

**Desjardins Group in 2014
Solid growth, committed cooperative**

Highlights for the year

- *Surplus earnings of \$1,593 million, up 4.1 %*
- *Operating income up 5.9%*
- *Total assets of \$229.4 billion, an increase of \$17.4 billion*
- *Tier 1a capital ratio of 15.7%*
- *Outstanding residential mortgages increased by \$6.1 billion*
- *Member deposits up 7.0% to \$146.3 billion*
- *Assets under management and under administration up \$36.5 billion, to \$370.8 billion*
- *New capital shares issuance by the Federation totals \$986 million*
- *Closing on January 1, 2015 of the [acquisition of State Farm's Canadian activities](#)*

Desjardins, a cooperative group active in the community and close to its members and clients:

- *[Exclusive benefits to Desjardins members](#), like free support services, instant savings app and special offers from the cooperative partners*
- *[Desjardins Foundation](#) awards scholarships to students across Quebec and Ontario*
- *[Discounts to young clients](#), making Desjardins Group's monthly plans even more affordable, if not free*
- *Ranked among [Canada's 50 Best Employers](#) by Aon Hewitt and one of [Canada's Top 100 Employers](#) by Mediacorp*
- *\$3.5 million in research scholarships awarded to [Montreal Children's Hospital's Research Institute](#) and [Sainte-Justine Hospital](#) to support the next leaders in pediatric research*
- *[\\$1 million grant to the Fondation Montréal inc.](#) to create "Zone Montréal inc./Desjardins", a physical and virtual service hub for business start-ups*

Annual results

Lévis (QC), February 25, 2015 – [Desjardins Group](#), Canada's largest cooperative financial group posted \$12,654 million in operating income, an increase of close to 6% over the previous year. Surplus earnings before member dividends total \$1,593 million, up 4.1%, compared to the \$1,530 million recorded in 2013.

"These results are compelling evidence of our ability to stand out in a rapidly changing industry in which competition is becoming increasingly fierce," said Desjardins Group Chair of the Board, President and CEO Monique F. Leroux. "I would like to thank the Desjardins members and clients who place their trust in us, year after year. My thanks also to our elected officers and all our employees, whose efforts are paying off and will allow us to realize our goal of being a leader in our industry in terms of quality of service."

Major investments made to acquire the Canadian activities of State Farm, the completion of key strategic projects and the increase of average equity through the recent issues of Federation capital shares had an impact on return on equity, which was 8.7% at the end of fiscal 2014, compared to 9.4% one year earlier.

Total loan portfolio grew \$9.9 billion or 7.1%, producing \$3,976 million in net interest income, up \$119 million or 3.1% compared to \$3,857 million for the same period of 2013. This increase was nevertheless restrained by strong competition in the market, which placed pressure on interest margins.

Business growth related to insurance activities generated a \$358 million or 6.4% increase in net premiums, which reached \$5,916 million.

Other operating income totalled \$2,762 million, up \$226 million or 8.9% from 2013. This was partly due to an increase in assets under management, acquired through strong sales of various products, increased brokerage income and growth in credit card activities and point-of-sale financing.

Total income — which is made up of net interest income, net premiums, other operating income and investment income — stood at \$15,235 million, up \$3,501 million or 29.8% from one year earlier.

The provision for credit losses totalled \$351 million, up \$74 million or 26.7% from 2013. This increase is mainly due to the evolution of Desjardins Group's risk profile and the collective allowance related to growth of the loan portfolio and off-balance sheet commitments. Desjardins Group's loan portfolio continues to be of very high quality. The ratio of gross impaired loans, as a percentage of the total gross loan portfolio, was 0.34% as at December 31, 2014, up slightly from 0.33% for the corresponding period of 2013.

Expenses incurred to acquire and integrate the Canadian activities of State Farm, the completion of strategic projects, annual salary indexing and business growth totalled \$6,554 million. This represents an increase of \$325 million or 5.2% compared to \$6,229 million in 2013. Significant efforts made to improve productivity in the caisse network and in other Desjardins Group components provided a partial offset and contributed to limiting this expenses increase.

Assets of \$229.4 billion, up \$17.4 billion

As at December 31, 2014, Desjardins Group had total assets of \$229.4 billion, up \$17.4 billion or 8.2% for the year, compared to annual growth of \$15.2 billion or 7.7% recorded one year earlier. This growth was primarily due to a \$9.9 billion or 7.1% increase in net loans. Deposits increased \$9.6 billion or 7.0%.

A strong capital base

Desjardins Group maintains a strong capitalization in compliance with Basel III rules. Tier 1a and total capital ratios were 15.7% and 17.9% respectively as at December 31, 2014, compared to 15.7% and 18.4% one year earlier.

Quarterly results

Desjardins Group activities continued to grow over the fourth quarter of 2014, resulting in \$3,225 million in operating income, an increase of 2.1%.

This performance is primarily attributable to growth in credit and asset management activities, which enabled Desjardins to post \$354 million in surplus earnings before member dividends, an amount comparable to that of the fourth quarter of 2013. This result also factors in sizable investments in various Desjardins-wide strategic projects for member service delivery, among others.

Segment results

Personal Services and Business and Institutional Services

For fiscal 2014, surplus earnings before member dividends from the Personal Services and Business and Institutional Services segment were \$888 million, up \$79 million or 9.8% from fiscal 2013. This was primarily due to business growth, in particular in credit activities, in proprietary product sales in the caisse network; and to increased capital market activities. All these items, combined with enhanced productivity efforts in the caisse network, increased surplus earnings.

For the fourth quarter of 2014, the segment's surplus earnings before member dividends were \$251 million, up \$50 million or 24.9%, compared to the same period of 2013.

Wealth Management and Life and Health Insurance

As at December 31, 2014, net surplus earnings generated by the Wealth Management and Life and Health Insurance segment were \$411 million, up \$22 million or 5.7% from fiscal 2013. This increase was in part attributable to the return on investments, but this was partially offset by life and health insurance operations, which posted a more limited claims experience in 2014.

At the end of the fourth quarter of 2014, the segment's net surplus earnings stood at \$94 million, up \$17 million or 22.1% from the same period of 2013.

Property and Casualty Insurance

For 2014, net surplus earnings from the Property and Casualty Insurance segment, excluding the costs incurred to acquire the Canadian activities of State Farm, were \$227 million up 2.7% from fiscal 2013, mainly due to business growth.

The segment's net surplus earnings for the fourth quarter of 2014, excluding the costs incurred to acquire the Canadian activities of State Farm, were \$46 million, down \$51 million or 52.6% compared to the same quarter in 2013. This decline was primarily due to a less favourable loss ratio than for the corresponding period in 2013, as well as lower investment income.

Other

Net surplus earnings of the Other segment totaled \$114 million compared to \$120 million in 2013.

This category posted a \$22 million deficit for the fourth quarter, comparable to the \$17 million deficit in 2013.

Key Financial Data

FINANCIAL POSITION AND KEY RATIOS

<i>(in millions of \$ and as a %)</i>	As at December 31, 2014	As at December 31, 2013
Assets	\$229,387	\$212,005
Residential mortgage loans	\$ 97,512	\$ 91,389
Consumer, credit card and other personal loans	\$ 20,495	\$ 19,549
Business and government loans	\$ 32,903	\$ 30,013
Total gross loans	\$150,910	\$140,951
Equity	\$ 18,893	\$ 17,232
Tier 1a capital ratio	15.7 %	15.7 %
Tier 1 capital ratio	15.8 %	15.7 %
Total capital ratio	17.9 %	18.4 %
Gross impaired loans / gross loans ratio	0.34 %	0.33 %

COMBINED INCOME

<i>(in millions of \$ and as a %)</i>	For the three-month periods ended December 31			For the years ended December 31		
	2014	2013	Change	2014	2013	Change
Operating income	\$3,225	\$3,159	2.1 %	\$12,654	\$11,951	5.9 %
Surplus earnings before member dividends	\$ 354	\$ 351	0.1 %	\$ 1,593	\$ 1,530	4.1 %
Return on equity	7.2 %	8.6 %	—	8.7 %	9.4 %	—

CONTRIBUTION TO COMBINED SURPLUS EARNINGS BY BUSINESS SEGMENT

<i>(in millions of \$ and as a %)</i>	For the three-month periods ended December 31			For the years ended December 31		
	2014	2013	Change	2014	2013	Change
Personal Services and Business and Institutional Services	\$251	\$201	24.9 %	\$888	\$809	9.8 %
Wealth Management and Life and Health Insurance	94	77	22.1	411	389	5.7
Property and Casualty Insurance	31	90	(65.6)	180	212	(15.1)
Other	(22)	(17)	(29.4)	114	120	(0.5)
	\$ 354	\$ 351	0.1 %	\$ 1,593	\$ 1,530	4.1 %

CREDIT RATINGS OF SECURITIES ISSUED

	DBRS	STANDARD & POOR'S	MOODY'S	FITCH
Caisse centrale Desjardins				
Short-term	R-1 (high)	A-1	P-1	F1+
Medium and long-term, senior	AA	A+	Aa2	AA-
Capital Desjardins inc.				
Medium and long-term, senior	AA (low)	A	A2	A+

More detailed information will be available in Desjardins Group's 2014 annual Management's Discussion and Analysis, which will be available March 13, 2015 on the [SEDAR](#) site under the Capital Desjardins inc. profile.

About Desjardins Group

[Desjardins Group](#) is the leading cooperative financial group in Canada and the fifth largest cooperative financial group in the world with assets of more than \$229 billion. It has been rated one of Canada's top 100 employers by Mediacorp Canada. To meet the diverse needs of its members and clients, Desjardins offers a full range of products and services to individuals and businesses through its extensive distribution network, online platforms and subsidiaries across Canada. The group has one of the highest capital ratios and [credit ratings](#) in the industry. In 2014, Desjardins was named the fourth safest bank in North America by *Global Finance* magazine and the second strongest bank in the world by *Bloomberg News*.

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