

Desjardins General Insurance Group reports first quarter results

- Direct written premiums of \$908.7 million, an increase of 77.8% compared to the same period last year, reflecting the addition of the State Farm's Canadian P&C insurance operations
- Organic growth of the direct written premiums by 7% (excluding operations acquired from State Farm)
- Net income of \$73.7 million and an ROE of 16.0%, both of which were impacted by a one-time gain
- Integration of State Farm Canadian operations progressing as planned
- First insurer in Canada to offer a 100% mobile telematics auto insurance program with the launch of the new Ajusto app

Lévis (QC), May 28, 2015 – For the first three months ended March 31, 2015, Desjardins General Insurance Group (DGIG), a Desjardins Group subsidiary specializing in property and casualty insurance, posted a net income of \$73.7 million, compared to \$16.7 million for the same period in 2014. This included a \$55.1 million after-tax gain on business acquisition which, net of associated charges recognized in the quarter, had a \$43.0 million after-tax impact on quarterly results. Return on equity (ROE) was 16.0% in the quarter, which included the one-time gain, compared to 5.9% in 2014. The combined ratio, excluding market yield adjustment (or MYA: the impact on claims liabilities caused by changes in the discount rate) in the quarter remained relatively unchanged at 101.3%.

Direct written premiums increased by 77.8% to \$908.7 million compared to the same period last year, mainly due to the acquisition of State Farm's Canadian operations. Excluding the State Farm transaction, they increased by 7.0% compared to the same quarter in 2014, a rate of organic growth well above the market.

Sylvie Paquette, President and Chief Operating Officer of Desjardins General Insurance Group, said she was pleased by the financial results and the progress achieved in the quarter. "We had a solid quarter, and with the closing of the State Farm Canada transaction behind us, our integration program is now well underway. With our new, much larger operations and customer base across the country, we are building on the combined talents of all our employees and our new independent agents to meet our strategic growth, profitability and customer experience objectives."

During the quarter, DGIG became the first insurer in Canada to offer a 100% mobile telematics auto insurance program that doesn't require the installation of a device in the vehicle with the launch of the new Ajusto smart phone app. This technology is accessible to more clients who will be able to improve their driving behaviour, thanks to near-instant feedback of their behind-the-wheel habits.

In response to the auto insurance changes introduced in the Ontario government budget in April, Ms. Paquette said that it will bring further cost reductions for customers and that it will contribute to develop a more affordable and sustainable auto insurance market in this province.

"DGIG is also working to improve affordability for our customers," she said. "Our leadership with the Ajusto program, which can provide discounts to safe drivers, and our cost reduction efforts following the State Farm transaction, are tangible initiatives that will benefit Ontario drivers."

In addition, DGIG believes that a system that promotes competition and innovation will best serve the needs of consumers, including in Ontario. The review of the Financial Services Commission of Ontario (FSCO), which is just beginning, will be a unique opportunity to move in that direction.

Consolidated Financial Results as of March 31, 2015

(in millions of dollars unless otherwise indicated)

	Q1 2015	Q1 2014	Change
Direct Written Premiums	908.7	511.2	77.8%
Underwriting income excluding MYA	(9.3)	(6.0)	55.0%
Investment income (excluding G/L on matched bonds)	40.0	27.3	46.5%
Net income	73.7	16.7	341.3%
Return on equity	16.0%	5.9%	10.1 pts
Loss ratio excluding MYA	79.7%	72.4%	7.3 pts
Combined ratio excluding MYA	101.3%	101.0%	0.3 pts
	March 31, 2015	March 31, 2014	
Total Assets	12,763.1	4,861.9	

About Desjardins General Insurance Group

A subsidiary of Desjardins Group, [Desjardins General Insurance Group](#) provides home and auto insurance to consumers and commercial insurance to businesses across the country. With more than 6,000 employees in Canada, expected direct written premiums of \$4.0 billion and assets of almost \$12.8 billion, DGIG ranks among the largest P&C insurers in Canada.

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