

Desjardins Group's first quarter of 2015 Performance and innovation to better serve members and clients

State Farm's Canadian activities contributed to the results of Desjardins Group

Highlights from the first quarter of 2015

- Surplus earnings of \$464 million, up 20.8%
- Return on equity of 9.5%
- Operating income up 17.3%
- Assets of \$254.1 billion
- Tier 1A capital ratio of 15.7%

A committed, innovative cooperative group:

- Desjardins Insurance the first insurer in Canada to offer a 100% mobile insurance program with the launch of the [Ajusto app](#) for smartphones
- [Desjardins mobile services](#) one of the first to market with apps for the Apple Watch with Hop 'n S@ve and InstaBalance
- Creation of the [Espace-sportif Desjardins – Université Laval](#) through a \$4 million donation
- Close to \$1 million contributed to the [Carbone boréal](#) project at *Université du Québec à Chicoutimi* (UQAC)
- Renewed commitment as presenting partner of the Québec Entrepreneurship Contest, which promotes the development of a new generation of Quebec entrepreneurs
- Over \$100,000 given to charitable organizations in Quebec and Ontario by [Desjardins Foundation](#) to encourage volunteerism

Lévis (Québec), May 13, 2015 – For the first quarter ending March 31, 2015, [Desjardins Group](#), the leading cooperative financial group in Canada, boasts an operating income of \$3,604 million, up \$532 million or 17.3% from the same period last year.

Surplus earnings before member dividends reached \$464 million, a \$80 million increase compared to \$384 million for the same quarter in 2014. This increase is mainly due to a non-recurring gain recorded upon the acquisition of State Farm's Canadian activities.

“We are very satisfied with these results for the beginning of the year. This performance allows us to continue investing in innovative projects to better serve current and future members and clients,” said Monique F. Leroux, Chair of the Board, President and Chief Executive Officer of Desjardins Group. “In fact, just in the last few weeks we launched the new Ajusto smartphone app and announced that Hop 'n S@ve and the InstaBalance tool will be available on the Apple Watch. We will continue to innovate in order to stand out in a highly competitive industry.”

Return on equity stood at 9.5%, compared to 9.0% one year earlier. This increase stemmed from growth in surplus earnings, which was offset by the increase in average equity through recent issues of Federation capital shares.

Net interest income stood at \$995 million, up \$34 million or 3.5% as compared to \$961 million for the same quarter of 2014. This increase stemmed from \$10.2 billion or 7.1% growth in the total portfolio over the last year. However, strong competition in the market exerted pressure on margins, limiting the increase in net interest income.

Net premiums grew \$435 million or 30.2%, to \$1,876 million as at March 31, 2015. The increase was due to the acquisition of State Farm's Canadian activities as well as business growth.

Other operating income totalled \$733 million, up \$63 million or 9.4% from the same period of 2014. This growth was primarily due to the gain realized on the acquisition of State Farm's Canadian activities, growth in assets under management arising from sales of various products and increased capital market activities.

Total income, which consists of net interest income, net premiums, other operating income and investment income, stood at \$4,927 million, up \$1,139 million or 30.1% from the same quarter of 2014.

The provision for credit losses totalled \$89 million for the first quarter of 2015, down \$5 million or 5.3% from 2014.

Non-interest expense stood at \$1,752 million, up \$144 million or 9.0% compared to the first quarter of 2014. This increase was mainly due to the expenses related to the acquisition of State Farm's Canadian activities totalling \$54 million and business growth, especially credit card and point-of-sale financing activities. It was also affected by annual salary indexing.

Assets of \$254.1 billion, up \$24.7 billion

As at March 31, 2015, Desjardins Group had total assets of \$254.1 billion, up \$24.7 billion or 10.8% from December 31, 2014. This growth was mainly due to the assets acquired from State Farm's Canadian activities, totalling \$7.4 billion and securities related to securities lending operations.

A strong capital base

Desjardins Group maintains strong capitalization in compliance with Basel III rules. Desjardins Group's Tier 1A and total capital ratios were 15.7% and 17.5% respectively, as at March 31, 2015, compared to 15.7% and 17.9% respectively, as at December 31, 2014.

Segment results for the first quarter of 2015

Personal Services and Business and Institutional Services

Surplus earnings before member dividends attributable to the Personal Services and Business and Institutional Services segment were \$196 million, similar to the amount posted in the same period of 2014. They were affected by an increase in net interest income as a result of growth in the overall loan portfolio, which was nevertheless limited by strong competition in the market, which exerted pressure on margins.

Wealth Management and Life and Health Insurance

Net surplus earnings for the Wealth Management and Life and Health Insurance segment were \$98 million, down \$5 million or 4.9% from the same period in 2014. This decline was largely due to life and health insurance operations, the results for which in the same period of 2014 were favourably influenced by the change in actuarial provisions.

Property and Casualty Insurance

The Property and Casualty Insurance segment recorded net surplus earnings of \$76 million, up \$55 million or 261.9% compared to the first quarter of 2014. Adjusted net surplus earnings, which exclude expenses related to the acquisition of State Farm's Canadian activities as well as the gain realized on this acquisition were \$28 million, down \$6 million or 17.6% compared to the same period of 2014. This decline was due to a greater claims experience in automobile and business insurance compared to 2014.

Other

Net surplus earnings for the quarter from the activities grouped in the Other category were \$94 million for the first quarter of 2015 compared to \$66 million in the same quarter of 2014. This increase was due to strong market volatility, which affected the fair value of derivative financial instruments used for hedging purposes.

Key Financial Data

FINANCIAL POSITION AND KEY RATIOS

<i>(in millions of \$ and as a %)</i>	As at March 31, 2015	As at December 31, 2014
Assets	\$ 254,089	\$ 229,387
Residential mortgage loans	\$ 97,936	\$ 97,512
Consumer, credit card and other personal loans	\$ 20,627	\$ 20,495
Business and government loans	\$ 34,662	\$ 32,903
Total gross loans	\$ 153,225	\$ 150,910
Equity	\$ 20,380	\$ 18,893
Tier 1A capital ratio	15.7%	15.7%
Tier 1 capital ratio	15.8%	15.8%
Total capital ratio	17.5%	17.9%
Gross impaired loans / gross loans ratio	0.34%	0.34%

COMBINED INCOME

<i>(in millions of \$ and as a %)</i>	For the three-month periods ended		
	March 31, 2015	December 31, 2014	March 31, 2014
Operating income	\$ 3,604	\$ 3,225	\$ 3,072
Surplus earnings before member dividends	\$ 464	\$ 354	\$ 384
Return on equity	9.5%	7.2%	9.0%

CONTRIBUTION TO COMBINED SURPLUS EARNINGS BY BUSINESS SEGMENT

<i>(in millions of \$)</i>	For the three-month periods ended		
	March 31, 2015	December 31, 2014	March 31, 2014
Personal Services and Business and Institutional Services	\$ 196	\$ 251	\$ 194
Wealth Management and Life and Health Insurance	98	94	103
Property and Casualty Insurance	76	31	21
Other	94	(22)	66
	\$ 464	\$ 354	\$ 384

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 is presented in Desjardins Group's interim Management's Discussion and Analysis, which is available 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 over \$254 billion. It has been rated one of the 50 Best Employers in Canada by Aon Hewitt. 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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