruments.

# NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS

## DETERMINATION OF THE FAIR VALUE OF FINANCIAL INSTRUMENTS

For a description of the valuation techniques and data used to determine the fair value of the main financial instruments, refer to Note 2, "Accounting policies," to the Annual Combined Financial Statements. No significant changes were made to our fair value valuation techniques during the quarter. Desjardins Group has implemented controls and procedures to ensure that financial instruments are appropriately and reliably measured.

## FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of certain financial instruments measured at amortized cost does not reasonably approximate fair value. These financial instruments are presented in the following table.

| | **As at March 31, 2025** | | As at December 31, 2024 | |
|---|---|---|---|---|
| | **Carrying amount** | **Fair value** | Carrying amount | Fair value |
| **Financial assets** | | | | |
| Securities | **$ 45** | **$ 39** | $ 45 | $ 39 |
| Loans, net of allowance for credit losses | **294,662** | **295,713** | 287,935 | 288,553 |
| **Financial liabilities** | | | | |
| Deposits | **307,650** | **309,926** | 299,278 | 301,925 |
| Subordinated notes | **5,239** | **5,370** | 3,962 | 4,040 |
| Other liabilities – Other | **1,815** | **1,784** | 1,778 | 1,753 |

## FAIR VALUE HIERARCHY

Fair value measurement is determined using a three-level fair value hierarchy. Refer to Note 4, "Fair value of financial instruments," to the Annual Combined Financial Statements, which contains a description of these three levels.

# NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS *(continued)*

## HIERARCHY OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The following tables present the hierarchy for financial instruments measured at fair value in the Combined Balance Sheets.

| **As at March 31, 2025** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| **Financial assets** | | | | |
| **Financial assets at fair value through profit or loss** | | | | |
| Cash and deposits with financial institutions | $ 126 | $ 161 | $ — | $ 287 |
| Securities | | | | |
| Debt securities issued or guaranteed by: | | | | |
| Canadian governmental entities | 11,772 | — | — | 11,772 |
| Provincial governmental entities and municipal corporations in Canada | 16,227 | 565 | — | 16,792 |
| School or public corporations in Canada | 12 | 69 | — | 81 |
| Foreign public administrations | 703 | — | — | 703 |
| Other debt securities | — | 11,408 | 448 | 11,856 |
| Equity securities | 2,148 | 386 | 2,988 | 5,522 |
| | 30,862 | 12,428 | 3,436 | 46,726 |
| Loans | | | | |
| Residential mortgages | — | — | 1,070 | 1,070 |
| Business and government | — | — | 596 | 596 |
| | — | — | 1,666 | 1,666 |
| Segregated fund net assets | 8,320 | 20,846 | 758 | 29,924 |
| Derivative financial instruments | | | | |
| Interest rate contracts | — | 459 | — | 459 |
| Foreign exchange contracts | — | 2,119 | — | 2,119 |
| Other contracts | — | 5,575 | — | 5,575 |
| | — | 8,153 | — | 8,153 |
| **Total financial assets at fair value through profit or loss** | 39,308 | 41,588 | 5,860 | 86,756 |
| **Financial assets at fair value through other comprehensive income** | | | | |
| Cash and deposits with financial institutions | 43 | 157 | — | 200 |
| Securities | | | | |
| Debt securities issued or guaranteed by: | | | | |
| Canadian governmental entities | 12,557 | 8,282 | — | 20,839 |
| Provincial governmental entities and municipal corporations in Canada | 23,663 | 4,216 | — | 27,879 |
| School or public corporations in Canada | — | 41 | — | 41 |
| Foreign public administrations | 93 | — | — | 93 |
| Other debt securities | — | 8,728 | — | 8,728 |
| Equity securities | 1,390 | — | 86 | 1,476 |
| | 37,703 | 21,267 | 86 | 59,056 |
| **Total financial assets at fair value through other comprehensive income** | 37,746 | 21,424 | 86 | 59,256 |
| **Total financial assets** | $ 77,054 | $ 63,012 | $ 5,946 | $ 146,012 |
| **Financial liabilities** | | | | |
| **Financial liabilities at fair value through profit or loss** | | | | |
| Deposits | $ — | $ 1,729 | $ — | $ 1,729 |
| Other liabilities | | | | |
| Commitments related to securities sold short | 16,647 | 1,411 | — | 18,058 |
| Other | — | — | 33 | 33 |
| | 16,647 | 3,140 | 33 | 19,820 |
| Derivative financial instruments | | | | |
| Interest rate contracts | — | 349 | — | 349 |
| Foreign exchange contracts | — | 519 | — | 519 |
| Other contracts | — | 5,251 | — | 5,251 |
| | — | 6,119 | — | 6,119 |
| **Total financial liabilities** | $ 16,647 | $ 9,259 | $ 33 | $ 25,939 |

# NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS *(continued)*

## HIERARCHY OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE *(continued)*

| As at December 31, 2024 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| **Financial assets at fair value through profit or loss** | | | | |
| Cash and deposits with financial institutions | $ 29 | $ 326 | $ — | $ 355 |
| Securities | | | | |
| Debt securities issued or guaranteed by: | | | | |
| Canadian governmental entities | 8,852 | — | — | 8,852 |
| Provincial governmental entities and municipal corporations in Canada | 15,575 | 579 | — | 16,154 |
| School or public corporations in Canada | 12 | 71 | — | 83 |
| Foreign public administrations | 265 | — | — | 265 |
| Other debt securities | — | 10,864 | 416 | 11,280 |
| Equity securities | 2,113 | 393 | 2,821 | 5,327 |
| | 26,817 | 11,907 | 3,237 | 41,961 |
| Loans | | | | |
| Residential mortgages | — | — | 1,065 | 1,065 |
| Business and government | — | — | 597 | 597 |
| | — | — | 1,662 | 1,662 |
| Segregated fund net assets | 8,203 | 20,213 | 751 | 29,167 |
| Derivative financial instruments | | | | |
| Interest rate contracts | — | 345 | — | 345 |
| Foreign exchange contracts | — | 1,973 | — | 1,973 |
| Other contracts | — | 5,261 | — | 5,261 |
| | — | 7,579 | — | 7,579 |
| **Total financial assets at fair value through profit or loss** | 35,049 | 40,025 | 5,650 | 80,724 |
| **Financial assets at fair value through other comprehensive income** | | | | |
| Cash and deposits with financial institutions | 183 | 317 | — | 500 |
| Securities | | | | |
| Debt securities issued or guaranteed by: | | | | |
| Canadian governmental entities | 10,914 | 7,762 | — | 18,676 |
| Provincial governmental entities and municipal corporations in Canada | 23,063 | 3,981 | — | 27,044 |
| School or public corporations in Canada | — | 41 | — | 41 |
| Foreign public administrations | 80 | — | — | 80 |
| Other debt securities | — | 9,727 | — | 9,727 |
| Equity securities | 1,652 | — | 82 | 1,734 |
| | 35,709 | 21,511 | 82 | 57,302 |
| **Total financial assets at fair value through other comprehensive income** | 35,892 | 21,828 | 82 | 57,802 |
| **Total financial assets** | $ 70,941 | $ 61,853 | $ 5,732 | $ 138,526 |
| **Financial liabilities** | | | | |
| **Financial liabilities at fair value through profit or loss** | | | | |
| Deposits | $ — | $ 1,668 | $ — | $ 1,668 |
| Other liabilities | | | | |
| Commitments related to securities sold short | 12,150 | 1,099 | — | 13,249 |
| Other | — | — | 25 | 25 |
| | 12,150 | 2,767 | 25 | 14,942 |
| Derivative financial instruments | | | | |
| Interest rate contracts | — | 433 | — | 433 |
| Foreign exchange contracts | — | 662 | — | 662 |
| Other contracts | — | 5,017 | — | 5,017 |
| | — | 6,112 | — | 6,112 |
| **Total financial liabilities** | $ 12,150 | $ 8,879 | $ 25 | $ 21,054 |

During the three-month period ended March 31, 2025, and the year ended December 31, 2024, no material transfers attributable to changes in the observability of market data were made between Levels 1 and 2 of the hierarchy for instruments measured at fair value.

## FAIR VALUE OF FINANCIAL INSTRUMENTS CATEGORIZED WITHIN LEVEL 3

Desjardins Group has implemented various key controls and procedures to ensure that the financial instruments categorized within Level 3 are appropriately and reliably measured. During the three-month period ended March 31, 2025, no significant changes were made to key controls and procedures, valuation techniques, unobservable inputs and input value ranges used to determine fair value. For a description of the valuation process for financial instruments categorized within Level 3, refer to Note 4, "Fair value of financial instruments," to the Annual Combined Financial Statements.

# NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS *(continued)*

## FAIR VALUE OF FINANCIAL INSTRUMENTS CATEGORIZED WITHIN LEVEL 3 *(continued)*

### Changes in fair value of financial instruments categorized within Level 3

The following tables present the changes in fair value of financial instruments categorized within Level 3 of the hierarchy, namely financial instruments whose fair value is determined using valuation techniques not based mainly on observable market data.

| For the three-month period ended March 31, 2025 | Balance at beginning period | Realized gains / losses recognized in profit or loss[1] | Unrealized gains / losses recognized in profit or loss[2] | Unrealized gains / losses recognized in other comprehensive income[3] | Transfers of instruments into (out of) Level 3 | Purchases / Issuances / Other | Sales / Settlements / Other | Balance at end of period |
|---|---|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | | | |
| **Financial assets at fair value through profit or loss** | | | | | | | | |
| Securities | | | | | | | | |
| Other debt securities | | | | | | | | |
| Mortgage bonds | $ 238 | $ — | $ 2 | $ — | $ — | $ — | $ (8) | $ 232 |
| Other | 178 | — | 11 | — | — | 30 | (3) | 216 |
| Equity securities | 2,821 | — | 44 | — | — | 142 | (19) | 2,988 |
| | 3,237 | — | 57 | — | — | 172 | (30) | 3,436 |
| Loans | | | | | | | | |
| Residential mortgages | 1,065 | — | 16 | — | — | — | (11) | 1,070 |
| Business and government | 597 | — | 6 | — | — | — | (7) | 596 |
| | 1,662 | — | 22 | — | — | — | (18) | 1,666 |
| Segregated fund net assets | 751 | 2 | (16) | — | (2) | 134 | (111) | 758 |
| **Total financial assets at fair value through profit or loss** | 5,650 | 2 | 63 | — | (2) | 306 | (159) | 5,860 |
| **Financial assets at fair value through other comprehensive income** | | | | | | | | |
| Equity securities | 82 | — | — | (14) | — | 18 | — | 86 |
| **Total financial assets at fair value through other comprehensive income** | 82 | — | — | (14) | — | 18 | — | 86 |
| **Total financial assets** | $ 5,732 | $ 2 | $ 63 | $ (14) | $ (2) | $ 324 | $ (159) | $ 5,946 |
| **Financial liabilities** | | | | | | | | |
| **Financial liabilities at fair value through profit or loss** | | | | | | | | |
| Other liabilities – Other | | | | | | | | |
| Financial liability related to the contingent consideration | $ 25 | $ — | $ 8 | $ — | $ — | $ — | $ — | $ 33 |
| **Total financial liabilities** | $ 25 | $ — | $ 8 | $ — | $ — | $ — | $ — | $ 33 |

(1) Realized gains or losses on financial assets classified or designated as at fair value through profit or loss are presented under "Net insurance investment income (loss)" and "Net other investment income (loss)" in the Combined Statements of Income.

(2) Unrealized gains or losses on financial assets classified or designated as at fair value through profit or loss are presented under "Net insurance investment income (loss)" and "Net other investment income (loss)," while unrealized gains or losses on financial liabilities "Classified as at fair value through profit or loss" are recognized under "Other income – Other" in the Combined Statements of Income.

(3) Unrealized gains or losses on financial assets "Classified as at fair value through other comprehensive income" are recognized under "Net unrealized gains (losses)" on debt securities at fair value through other comprehensive income, while unrealized gains or losses on financial assets "Designated as at fair value through other comprehensive income" are recognized under "Net change in gains and losses on equity securities designated as at fair value through other comprehensive income" in the Combined Statements of Comprehensive Income.

# NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS *(continued)*

## FAIR VALUE OF FINANCIAL INSTRUMENTS CATEGORIZED WITHIN LEVEL 3 *(continued)*

### Changes in fair value of financial instruments categorized within Level 3 *(continued)*

| For the three-month period ended March 31, 2024 | Balance at beginning period | Realized gains / losses recognized in profit or loss[1] | Unrealized gains / losses recognized in profit or loss[2] | Unrealized gains / losses recognized in other comprehensive income[3] | Purchases / Issuances / Other | Sales / Settlements / Other | Balance at end of period |
|---|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | | |
| **Financial assets at fair value through profit or loss** | | | | | | | |
| Securities | | | | | | | |
| Other debt securities | | | | | | | |
| Mortgage bonds | $ 259 | $ — | $ (2) | $ — | $ — | $ (5) | $ 252 |
| Other | 148 | — | 2 | — | 4 | (1) | 153 |
| Equity securities | 2,238 | — | 16 | — | 69 | (7) | 2,316 |
| | 2,645 | — | 16 | — | 73 | (13) | 2,721 |
| Loans | | | | | | | |
| Residential mortgages | 1,102 | — | (22) | — | 79 | (89) | 1,070 |
| Business and government | 602 | — | (6) | — | — | (10) | 586 |
| | 1,704 | — | (28) | — | 79 | (99) | 1,656 |
| Segregated fund net assets | 655 | 2 | 4 | — | 35 | (32) | 664 |
| **Total financial assets at fair value through profit or loss** | 5,004 | 2 | (8) | — | 187 | (144) | 5,041 |
| **Financial assets at fair value through other comprehensive income** | | | | | | | |
| Equity securities | 85 | — | — | 7 | — | — | 92 |
| **Total financial assets at fair value through other comprehensive income** | 85 | — | — | 7 | — | — | 92 |
| **Total financial assets** | $ 5,089 | $ 2 | $ (8) | $ 7 | $ 187 | $ (144) | $ 5,133 |
| **Financial liabilities** | | | | | | | |
| **Financial liabilities at fair value through profit or loss** | | | | | | | |
| Other liabilities – Other | | | | | | | |
| Financial liability related to the contingent consideration | $ 75 | $ — | $ 3 | $ — | $ — | $ — | $ 78 |
| **Total financial liabilities** | $ 75 | $ — | $ 3 | $ — | $ — | $ — | $ 78 |

(1) Realized gains or losses on financial assets classified or designated as at fair value through profit or loss are presented under "Net insurance investment income (loss)" and "Net other investment income (loss)" in the Combined Statements of Income.

(2) Unrealized gains or losses on financial assets classified or designated as at fair value through profit or loss are presented under "Net insurance investment income (loss)" and "Net other investment income (loss)," while unrealized gains or losses on financial liabilities "Classified at fair value through profit or loss" are recognized under "Other income – Other" in the Combined Statements of Income.

(3) Unrealized gains or losses on financial assets "Classified as at fair value through other comprehensive income" are recognized under "Net unrealized gains (losses)" on debt securities at fair value through other comprehensive income, while unrealized gains or losses on financial assets "Designated as at fair value through other comprehensive income" are recognized under "Net change in gains and losses on equity securities designated as at fair value through other comprehensive income" in the Combined Statements of Comprehensive Income.

# NOTE 5 – LOANS AND ALLOWANCE FOR CREDIT LOSSES

## EXPOSURE TO CREDIT RISK OF LOANS AND OFF-BALANCE SHEET ITEMS

The following tables present the gross carrying amount of loans and the exposure amount for off-balance sheet items for which Desjardins Group estimates an allowance for expected credit losses, according to credit quality and the impairment model stage in which they are classified. For more information on credit quality according to risk levels, see Table 29, "Probabilities of default of retail clients by risk level," and Table 30, "Probabilities of default of businesses, financial institutions and sovereign borrowers by risk level," in section 4.0, "Risk Management," of the 2024 Annual Management's Discussion and Analysis.

### Loans

| | Non-credit impaired | | Credit-impaired | |
|---|---|---|---|---|
| **As at March 31, 2025** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| **Residential mortgages** | | | | |
| Excellent | $ 56,141 | $ 15 | $ — | $ 56,156 |
| Very low | 73,921 | 491 | — | 74,412 |
| Low | 42,924 | 2,260 | — | 45,184 |
| Moderate | 3,063 | 2,245 | — | 5,308 |
| High | 4 | 909 | — | 913 |
| Default | — | 432 | 490 | 922 |
| **Total residential mortgages subject to expected credit losses** | $ 176,053 | $ 6,352 | $ 490 | $ 182,895 |
| Residential mortgages at fair value through profit or loss(1) | | | | 1,070 |
| **Total gross residential mortgages** | $ 176,053 | $ 6,352 | $ 490 | $ 183,965 |
| Allowance for credit losses | (38) | (27) | (32) | (97) |
| **Total net residential mortgages** | $ 176,015 | $ 6,325 | $ 458 | $ 183,868 |
| **Consumer, credit card and other personal loans** | | | | |
| Excellent | $ 5,106 | $ — | $ — | $ 5,106 |
| Very low | 6,301 | 2 | — | 6,303 |
| Low | 8,470 | 829 | — | 9,299 |
| Moderate | 1,200 | 813 | — | 2,013 |
| High | 12 | 1,393 | — | 1,405 |
| Default | — | 47 | 269 | 316 |
| **Total gross consumer, credit card and other personal loans** | $ 21,089 | $ 3,084 | $ 269 | $ 24,442 |
| Allowance for credit losses | (111) | (258) | (182) | (551) |
| **Total net consumer, credit card and other personal loans** | $ 20,978 | $ 2,826 | $ 87 | $ 23,891 |
| **Business and government loans** | | | | |
| Acceptable risk | | | | |
| Investment grade | $ 28,138 | $ 185 | $ — | $ 28,323 |
| Other than investment grade | 49,173 | 4,870 | — | 54,043 |
| Under watch | 2,030 | 2,433 | — | 4,463 |
| Default | — | 199 | 1,700 | 1,899 |
| **Total business and government loans subject to expected credit losses** | $ 79,341 | $ 7,687 | $ 1,700 | $ 88,728 |
| Business and government loans at fair value through profit or loss(1) | | | | 596 |
| **Total gross business and government loans** | $ 79,341 | $ 7,687 | $ 1,700 | $ 89,324 |
| Allowance for credit losses | (162) | (142) | (451) | (755) |
| **Total net business and government loans** | $ 79,179 | $ 7,545 | $ 1,249 | $ 88,569 |
| **Total gross loans** | $ 276,483 | $ 17,123 | $ 2,459 | $ 297,731 |
| Allowance for credit losses | (311) | (427) | (665) | (1,403) |
| **Total net loans** | $ 276,172 | $ 16,696 | $ 1,794 | $ 296,328 |

(1) Loans at fair value through profit or loss are not subject to expected credit losses.

# NOTE 5 – LOANS AND ALLOWANCE FOR CREDIT LOSSES *(continued)*

## EXPOSURE TO CREDIT RISK OF LOANS AND OFF-BALANCE SHEET ITEMS *(continued)*

**Loans *(continued)***

| | Non-credit impaired | | Credit-impaired | |
|---|---|---|---|---|
| As at December 31, 2024 | Stage 1 | Stage 2 | Stage 3 | Total |
| **Residential mortgages** | | | | |
| Excellent | $ 55,918 | $ 35 | $ — | $ 55,953 |
| Very low | 72,447 | 702 | — | 73,149 |
| Low | 41,024 | 2,049 | — | 43,073 |
| Moderate | 2,897 | 2,142 | — | 5,039 |
| High | 4 | 877 | — | 881 |
| Default | — | 306 | 454 | 760 |
| **Total residential mortgages subject to expected credit losses** | $ 172,290 | $ 6,111 | $ 454 | $ 178,855 |
| Residential mortgages at fair value through profit or loss(1) | | | | 1,065 |
| **Total gross residential mortgages** | $ 172,290 | $ 6,111 | $ 454 | $ 179,920 |
| Allowance for credit losses | (39) | (26) | (30) | (95) |
| **Total net residential mortgages** | $ 172,251 | $ 6,085 | $ 424 | $ 179,825 |
| **Consumer, credit card and other personal loans** | | | | |
| Excellent | $ 5,269 | $ — | $ — | $ 5,269 |
| Very low | 6,458 | 2 | — | 6,460 |
| Low | 8,459 | 758 | — | 9,217 |
| Moderate | 1,266 | 766 | — | 2,032 |
| High | 11 | 1,398 | — | 1,409 |
| Default | — | 47 | 249 | 296 |
| **Total gross consumer, credit card and other personal loans** | $ 21,463 | $ 2,971 | $ 249 | $ 24,683 |
| Allowance for credit losses | (110) | (234) | (165) | (509) |
| **Total net consumer, credit card and other personal loans** | $ 21,353 | $ 2,737 | $ 84 | $ 24,174 |
| **Business and government loans** | | | | |
| Acceptable risk | | | | |
| Investment grade | $ 26,548 | $ 269 | $ — | $ 26,817 |
| Other than investment grade | 47,943 | 4,727 | — | 52,670 |
| Under watch | 1,892 | 2,488 | — | 4,380 |
| Default | — | 197 | 1,653 | 1,850 |
| **Total business and government loans subject to expected credit losses** | $ 76,383 | $ 7,681 | $ 1,653 | $ 85,717 |
| Business and government loans at fair value through profit or loss(1) | | | | 597 |
| **Total gross business and government loans** | $ 76,383 | $ 7,681 | $ 1,653 | $ 86,314 |
| Allowance for credit losses | (128) | (168) | (420) | (716) |
| **Total net business and government loans** | $ 76,255 | $ 7,513 | $ 1,233 | $ 85,598 |
| **Total gross loans** | $ 270,136 | $ 16,763 | $ 2,356 | $ 290,917 |
| Allowance for credit losses | (277) | (428) | (615) | (1,320) |
| **Total net loans** | $ 269,859 | $ 16,335 | $ 1,741 | $ 289,597 |

(1) Loans at fair value through profit or loss are not subject to expected credit losses.

# NOTE 5 – LOANS AND ALLOWANCE FOR CREDIT LOSSES *(continued)*

## EXPOSURE TO CREDIT RISK OF LOANS AND OFF-BALANCE SHEET ITEMS *(continued)*

**Off-balance sheet items**[(1)]

| | Non-credit impaired | | Credit-impaired | |
|---|---|---|---|---|
| **As at March 31, 2025** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| **Residential mortgages, consumer, credit card and other personal loans** | | | | |
| Excellent | $ 51,781 | $ 1 | $ — | $ 51,782 |
| Very low | 25,346 | 31 | — | 25,377 |
| Low | 9,604 | 660 | — | 10,264 |
| Moderate | 418 | 428 | — | 846 |
| High | 5 | 257 | — | 262 |
| Default | — | 18 | 52 | 70 |
| **Total** | $ 87,154 | $ 1,395 | $ 52 | $ 88,601 |
| Allowance for credit losses | (48) | (28) | — | (76) |
| **Total, net of allowance for credit losses** | $ 87,106 | $ 1,367 | $ 52 | $ 88,525 |
| **Business and government** | | | | |
| Acceptable risk | | | | |
| Investment grade | $ 38,340 | $ 80 | $ — | $ 38,420 |
| Other than investment grade | 17,229 | 1,482 | — | 18,711 |
| Under watch | 354 | 340 | — | 694 |
| Default | — | 8 | 293 | 301 |
| **Total** | $ 55,923 | $ 1,910 | $ 293 | $ 58,126 |
| Allowance for credit losses | (28) | (15) | — | (43) |
| **Total, net of allowance for credit losses** | $ 55,895 | $ 1,895 | $ 293 | $ 58,083 |
| **Total off-balance sheet items** | $ 143,077 | $ 3,305 | $ 345 | $ 146,727 |
| Allowance for credit losses | (76) | (43) | — | (119) |
| **Total off-balance sheet items, net of allowance for credit losses** | $ 143,001 | $ 3,262 | $ 345 | $ 146,608 |

| | Non-credit impaired | | Credit-impaired | |
|---|---|---|---|---|
| As at December 31, 2024 | Stage 1 | Stage 2 | Stage 3 | Total |
| **Residential mortgages, consumer, credit card and other personal loans** | | | | |
| Excellent | $ 51,073 | $ — | $ — | $ 51,073 |
| Very low | 24,907 | 21 | — | 24,928 |
| Low | 9,137 | 501 | — | 9,638 |
| Moderate | 417 | 420 | — | 837 |
| High | 6 | 263 | — | 269 |
| Default | — | 9 | 52 | 61 |
| **Total** | $ 85,540 | $ 1,214 | $ 52 | $ 86,806 |
| Allowance for credit losses | (43) | (21) | — | (64) |
| **Total, net of allowance for credit losses** | $ 85,497 | $ 1,193 | $ 52 | $ 86,742 |
| **Business and government** | | | | |
| Acceptable risk | | | | |
| Investment grade | $ 39,409 | $ 116 | $ — | $ 39,525 |
| Other than investment grade | 16,966 | 1,394 | — | 18,360 |
| Under watch | 383 | 380 | — | 763 |
| Default | — | 22 | 364 | 386 |
| **Total** | $ 56,758 | $ 1,912 | $ 364 | $ 59,034 |
| Allowance for credit losses | (23) | (13) | — | (36) |
| **Total, net of allowance for credit losses** | $ 56,735 | $ 1,899 | $ 364 | $ 58,998 |
| **Total off-balance sheet items** | $ 142,298 | $ 3,126 | $ 416 | $ 145,840 |
| Allowance for credit losses | (66) | (34) | — | (100) |
| **Total off-balance sheet items, net of allowance for credit losses** | $ 142,232 | $ 3,092 | $ 416 | $ 145,740 |

(1) Loan commitments for which Desjardins Group estimates an allowance for expected credit losses comprise credit commitments and documentary letters of credit, while financial guarantees for which it estimates an allowance for expected credit losses comprise guarantees and standby letters of credit.

# NOTE 5 – LOANS AND ALLOWANCE FOR CREDIT LOSSES *(continued)*

## ALLOWANCE FOR CREDIT LOSSES

The following tables present the changes in the balance of the allowance for expected credit losses on loans and off-balance sheet items.

| For the three-month period ended March 31, 2025 | Non-credit impaired Stage 1 | Non-credit impaired Stage 2 | Credit-impaired Stage 3 | Allowance for credit losses |
|---|---|---|---|---|
| **Residential mortgages** | | | | |
| **Balance at beginning of period** | $ 42 | $ 26 | $ 30 | $ 98 |
| *Provision for credit losses* | | | | |
| Transfers to[1]: | | | | |
| Stage 1 | 7 | (6) | (1) | — |
| Stage 2 | (2) | 3 | (1) | — |
| Stage 3 | — | (1) | 1 | — |
| Net remeasurement due to transfers[2] | (2) | 2 | 5 | 5 |
| Changes in risks, parameters and models[3] | (7) | 5 | 1 | (1) |
| New originations or acquisitions[4] | 6 | — | — | 6 |
| Derecognitions and maturities[5] | (1) | (2) | (4) | (7) |
| | 1 | 1 | 1 | 3 |
| Write-offs and recoveries | — | — | 1 | 1 |
| **Balance at end of period** | $ 43 | $ 27 | $ 32 | $ 102 |
| **Consumer, credit card and other personal loans** | | | | |
| **Balance at beginning of period** | $ 150 | $ 255 | $ 165 | $ 570 |
| *Provision for credit losses* | | | | |
| Transfers to[1]: | | | | |
| Stage 1 | 56 | (53) | (3) | — |
| Stage 2 | (22) | 35 | (13) | — |
| Stage 3 | — | (17) | 17 | — |
| Net remeasurement due to transfers[2] | (16) | 19 | 82 | 85 |
| Changes in risks, parameters and models[3] | (26) | 61 | 55 | 90 |
| New originations or acquisitions[4] | 20 | — | — | 20 |
| Derecognitions and maturities[5] | (6) | (11) | (24) | (41) |
| Net drawdowns (repayments)[6] | (2) | (3) | — | (5) |
| | 4 | 31 | 114 | 149 |
| Write-offs and recoveries | — | — | (97) | (97) |
| **Balance at end of period** | $ 154 | $ 286 | $ 182 | $ 622 |
| **Business and government** | | | | |
| **Balance at beginning of period** | $ 151 | $ 181 | $ 420 | $ 752 |
| *Provision for credit losses* | | | | |
| Transfers to[1]: | | | | |
| Stage 1 | 16 | (16) | — | — |
| Stage 2 | (12) | 16 | (4) | — |
| Stage 3 | (1) | (6) | 7 | — |
| Net remeasurement due to transfers[2] | (8) | 20 | 33 | 45 |
| Changes in risks, parameters and models[3] | 14 | (32) | 14 | (4) |
| New originations or acquisitions[4] | 39 | — | — | 39 |
| Derecognitions and maturities[5] | (11) | (9) | (14) | (34) |
| Net drawdowns (repayments)[6] | 2 | 3 | — | 5 |
| | 39 | (24) | 36 | 51 |
| Write-offs and recoveries | — | — | (5) | (5) |
| **Balance at end of period** | $ 190 | $ 157 | $ 451 | $ 798 |
| **Total balances at end of period** | $ 387 | $ 470 | $ 665 | $ 1,522 |
| **Composed of:** | | | | |
| Loans | $ 311 | $ 427 | $ 665 | $ 1,403 |
| Off-balance sheet items[7] | 76 | 43 | — | 119 |

(1) Represent transfers between stages before the remeasurement of expected credit losses.
(2) Represents the remeasurement of the allowance for expected credit losses resulting from transfers between stages.
(3) Represent the change in the allowance due to changes in risks resulting from changes in forward-looking information, risk levels, parameters and models, after transfers between stages.
(4) Represent the increase in the allowance for new originations or acquisitions during the period, including loans that were derecognized and for which a new asset was recognized following a modification of terms.
(5) Represent mainly the decrease in the allowance for fully repaid loans, including loans that were derecognized and for which a new asset was recognized following a modification of terms.
(6) Represent changes in the allowance attributable to drawdowns and repayments on outstanding loans.
(7) The allowance for credit losses on off-balance sheet items is presented under "Other liabilities – Other" in the Combined Balance Sheets.

# NOTE 5 – LOANS AND ALLOWANCE FOR CREDIT LOSSES *(continued)*

## ALLOWANCE FOR CREDIT LOSSES *(continued)*

| | Non-credit impaired | | Credit-impaired | Allowance for |
|---|---|---|---|---|
| For the three-month period ended March 31, 2024 | Stage 1 | Stage 2 | Stage 3 | credit losses |
| **Residential mortgages** | | | | |
| **Balance at beginning of period** | $ 48 | $ 33 | $ 24 | $ 105 |
| *Provision for credit losses* | | | | |
| Transfers to[1]: | | | | |
| Stage 1 | 9 | (8) | (1) | — |
| Stage 2 | (2) | 4 | (2) | — |
| Stage 3 | — | (1) | 1 | — |
| Net remeasurement due to transfers[2] | (3) | 3 | 7 | 7 |
| Changes in risks, parameters and models[3] | (16) | 3 | (2) | (15) |
| New originations or acquisitions[4] | 4 | — | — | 4 |
| Derecognitions and maturities[5] | (2) | (2) | (3) | (7) |
| | (10) | (1) | — | (11) |
| Write-offs and recoveries | — | — | 1 | 1 |
| **Balance at end of period** | $ 38 | $ 32 | $ 25 | $ 95 |
| **Consumer, credit card and other personal loans** | | | | |
| **Balance at beginning of period** | $ 170 | $ 304 | $ 140 | $ 614 |
| *Provision for credit losses* | | | | |
| Transfers to[1]: | | | | |
| Stage 1 | 66 | (63) | (3) | — |
| Stage 2 | (25) | 36 | (11) | — |
| Stage 3 | (1) | (17) | 18 | — |
| Net remeasurement due to transfers[2] | (13) | 15 | 67 | 69 |
| Changes in risks, parameters and models[3] | (57) | 64 | 51 | 58 |
| New originations or acquisitions[4] | 22 | — | — | 22 |
| Derecognitions and maturities[5] | (7) | (16) | (15) | (38) |
| Net drawdowns (repayments)[6] | — | (1) | — | (1) |
| | (15) | 18 | 107 | 110 |
| Write-offs and recoveries | — | — | (95) | (95) |
| **Balance at end of period** | $ 155 | $ 322 | $ 152 | $ 629 |
| **Business and government** | | | | |
| **Balance at beginning of period** | $ 135 | $ 88 | $ 331 | $ 554 |
| *Provision for credit losses* | | | | |
| Transfers to[1]: | | | | |
| Stage 1 | 12 | (11) | (1) | — |
| Stage 2 | (9) | 11 | (2) | — |
| Stage 3 | — | (3) | 3 | — |
| Net remeasurement due to transfers[2] | (3) | 8 | 33 | 38 |
| Changes in risks, parameters and models[3] | (18) | 21 | (8) | (5) |
| New originations or acquisitions[4] | 30 | — | — | 30 |
| Derecognitions and maturities[5] | (11) | (8) | (4) | (23) |
| Net drawdowns (repayments)[6] | 2 | 1 | — | 3 |
| | 3 | 19 | 21 | 43 |
| Write-offs and recoveries | — | — | (4) | (4) |
| **Balance at end of period** | $ 138 | $ 107 | $ 348 | $ 593 |
| **Total balances at end of period** | $ 331 | $ 461 | $ 525 | $ 1,317 |
| **Composed of:** | | | | |
| Loans | $ 269 | $ 427 | $ 525 | $ 1,221 |
| Off-balance sheet items[7] | 62 | 34 | — | 96 |

(1) Represent transfers between stages before the remeasurement of expected credit losses.
(2) Represents the remeasurement of the allowance for expected credit losses resulting from transfers between stages.
(3) Represent the change in the allowance due to changes in risks resulting from changes in forward-looking information, risk levels, parameters and models, after transfers between stages.
(4) Represent the increase in the allowance for new originations or acquisitions during the period, including loans that were derecognized and for which a new asset was recognized following a modification of terms.
(5) Represent mainly the decrease in the allowance for fully repaid loans, including loans that were derecognized and for which a new asset was recognized following a modification of terms.
(6) Represent changes in the allowance attributable to drawdowns and repayments on outstanding loans.
(7) The allowance for credit losses on off-balance sheet items is presented under "Other liabilities – Other" in the Combined Balance Sheets.

# NOTE 5 – LOANS AND ALLOWANCE FOR CREDIT LOSSES *(continued)*

## KEY DATA AND ASSUMPTIONS

The following information is an update, compared to the most recent Annual Combined Financial Statements, of key data and assumptions underlying the measurement of the allowance for expected credit losses. For more information, see Notes 2, "Accounting policies," and 7, "Loans and allowance for credit losses," to the Annual Combined Financial Statements.

The macroeconomic environment remains highly uncertain, in particular with respect to the evolution of trade relations with the United States, including the imposition of tariffs and retaliatory measures, interest rates and geopolitical tensions. Therefore, management has to continue making particularly complex judgments to estimate the allowance for credit losses in such situation. Expert adjustments are applied to the measurement of the allowance for expected credit losses to take into account relevant risk factors related to the macroeconomic environment that are not reflected in models.

The macroeconomic scenarios prepared for calculating the allowance for expected credit losses include the following value ranges over the projection horizon for the most significant variables for credit risk parameters:

| | **Base scenario** | | **Upside scenario** | | **Downside scenario** | |
|---|---|---|---|---|---|---|
| **As at March 31, 2025** | **Next 12 months** | **Remaining forecast period** | **Next 12 months** | **Remaining forecast period** | **Next 12 months** | **Remaining forecast period** |
| **Macroeconomic variables**[1] | | | | | | |
| Gross domestic product (annualized change) | **(0.8)%** | **1.7%** | **1.3%** | **1.9%** | **(2.9)%** | **0.9%** |
| Unemployment rate (average) | **6.7%** | **5.3%** | **4.8%** | **3.8%** | **6.9%** | **6.3%** |
| Consumer Price Index (annualized change) | **2.8%** | **2.1%** | **2.8%** | **2.6%** | **2.2%** | **1.4%** |
| Housing prices (annualized change) | **2.5%** | **3.1%** | **12.5%** | **4.6%** | **(15.1)%** | **3.9%** |
| Corporate credit spread[2] (average) | **140 bp** | **124 bp** | **98 bp** | **81 bp** | **223 bp** | **166 bp** |
| S&P/TSX stock index[2] (annualized change) | **7.0%** | **6.0%** | **16.0%** | **7.0%** | **(20.0)%** | **8.0%** |

| | Base scenario | | Upside scenario | | Downside scenario | |
|---|---|---|---|---|---|---|
| As at December 31, 2024 | Next 12 months | Remaining forecast period | Next 12 months | Remaining forecast period | Next 12 months | Remaining forecast period |
| **Macroeconomic variables**[1] | | | | | | |
| Gross domestic product (annualized change) | 1.7% | 1.4% | 2.7% | 1.9% | (1.3)% | 0.9% |
| Unemployment rate (average) | 5.3% | 4.8% | 4.9% | 3.4% | 7.0% | 6.7% |
| Consumer Price Index (annualized change) | 1.7% | 2.0% | 3.0% | 2.5% | 0.9% | 1.1% |
| Housing prices (annualized change) | 4.7% | 3.1% | 11.5% | 5.1% | (5.7)% | 2.4% |
| Corporate credit spread[2] (average) | 118 bp | 125 bp | 83 bp | 75 bp | 203 bp | 171 bp |
| S&P/TSX stock index[2] (annualized change) | 1.0% | 5.0% | 12.0% | 6.0% | (22.0)% | 8.0% |

(1) All macroeconomic variables relate to the Québec economy, unless otherwise noted.
(2) Macroeconomic variables related to the Canadian economy.

# NOTE 5 – LOANS AND ALLOWANCE FOR CREDIT LOSSES *(continued)*

### KEY DATA AND ASSUMPTIONS *(continued)*

The base scenario was revised downwards compared to the scenario published as at December 31, 2024. It forecasts a recession with three consecutive quarterly decreases in real GDP in 2025. This scenario assumes that most goods exported to the United States will be subject to a 25% tariff, which could however be reduced in 2026, allowing for a turnaround of the economy. Concurrently with the deterioration of the economy in 2025, this scenario forecasts an increase in the unemployment rate to a high of approximately 7% in Québec. Tariffs should generate slightly more inflation in the near term, but the recession would bring disinflationary pressures that would materialize later in 2025 and in 2026. As a result, the Bank of Canada could announce a few interest rate cuts in 2025 to support the economy. The overnight rate would reach a low of 1.75%, and the discount rate would therefore stand at 2.00%. The housing market shows signs of a slowdown in some regions in Canada, but not in Québec, where there has recently been an accelerating trend. This scenario forecasts that the average house price would increase in 2025 and subsequent years.

The downside scenario forecasts a more severe recession, with real GDP decreasing for a few additional quarters. The unemployment rate would increase slightly more than in the base scenario and would take longer to decline in 2026 and 2027. This scenario also assumes that inflation would rise more in the short term due to the greater impact of tariffs on consumer prices. As a result, the Bank of Canada's ability to support the economy in 2025 would be lessened. Inflation would eventually go down in 2026, and more interest cuts would then be announced to kickstart the economy. The discount rate would reach a low of 0.75%. The forecast for the housing market is also more pessimistic under this scenario. The greater uncertainty, in particular with respect to interest rates, could contribute to a quicker deceleration in house prices. Price corrections would stand between 15% and 20% in most regions in Canada, including Québec.

The upside scenario essentially assumes that the economy will be stronger than in the base scenario, helped by a sharper rebound in investments. It also assumes that Canada could avoid most tariffs and instead benefit from a greater integration with the U.S. economy. More significant productivity gains could also be experienced, which would help economic growth while limiting inflationary pressures. Other factors, such as a quick end to the conflicts in Ukraine and the Middle East, could also support the global economy. In this scenario, the unemployment rate could go back to close to 4% in Québec by 2027 and continue to gradually go down in the longer term. Inflation would still be more persistent than under the base scenario. The return to the 2% inflation target would take more time and incite the Bank of Canada to end its policy interest rate cuts. The discount rate would rise by 50 basis points by 2026 to go back to 3.50%, which corresponds to the high end of the neutral rate range estimated by the Bank of Canada. Slightly higher interest rates under this scenario would contribute to limiting the rise in house prices, which would still be a little stronger than under the base scenario.

The development of the economic outlook after March 31, 2025, will be considered in estimating the allowance for expected credit losses in future periods.

### SENSITIVITY ANALYSIS OF THE ALLOWANCE FOR CREDIT LOSSES ON NON-CREDIT IMPAIRED LOANS

#### Scenarios

The amount of the allowance for expected credit losses depends on the probability of occurrence associated with each scenario. The following table compares the allowance for credit losses on non-credit impaired loans and off-balance sheet items at the reporting dates, which takes into account the probability weighting for the three scenarios, with the allowance for credit losses that would have been obtained if a weighting of 100% had been assigned to each scenario individually.

| | Allowance for credit losses on non-credit impaired loans and off-balance sheet items | |
|---|---|---|
| | **As at March 31, 2025** | As at December 31, 2024 |
| Under IFRS 9 | **$ 857** | $ 805 |
| **Weighting of 100% assigned to the scenario:** | | |
| Base | **$ 847** | $ 718 |
| Upside | **628** | 644 |
| Downside | **1,126** | 1,071 |

#### Transfers between stages

The following table compares the allowance for credit losses on non-credit impaired loans and off-balance sheet items at the reporting dates with the allowance for credit losses that would have been obtained if all non-credit impaired loans had been included in Stage 1 of the impairment model.

| | Allowance for credit losses on non-credit impaired loans and off-balance sheet items | |
|---|---|---|
| | **As at March 31, 2025** | As at December 31, 2024 |
| Under IFRS 9 | **$ 857** | $ 805 |
| If all non-credit impaired loans and off-balance sheet items had been included in Stage 1 | **$ 694** | $ 672 |

# NOTE 6 – DEPOSITS AND SUBORDINATED NOTES

## DEPOSITS

Deposits consist of demand deposits (payable on demand), notice deposits (payable upon notice) and term deposits (payable on a fixed date). Demand deposits are interest-bearing or non-interest-bearing deposits, primarily accounts with chequing privileges, for which Desjardins Group does not have the right to require notice prior to withdrawal. Notice deposits are interest-bearing deposits, primarily savings accounts, for which Desjardins Group has the legal right to require notice prior to withdrawal. Term deposits are interest-bearing deposits, primarily fixed-term deposit accounts, guaranteed investment certificates or other similar instruments, with a term that generally varies from one day to 10 years and mature on a predetermined date.

The following table presents the breakdown of deposits.

| | As at March 31, 2025 | | | | As at December 31, 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| | Payable on demand | Payable upon notice | Payable on a fixed date | Total | Payable on demand | Payable upon notice | Payable on a fixed date | Total |
| Individuals | $ 69,397 | $ 4,151 | $ 91,112 | $ 164,660 | $ 68,733 | $ 4,156 | $ 88,590 | $ 161,479 |
| Business and government | 60,779 | 156 | 83,509 | 144,444 | 55,992 | 303 | 82,928 | 139,223 |
| Deposit-taking institutions | 269 | — | 6 | 275 | 236 | — | 8 | 244 |
| | $ 130,445 | $ 4,307 | $ 174,627 | $ 309,379 | $ 124,961 | $ 4,459 | $ 171,526 | $ 300,946 |

## SUBORDINATED NOTES

On January 24, 2025, the Federation issued subordinated notes eligible as Non-Viability Contingent Capital (NVCC) amounting to $1.25 billion. The notes bear interest at an annual fixed rate of 4.264% for the first five years and at an annual rate equal to daily compounded CORRA (Canadian Overnight Repo Rate Average) plus 1.47% until maturity on January 24, 2035. These notes are redeemable at the option of the issuer on or after January 24, 2030, subject to conditions and the prior approval of the regulatory authority.

On April 30, 2025, the Federation announced that it intends to redeem, on May 26, 2025, subordinated notes eligible as NVCC amounting to $1 billion and maturing on May 26, 2030, at a price equal to their par value, plus accrued and unpaid interest to May 26, 2025, exclusively.

# NOTE 7 – INSURANCE AND REINSURANCE CONTRACTS

## COMPOSITION OF BALANCE SHEET BALANCES

### Balance sheet summary

The following table presents the composition of insurance contract liabilities as well as reinsurance contract assets and liabilities.

| | As at March 31, 2025 | | | As at December 31, 2024 | | |
|---|---|---|---|---|---|---|
| | Life and health insurance activities | Property and casualty insurance activities | Total | Life and health insurance activities | Property and casualty insurance activities | Total |
| **Insurance contract liabilities** | | | | | | |
| Insurance contract liabilities, excluding the asset for insurance acquisition cash flows[(1)] | $ 27,188 | $ 7,881 | $ 35,069 | $ 27,015 | $ 7,576 | $ 34,591 |
| Asset for insurance acquisition cash flows | (41) | — | (41) | (53) | — | (53) |
| | $ 27,147 | $ 7,881 | $ 35,028 | $ 26,962 | $ 7,576 | $ 34,538 |
| **Reinsurance contract liabilities** | $ 37 | $ — | $ 37 | $ 37 | $ — | $ 37 |
| **Reinsurance contract assets** | $ 1,008 | $ 925 | $ 1,933 | $ 989 | $ 916 | $ 1,905 |

(1) The balance for life and health insurance includes an amount of $3,469 million ($3,569 million as at December 31, 2024) corresponding to the obligation to segregated fund holders and an amount of $547 million ($518 million as at December 31, 2024) related to segregated fund guarantees.

# NOTE 7 – INSURANCE AND REINSURANCE CONTRACTS *(continued)*

## INSURANCE FINANCE RESULT

### Finance expenses and investment income

The following table presents insurance finance income (expenses) and the return on assets held in respect of insurance activities.

| For the three-month periods ended March 31 | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| | **Life and health insurance activities** | **Property and casualty insurance activities** | **Total** | Life and health insurance activities | Property and casualty insurance activities | Total |
| **Return on assets held in respect of insurance activities** | | | | | | |
| **Net insurance investment income (loss)** | | | | | | |
| Insurance contracts | **$ 436** | **$ 183** | **$ 619** | $ (401) | $ 182 | $ (219) |
| Segregated fund contracts | **20** | **—** | **20** | 180 | — | 180 |
| | **456** | **183** | **639** | (221) | 182 | (39) |
| Net change in insurance investment gains and losses recognized in the Combined Statements of Comprehensive Income | **15** | **8** | **23** | 69 | (11) | 58 |
| | **471** | **191** | **662** | (152) | 171 | 19 |
| **Net insurance and reinsurance finance income (expenses)** | | | | | | |
| **Net insurance finance income (expenses)** | | | | | | |
| Capitalized interest | **(170)** | **(54)** | **(224)** | (234) | (67) | (301) |
| Effect related to changes in discount rates and other financial assumptions | **(126)** | **(64)** | **(190)** | 745 | 53 | 798 |
| Change in the fair value of underlying assets of insurance contracts with direct participation features: | | | | | | |
| Insurance contracts | **(18)** | **—** | **(18)** | (22) | — | (22) |
| Segregated fund contracts | **(20)** | **—** | **(20)** | (180) | — | (180) |
| Effect of financial risk mitigation | **(24)** | **—** | **(24)** | 99 | — | 99 |
| Other | **(11)** | **—** | **(11)** | (19) | — | (19) |
| | **(369)** | **(118)** | **(487)** | 389 | (14) | 375 |
| **Net reinsurance finance income (expenses)** | | | | | | |
| Capitalized interest | **8** | **6** | **14** | 5 | 6 | 11 |
| Effect related to changes in discount rates and other financial assumptions | **1** | **7** | **8** | (32) | (5) | (37) |
| | **9** | **13** | **22** | (27) | 1 | (26) |
| | **(360)** | **(105)** | **(465)** | 362 | (13) | 349 |
| **Total** | **$ 111** | **$ 86** | **$ 197** | $ 210 | $ 158 | $ 368 |
| **Composed of:** | | | | | | |
| **Net insurance finance result in the Combined Statements of Income** | **$ 96** | **$ 78** | **$ 174** | $ 141 | $ 169 | $ 310 |
| **Net insurance finance result in the Combined Statements of Comprehensive Income** | **15** | **8** | **23** | 69 | (11) | 58 |

# NOTE 7 – INSURANCE AND REINSURANCE CONTRACTS *(continued)*

## RECONCILIATIONS OF INSURANCE CONTRACT LIABILITIES

### Reconciliations of insurance contract liabilities

The following tables present the reconciliation from the opening balance to the closing balance for the liability for remaining coverage and the liability for incurred claims.

### Life and health insurance activities

| For the three-month period ended March 31, 2025 | Remaining coverage | | Incurred claims Contracts | | | |
|---|---|---|---|---|---|---|
| | | | | To which the premium allocation approach has been applied | | |
| | Excluding the loss component | Loss component | Other than those to which the premium allocation approach has been applied | Estimates of the present value of future cash flows | Risk adjustment for non-financial risk | Total |
| **Liability balance at beginning of period** | $ 21,899 | $ 209 | $ 369 | $ 4,420 | $ 118 | $ 27,015 |
| **Insurance revenue** | | | | | | |
| Contracts to which the fair value approach has been applied | (269) | — | — | — | — | (269) |
| Other contracts | (803) | — | — | — | — | (803) |
| | (1,072) | — | — | — | — | (1,072) |
| **Insurance service expenses** | | | | | | |
| Incurred claims and other incurred insurance service expenses | — | (14) | 292 | 494 | — | 772 |
| Amortization of insurance acquisition cash flows | 97 | — | — | — | — | 97 |
| Losses and reversals of losses on onerous contracts | — | 7 | — | — | — | 7 |
| | 97 | (7) | 292 | 494 | — | 876 |
| **Insurance service result** | (975) | (7) | 292 | 494 | — | (196) |
| Net insurance finance expenses (income) | 296 | 3 | 2 | 67 | 1 | 369 |
| **Total items recognized in the Combined Statements of Income** | $ (679) | $ (4) | $ 294 | $ 561 | $ 1 | $ 173 |
| | | | | | | |
| **Investment components** | (542) | — | 228 | 314 | — | — |
| **Cash flows** | | | | | | |
| Premiums and other amounts received | 1,491 | — | — | — | — | 1,491 |
| Insurance acquisition cash outflows | (141) | — | — | — | — | (141) |
| Claims and other insurance service expenses paid (including investment components) | — | — | (530) | (820) | — | (1,350) |
| **Total cash flows** | $ 1,350 | $ — | $ (530) | $ (820) | $ — | $ — |
| **Liability balance at end of period** | $ 22,028 | $ 205 | $ 361 | $ 4,475 | $ 119 | $ 27,188 |

## NOTE 7 – INSURANCE AND REINSURANCE CONTRACTS *(continued)*

**Life and health insurance activities *(continued)***

| | Remaining coverage | | Incurred claims Contracts | | | |
|---|---|---|---|---|---|---|
| | | | | To which the premium allocation approach has been applied | | |
| For the three-month period ended March 31, 2024 | Excluding the loss component | Loss component | Other than those to which the premium allocation approach has been applied | Estimates of the present value of future cash flows | Risk adjustment for non-financial risk | Total |
| **Liability balance at beginning of period** | $ 20,994 | $ 128 | $ 338 | $ 4,244 | $ 113 | $ 25,817 |
| **Insurance revenue** | | | | | | |
| Contracts to which the fair value approach has been applied | (271) | — | — | — | — | (271) |
| Other contracts | (745) | — | — | — | — | (745) |
| | (1,016) | — | — | — | — | (1,016) |
| **Insurance service expenses** | | | | | | |
| Incurred claims and other incurred insurance service expenses | — | (10) | 275 | 506 | — | 771 |
| Amortization of insurance acquisition cash flows | 85 | — | — | — | — | 85 |
| Losses and reversal of losses on onerous contracts | — | 16 | — | — | — | 16 |
| | 85 | 6 | 275 | 506 | — | 872 |
| **Insurance service result** | (931) | 6 | 275 | 506 | — | (144) |
| Net insurance finance expenses (income) | (381) | 1 | 2 | (10) | (1) | (389) |
| **Total items recognized in the Combined Statements of Income** | $ (1,312) | $ 7 | $ 277 | $ 496 | $ (1) | $ (533) |
| | | | | | | |
| **Investment components** | (491) | — | 197 | 294 | — | — |
| **Cash flows** | | | | | | |
| Premiums and other amounts received | 1,614 | — | — | — | — | 1,614 |
| Insurance acquisition cash outflows | (142) | — | — | — | — | (142) |
| Claims and other insurance service expenses paid (including investment components) | — | — | (478) | (808) | — | (1,286) |
| **Total cash flows** | $ 1,472 | $ — | $ (478) | $ (808) | $ — | $ 186 |
| **Liability balance at end of period** | $ 20,663 | $ 135 | $ 334 | $ 4,226 | $ 112 | $ 25,470 |

# NOTE 7 – INSURANCE AND REINSURANCE CONTRACTS *(continued)*

**Property and casualty insurance activities**

| **For the three-month period ended March 31, 2025** | **Remaining coverage** | | **Incurred claims** | | |
|---|---|---|---|---|---|
| | **Excluding the loss component** | **Loss component** | **Estimates of the present value of future cash flows** | **Risk adjustment for non-financial risk** | **Total** |
| **Liability balance at beginning of period** | **$ 269** | **$ 196** | **$ 6,606** | **$ 505** | **$ 7,576** |
| **Insurance revenue** | **(1,919)** | **—** | **—** | **—** | **(1,919)** |
| **Insurance service expenses** | | | | | |
| Incurred claims and other incurred insurance service expenses | **—** | **(66)** | **1,421** | **58** | **1,413** |
| Amortization of insurance acquisition cash flows | **285** | **—** | **—** | **—** | **285** |
| Changes related to claims incurred in prior years | **—** | **—** | **(101)** | **(54)** | **(155)** |
| Losses and reversals of losses on onerous contracts | **—** | **231** | **—** | **—** | **231** |
| | **285** | **165** | **1,320** | **4** | **1,774** |
| **Insurance service result** | **(1,634)** | **165** | **1,320** | **4** | **(145)** |
| Net insurance finance expenses (income) | **—** | **—** | **109** | **9** | **118** |
| **Total items recognized in the Combined Statements of Income** | **$ (1,634)** | **$ 165** | **$ 1,429** | **$ 13** | **$ (27)** |
| **Cash flows** | | | | | |
| Premiums and other amounts received | **1,899** | **—** | **—** | **—** | **1,899** |
| Insurance acquisition cash outflows | **(319)** | **—** | **—** | **—** | **(319)** |
| Claims and other insurance service expenses paid (including investment components) | **—** | **—** | **(1,248)** | **—** | **(1,248)** |
| **Total cash flows** | **$ 1,580** | **$ —** | **$ (1,248)** | **$ —** | **$ 332** |
| **Liability balance at end of period** | **$ 215** | **$ 361** | **$ 6,787** | **$ 518** | **$ 7,881** |

| For the three-month period ended March 31, 2024 | Remaining coverage | | Incurred claims | | |
|---|---|---|---|---|---|
| | Excluding the loss component | Loss component | Estimates of the present value of future cash flows | Risk adjustment for non-financial risk | Total |
| **Liability balance at beginning of period** | $ 112 | $ 224 | $ 6,351 | $ 507 | $ 7,194 |
| **Insurance revenue** | (1,736) | — | — | — | (1,736) |
| **Insurance service expenses** | | | | | |
| Incurred claims and other incurred insurance service expenses | — | (81) | 1,171 | 50 | 1,140 |
| Amortization of insurance acquisition cash flows | 270 | — | — | — | 270 |
| Changes related to claims incurred in prior years | — | — | (51) | (53) | (104) |
| Losses and reversals of losses on onerous contracts | — | 173 | — | — | 173 |
| | 270 | 92 | 1,120 | (3) | 1,479 |
| **Insurance service result** | (1,466) | 92 | 1,120 | (3) | (257) |
| Net insurance finance expenses (income) | — | — | 13 | 1 | 14 |
| **Total items recognized in the Combined Statements of Income** | $ (1,466) | $ 92 | $ 1,133 | $ (2) | $ (243) |
| **Cash flows** | | | | | |
| Premiums and other amounts received | 1,704 | — | — | — | 1,704 |
| Insurance acquisition cash outflows | (292) | — | — | — | (292) |
| Claims and other insurance service expenses paid (including investment components) | — | — | (1,177) | — | (1,177) |
| **Total cash flows** | $ 1,412 | $ — | $ (1,177) | $ — | $ 235 |
| **Liability balance at end of period** | $ 58 | $ 316 | $ 6,307 | $ 505 | $ 7,186 |

## NOTE 7 – INSURANCE AND REINSURANCE CONTRACTS *(continued)*

The following tables present the reconciliation from the opening balance to the closing balance for the measurement components of the insurance contract liabilities for contracts other than those to which the premium allocation approach has been applied.

**Life and health insurance activities**

| | | | Contractual service margin | | |
|---|---|---|---|---|---|
| **For the three-month period ended March 31, 2025** | **Estimates of the present value of future cash flows** | **Risk adjustment for non-financial risk** | **Contracts to which the fair value approach has been applied** | **Other contracts** | **Total** |
| **Liability balance at beginning of period** | **$ 18,999** | **$ 785** | **$ 2,695** | **$ 143** | **$ 22,622** |
| **Changes that relate to current service** | | | | | |
| Amount of the contractual service margin | **—** | **—** | **(52)** | **(2)** | **(54)** |
| Change in the risk adjustment for non-financial risk for expired risks | **—** | **(11)** | **—** | **—** | **(11)** |
| | **—** | **(11)** | **(52)** | **(2)** | **(65)** |
| **Changes that relate to future service** | | | | | |
| Changes in estimates that adjust the contractual service margin | **(9)** | **(2)** | **17** | **(6)** | **—** |
| Changes in estimates that result in losses or reversal of losses on onerous contracts | **(2)** | **(1)** | **—** | **—** | **(3)** |
| Contracts initially recognized in the period | **(26)** | **11** | **—** | **17** | **2** |
| | **(37)** | **8** | **17** | **11** | **(1)** |
| **Insurance service result** | **(37)** | **(3)** | **(35)** | **9** | **(66)** |
| Net insurance finance expenses (income) | **272** | **13** | **13** | **1** | **299** |
| **Total items recognized in the Combined Statements of Income** | **$ 235** | **$ 10** | **$ (22)** | **$ 10** | **$ 233** |
| **Cash flows** | | | | | |
| Premiums and other amounts received | **490** | **—** | **—** | **—** | **490** |
| Insurance acquisition cash outflows | **(43)** | **—** | **—** | **—** | **(43)** |
| Claims and other insurance service expenses paid (including investment components) | **(529)** | **—** | **—** | **—** | **(529)** |
| **Total cash flows** | **$ (82)** | **$ —** | **$ —** | **$ —** | **$ (82)** |
| **Liability balance at end of period** | **$ 19,152** | **$ 795** | **$ 2,673** | **$ 153** | **$ 22,773** |

## NOTE 7 – INSURANCE AND REINSURANCE CONTRACTS *(continued)*

**Life and health insurance activities *(continued)***

| For the three-month period ended March 31, 2024 | Estimates of the present value of future cash flows | Risk adjustment for non-financial risk | Contractual service margin: Contracts to which the fair value approach has been applied | Contractual service margin: Other contracts | Total |
|---|---|---|---|---|---|
| **Liability balance at beginning of period** | $ 18,034 | $ 768 | $ 2,720 | $ 93 | $ 21,615 |
| **Changes that relate to current service** | | | | | |
| Amount of the contractual service margin | — | — | (53) | (1) | (54) |
| Change in the risk adjustment for non-financial risk for expired risks | — | (11) | — | — | (11) |
| | — | (11) | (53) | (1) | (65) |
| **Changes that relate to future service** | | | | | |
| Changes in estimates that adjust the contractual service margin | (39) | (9) | 52 | (4) | — |
| Changes in estimates that result in losses or reversal of losses on onerous contracts | 2 | — | — | — | 2 |
| Contracts initially recognized in the period | (35) | 14 | — | 24 | 3 |
| | (72) | 5 | 52 | 20 | 5 |
| **Insurance service result** | (72) | (6) | (1) | 19 | (60) |
| Net insurance finance expenses (income) | (369) | (22) | 12 | 1 | (378) |
| **Total items recognized in the Combined Statements of Income** | $ (441) | $ (28) | $ 11 | $ 20 | $ (438) |
| **Cash flows** | | | | | |
| Premiums and other amounts received | 650 | — | — | — | 650 |
| Insurance acquisition cash outflows | (47) | — | — | — | (47) |
| Claims and other insurance service expenses paid (including investment components) | (477) | — | — | — | (477) |
| **Total cash flows** | $ 126 | $ — | $ — | $ — | $ 126 |
| **Liability balance at end of period** | $ 17,719 | $ 740 | $ 2,731 | $ 113 | $ 21,303 |

## NOTE 8 – ACCUMULATED OTHER COMPREHENSIVE INCOME

The following table presents the main components of "Accumulated other comprehensive income" (net of taxes).

| | **As at March 31, 2025** | | As at December 31, 2024 | |
|---|---|---|---|---|
| | **Group's share** | **Non-controlling interests' share** | Group's share | Non-controlling interests' share |
| **Items that will be reclassified subsequently to the Combined Statements of Income** | | | | |
| Net unrealized gains (losses) on debt securities classified as at fair value through other comprehensive income[(1)] | **$ 273** | **$ 4** | $ 117 | $ 4 |
| Net gains (losses) on derivative financial instruments designated as cash flow hedges | **442** | **—** | 139 | — |
| **Accumulated other comprehensive income** | **$ 715** | **$ 4** | $ 256 | $ 4 |

(1) Take into account an allowance for credit losses of $23 million as at March 31, 2025, ($16 million as at December 31, 2024) on securities classified as at fair value through other comprehensive income.

# NOTE 9 – CAPITAL MANAGEMENT

The goal of capital management at Desjardins Group is to ensure the financial soundness and sustainability of the Desjardins Cooperative Group. To help safeguard a capital level and structure that maintains the confidence of members and clients and optimizes the financial capital costs, the organization has adopted a target capital structure that takes into account the banking industry regulatory requirements, Desjardins Group's ambitions for maintaining its credit ratings and the risk profiles of the organization and its components. The target structure is updated based on changes in the above factors and approved annually by the Federation's Board of Directors.

Desjardins Group's capital ratios are calculated using the Capital Adequacy Guideline issued by the AMF and applicable in particular to financial services cooperatives.

As it was designated by the AMF as a domestic systemically important financial institution, Desjardins Group is subject to an additional capital surcharge of 1.0% and must maintain a minimum Tier 1A capital ratio of 8.0%. Its Tier 1 capital ratio and total capital ratio must be above 9.5% and 11.5%, respectively. These ratios include a 2.5% capital conversation buffer. In addition, Desjardins Group is required by the AMF to meet a minimum leverage ratio of 3.5%.

Desjardins Group also has to meet the requirements of the *Total Loss Absorbing Capacity (TLAC) Guideline* issued by the AMF. The TLAC ratio and TLAC leverage ratio are calculated in accordance with this guideline. The guideline applies to a resolution group deemed to be Desjardins Group excluding CDO. Desjardins Group is required to maintain a TLAC ratio of at least 21.5% and a TLAC leverage ratio of at least 6.75%.

As at March 31, 2025, Desjardins Group was in compliance with the AMF's capital ratio and leverage ratio regulatory requirements.

The following table presents the regulatory capital and available total loss absorbing capital (TLAC) balances, risk-weighted assets and regulatory ratios.

| (in millions of dollars and as a percentage) | As at March 31, 2025 | As at December 31, 2024 |
|---|---|---|
| **Capital and other TLAC instruments** | | |
| Tier 1A capital | **$ 34,061** | $ 33,157 |
| Tier 1 capital | **34,061** | 33,157 |
| Total capital | **38,357** | 36,269 |
| Available total loss absorbing capacity (TLAC)[1] | **48,615** | 47,797 |
| **Risk-weighted assets** | | |
| Credit risk | **122,870** | 121,845 |
| Market risk | **6,055** | 4,901 |
| Operational risk | **22,957** | 22,875 |
| **Total risk-weighted assets** | **$ 151,882** | $ 149,621 |
| **Total risk-weighted assets for TLAC ratio purposes[1]** | **147,079** | 145,372 |
| **Leverage ratio exposure** | **451,038** | 434,089 |
| **TLAC leverage ratio exposure[1]** | **443,245** | 427,337 |
| **Ratios** | | |
| Tier 1A capital | **22.4%** | 22.2% |
| Tier 1 capital | **22.4** | 22.2 |
| Total capital | **25.3** | 24.2 |
| TLAC[1] | **33.1** | 32.9 |
| Leverage | **7.6** | 7.6 |
| TLAC leverage[1] | **11.0** | 11.2 |

(1) Data calculated at the resolution group level that is deemed to be Desjardins Group excluding CDO.

# NOTE 10 – NET INTEREST INCOME AND NET OTHER INVESTMENT INCOME (LOSS)

## NET INTEREST INCOME

The following table presents the breakdown of net interest income according to the classification of financial assets and liabilities.

| | For the three-month periods ended March 31 | |
|---|---|---|
| | **2025** | 2024 |
| **Interest income on financial assets** | | |
| At amortized cost | **$ 3,834** | $ 3,683 |
| At fair value through other comprehensive income | **455** | 463 |
| At fair value through profit or loss | **132** | 111 |
| | **4,421** | 4,257 |
| **Interest expense on financial liabilities** | | |
| At amortized cost | **2,319** | 2,428 |
| At fair value through profit or loss | **135** | 96 |
| | **2,454** | 2,524 |
| | **$ 1,967** | $ 1,733 |

## NET OTHER INVESTMENT INCOME (LOSS)

The following table presents the breakdown of investment income and loss according to the classification of financial assets and liabilities.

| **For the three-month periods ended March 31** | **2025** | | | 2024 | | |
|---|---|---|---|---|---|---|
| | **Net interest and dividend income** | **Change in fair value and other** | **Total** | Net interest and dividend income | Change in fair value and other | Total |
| **Net other investment income (loss) on financial assets and liabilities** | | | | | | |
| Classified as at fair value through profit or loss | **$ (96)** | **$ 205** | **$ 109** | $ (126) | $ 166 | $ 40 |
| Designated as at fair value through profit or loss | **—** | **(46)** | **(46)** | — | (25) | (25) |
| Classified as at fair value through other comprehensive income | **10** | **(12)** | **(2)** | 10 | (8) | 2 |
| | **$ (86)** | **$ 147** | **$ 61** | $ (116) | $ 133 | $ 17 |

# NOTE 11 – SEGMENTED INFORMATION

In 2025, some changes have been made to business segments to reflect how management assesses segment performance. This presentation reflects the revision of the method used to allocate non-interest expense to segments. As a result, some non-interest expense items were reclassified from the Other category to the Personal and Business Services segment, the Wealth Management and Life and Health Insurance segment and the Property and Casualty Insurance segment. Comparative figures have been restated to conform with the presentation for the current period.

## RESULTS BY BUSINESS SEGMENT

The following table provides a summary of Desjardins Group's financial results by business segment.

| | Personal and Business Services | | Wealth Management and Life and Health Insurance | | Property and Casualty Insurance | | Other | | Combined | |
|---|---|---|---|---|---|---|---|---|---|---|
| **For the three-month periods ended March 31** | **2025** | 2024[(1)] | **2025** | 2024[(1)] | **2025** | 2024 | **2025** | 2024[(1)] | **2025** | 2024[(1)] |
| Net interest income | **$ 1,818** | $ 1,678 | **$ 69** | $ 57 | **$ —** | $ — | **$ 80** | $ (2) | **$ 1,967** | $ 1,733 |
| Net insurance service income | **—** | — | **261** | 270 | **166** | 439 | **37** | 10 | **464** | 719 |
| Other income | **670** | 598 | **692** | 630 | **(7)** | 10 | **(104)** | (126) | **1,251** | 1,112 |
| **Total net revenue** | **2,488** | 2,276 | **1,022** | 957 | **159** | 449 | **13** | (118) | **3,682** | 3,564 |
| Provision for (recovery of) credit losses | **201** | 142 | **8** | (2) | **1** | (7) | **—** | — | **210** | 133 |
| Net non-interest expense | **1,752** | 1,612 | **802** | 752 | **112** | 90 | **(163)** | (143) | **2,503** | 2,311 |
| **Operating surplus earnings** | **535** | 522 | **212** | 207 | **46** | 366 | **176** | 25 | **969** | 1,120 |
| Income taxes on surplus earnings | **136** | 138 | **44** | 34 | **12** | 86 | **39** | 7 | **231** | 265 |
| **Surplus earnings before member dividends** | **399** | 384 | **168** | 173 | **34** | 280 | **137** | 18 | **738** | 855 |
| Member dividends, net of income tax recovery | **84** | 81 | **—** | — | **—** | — | **—** | — | **84** | 81 |
| **Net surplus earnings for the period after member dividends** | **$ 315** | $ 303 | **$ 168** | $ 173 | **$ 34** | $ 280 | **$ 137** | $ 18 | **$ 654** | $ 774 |
| **of which:** | | | | | | | | | | |
| Group's share | **$ 315** | $ 303 | **$ 168** | $ 173 | **$ 29** | $ 246 | **$ 137** | $ 18 | **$ 649** | $ 740 |
| Non-controlling interests' share | **—** | — | **—** | — | **5** | 34 | **—** | — | **5** | 34 |

(1) Data have been restated to conform with the presentation for the current period.

## SEGMENT ASSETS

| | Personal and Business Services | Wealth Management and Life and Health Insurance | Property and Casualty Insurance | Other | Combined |
|---|---|---|---|---|---|
| **As at March 31, 2025** | **$ 372,503** | **$ 76,238** | **$ 13,483** | **$ 25,722** | **$ 487,946** |
| As at December 31, 2024 | $ 356,416 | $ 75,365 | $ 13,803 | $ 25,358 | $ 470,942 |

# GENERAL INFORMATION

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**La version française de ce rapport trimestriel est disponible sur demande.**