

Desjardins Group's second quarter 2015**Solid contribution, primarily from insurance businesses, leads to strong results****Highlights from the second quarter of 2015**

- Significant increase in surplus earnings, up \$183 million to \$629 million
- Solid performance in the insurance segments, whose surplus earnings were up \$194 million
- Return on equity of 11.4%
- Operating income up 8.9%
- Assets of \$250.9 billion
- Tier 1A capital ratio of 16.0%
- Named North America's strongest financial institution for a second consecutive year in Bloomberg's ranking of the World's Strongest Banks

A socially minded and innovative cooperative group

- [Innovative service outlet at Marché Central](#) opened in Montreal, offering customers one-on-one support for their financial projects
- Over \$2 million invested in 2015 to disseminate the [Personal Finance: I'm in Charge™](#) financial education program to thousands of young adults in Quebec and Ontario, in partnership with several community organizations
- Renewal of the partnership with *Place aux jeunes en région*, whose mission is to promote Quebec's regions and encourage young people to move outside the province's large urban centres
- Ruralia-Desjardins prizes awarded to three community-led initiatives in the Mauricie, Côte-Nord and Chaudière-Appalache regions, in partnership with Solidarité rurale du Québec
- Only financial institution in the province in the top 60 on Mediacorp's list of [Canada's Greenest Employers 2015](#)
- Continuation of micro-finance initiatives led by Développement international Desjardins

Lévis (QC), August 12, 2015 – For the second quarter ended June 30, 2015, [Desjardins Group](#), the leading cooperative financial group in Canada, boasts an operating income of \$3,438 million, up \$281 million or 8.9% from the same period last year.

Growth in operating earnings and the insurance subsidiaries including the newly acquire State Farm Canadian operations, helped Desjardins Group achieve surplus earnings before member dividends of \$629 million in the second quarter, up \$183 million from the same quarter in 2014, when they were \$446 million.

"I'm very satisfied with these results which reflect strong growth in Canada, particularly in insurance," said Monique F. Leroux, President and Chief Executive Officer of Desjardins Group. "This not only helps Desjardins provide the security that our members and clients are looking for, but we can also continue to innovate and contribute to the development and vitality of our communities. I am also pleased with Bloomberg's recent listing of the World's Strongest Banks which ranked us as the strongest financial institution in North America and the fifth strongest in the world. This encourages us to keep up our efforts to further consolidate our capitalization."

Desjardins Group's financial performance also allows it to make investments in the development of innovative products and enhance the accessibility and reach of its services. Examples include the recent redesign of the AccèsD transactional site, Desjardins' range of mobile services, and a new secure payment solution for small businesses and self-employed workers to be launched this fall.

Also, through its commitment to decentralize employment, Desjardins has become one of the biggest employers outside of Quebec's urban centres. For example, the cooperative has opened offices for its Shared Services Centre in 14 different regions; these are jobs that otherwise might have been centralized in a large urban centre. In addition to Montreal, Desjardins Group has call centres in Gaspé, Granby and Trois-Rivières, where several hundred new jobs have been created.

The growth in surplus earnings in the second quarter has given Desjardins an 11.4% return on equity compared to 9.9% one year earlier.

Net interest income stood at \$1,057 million, up \$76 million or 7.7% from \$981 million for the same quarter of 2014. This increase stemmed from \$9.1 billion or 6.2% growth in the total loan portfolio over the last year. Strong market competition continues to exert pressure on margins.

Net premiums grew \$199 million or 13.3%, to \$1,698 million as at June 30, 2015. This increase was primarily due to organic growth and premiums from the acquisition of State Farm's Canadian operations, offset by the decrease in annuity premiums.

Other operating income totalled \$683 million, up \$6 million or 0.9% from the same period of 2014.

The provision for credit losses totalled \$103 million for the second quarter of 2015, up \$23 million or 28.8% from the same quarter of 2014. This increase was primarily due to loan portfolio growth and a loss rate increase in Card and Payment Services.

Non-interest expense stood at \$1,791 million, up \$172 million or 10.6% compared to the second quarter of 2014. Reasons for this increase include expenses related to the acquisition of State Farm's Canadian operations, business growth, including in credit card activities and point-of-sale financing, and an increase in the tax on insurance premiums, as well as annual salary indexing and the pension expense.

Results for the first six months of 2015

Desjardins Group recorded \$1,093 million in surplus earnings before member dividends for the first six months, compared to \$830 million for the same period of 2014, an increase of \$263 million. Its operating income increased \$813 million, or 13.1%, to \$7,042 billion.

Assets of \$250.9 billion, up \$21.5 billion

As at June 30, 2015, Desjardins Group had total assets of \$250.9 billion, up \$21.5 billion or 9.4% from December 31, 2014. This growth was largely due to the assets acquired from State Farm's Canadian operations, loan portfolios and securities.

A strong capital base

Desjardins Group maintains strong capitalization in compliance with Basel III rules. Its Tier 1A and total capital ratios were 16.0% and 17.7%, respectively, as at June 30, 2015, compared to 15.7% and 17.9%, respectively, as at December 31, 2014.

With this excellent capitalization, Desjardins Group has been recognized for a second consecutive year as North America's strongest financial institution according to the Bloomberg News ranking of the World's Strongest Banks.

Segment results for the second quarter of 2015

Personal Services and Business and Institutional Services

Surplus earnings in the Personal Services and Business and Institutional Services segment, including the Caisse network's contribution, were \$239 million, up \$28 million from the same period of 2014. This increase was due in part to business growth, including sales of financial products, which drove up income.

For the first six months of 2015, the segment's surplus earnings were \$435 million, up \$30 million.

Wealth Management and Life and Health Insurance

Surplus earnings for the Wealth Management and Life and Health Insurance segment were \$195 million, up \$61 million from the same period in 2014. This increase was largely due to life and health insurance operations including the newly acquired State Farm business in Canada. This was combined with gains on disposals of real estate investments.

For the first six months of 2015, the segment's surplus earnings were \$293 million, up \$56 million.

Property and Casualty Insurance

The Property and Casualty Insurance segment recorded surplus earnings of \$194 million, up \$133 million compared to the second quarter of 2014. Adjusted net surplus earnings, which excludes expenses related to the acquisition of State Farm's Canadian operations as well as the gain realized on this acquisition, were \$205 million, up \$134 million compared to the same period of 2014. This increase was primarily due to the contribution of State Farm's Canadian operations, which benefited from a particularly favourable environment in the second quarter and an improved claims experience in property insurance compared to the same period of 2014.

For the first six months of 2015, the segment reported adjusted surplus earnings of \$233 million, up \$128 million.

Key Financial Data

BALANCE SHEET AND RATIOS

<i>(in millions of \$ and as a %)</i>	As at June 30, 2015	As at December 31, 2014
Assets	\$ 250,893	\$ 229,387
Residential mortgage loans	\$ 100,187	\$ 97,512
Consumer, credit card and other personal loans	\$ 20,854	\$ 20,495
Business and government loans	\$ 34,636	\$ 32,903
Total gross loans	\$ 155,677	\$ 150,910
Equity	\$ 21,166	\$ 18,893
Tier 1A capital ratio	16.0 %	15.7 %
Tier 1 capital ratio	16.0 %	15.8 %
Total capital ratio	17.7 %	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			For the six-month periods ended	
	June 30, 2015	March 31, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Operating income	\$ 3,438	\$ 3,604	\$ 3,157	\$ 7,042	\$ 6,229
Surplus earnings before member dividends	\$ 629	\$ 464	\$ 446	\$ 1,093	\$ 830
Return on equity	11.4 %	9.5 %	9.9 %	10.4 %	9.4 %

CONTRIBUTION TO COMBINED SURPLUS EARNINGS BY BUSINESS SEGMENT

<i>(in millions of \$)</i>	For the three-month periods ended			For the six-month periods ended	
	June 30, 2015	March 31, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Personal Services and Business and Institutional Services	\$ 239	\$ 196	\$ 211	\$ 435	\$ 405
Wealth Management and Life and Health Insurance	195	98	134	293	237
Property and Casualty Insurance	194	76	61	270	82
Other	1	94	40	95	106
	\$ 629	\$ 464	\$ 446	\$ 1,093	\$ 830

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 close to \$251 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. Considered North America's strongest bank according to Bloomberg News, Desjardins has one of the highest capital ratios and [credit ratings](#) in the industry.

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