

**Desjardins Group's third quarter 2015****Continued business growth in an increasingly competitive market****Q3 highlights**

- Operating income up 7.4%
- Surplus earnings of \$404 million
- Assets of \$251 billion
- Growth of \$8.3 billion in loan portfolio over the last year
- Tier 1A capital ratio of 15.8%

**A socially minded and innovative cooperative group**

- Success of 22<sup>nd</sup> Congress to set policy directions, in which 94% of the caisses participated, evidence of Desjardins Group's cooperative and democratic vitality.
- [Restoration of the Desjardins building](#), in Vieux-Lévis to provide the [Société historique Alphonse-Desjardins](#) with modern facilities for conserving historical archives and museum collections.
- Opening of two new [360<sup>d</sup> centres](#) near Concordia University and UQAM. These specialized service centres will reach over 90,000 university and college-level students.
- Launching of the [Monetico Mobile and Monetico Mobile +](#) payment solutions for small businesses and self-employed workers.
- Continuing commitment to higher education with donations to the University of [Ottawa](#) and [Bishop's University](#), and to the *Fondation de l'UQAR*.

**Lévis (QC), November 13, 2015** – For the third quarter ended September 30, 2015, [Desjardins Group](#), the leading cooperative financial group in Canada, boasted an operating income of \$3,437 million, up \$237 million or 7.4% from the same period of 2014. This increase was primarily due to premiums from the acquisition of State Farm's Canadian operations, for an amount of \$115 million and growth in activities.

Surplus earnings before member dividends were \$404 million, stable compared to those of the same quarter in 2014, despite impairment losses on investments, primarily in the Property and Casualty Insurance segment due to highly volatile financial markets. These results, combined with an increase in equity, accounted for the lower return on equity, which fell from 8.8% to 7.6% for the quarter.

"We are satisfied with these results, which show solid growth in our business operations across Canada in spite of intense competition, thereby demonstrating the relevance of our strategies," said Monique F. Leroux, Chair of the Board, President and CEO. "Economic conditions remain fragile and the effects of the digital revolution are being felt throughout the industry. We have to stay focused and actively continue our efforts to position ourselves in this new environment in order to meet the high expectations of our members and clients."

Despite strong competition in the market, which has kept profit margins under pressure, the total loan portfolio grew \$8.3 billion or 5.6% over the last year. The result was an \$81 million or 8.0% increase in net interest income, to \$1,094 million compared to \$1,013 million for the same quarter of 2014.

Other operating income totalled \$651 million, down \$40 million or 5.8% from the same period of 2014. This was mainly due to a \$35 million increase in the contingent consideration payable as part of the acquisition of State Farm's Canadian operations.

The improved quality of the portfolio of loans to medium-sized and large businesses lowered the provision for credit losses by \$7 million or 6.4%, to \$102 million at the end of the third quarter.

Non-interest expense stood at \$1,673 million, up \$91 million or 5.8% compared to the same quarter last year. This increase was mainly a result of expenses related to the acquisition of State Farm's Canadian operations, business growth and subsequent increases in commission expenses, and an increase in the tax on insurance premiums. Annual salary indexing and a higher pension expense were also factors.

### **Results for the first nine months of 2015**

At the end of the first nine months of 2015, operating income stood at \$10,479 million, up \$1,050 million or 11.1%. Surplus earnings before member dividends increased \$258 million to \$1,497 million, compared to \$1,239 million for the same period of 2014.

### ***Assets of \$251.0 billion, up \$21.6 billion***

As at September 30, 2015, Desjardins Group had total assets of \$251.0 billion, up \$21.6 billion or 9.4% from December 31, 2014. This growth was largely due to the assets acquired as part of the transaction with State Farm, 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 15.8% and 17.4%, respectively, as at September 30, 2015, compared to 15.7% and 17.9%, respectively, as at December 31, 2014.

### **Segment results for Q3 2015**

#### ***Personal Services and Business and Institutional Services***

Business growth, particularly in financing and sales of financial products, drove up third-quarter income in the Personal Services and Business and Institutional Services segment. The segment posted \$268 million of surplus earnings, including the caisse network's contribution, up \$36 million compared to the same quarter of 2014.

For the first nine months of 2015, the segment's surplus earnings were \$703 million, up \$66 million.

#### ***Wealth Management and Life and Health Insurance***

At \$83 million, surplus earnings for the Wealth Management and Life and Health Insurance segment were stable compared to the same period in 2014. This was due to the segment's continuing operations.

For the first nine months of 2015, the segment's surplus earnings were \$376 million, up \$59 million.

## Property and Casualty Insurance

Due to high volatility on financial markets, which resulted in the recognition of a decline in market value of investments thereby reducing income, the Property and Casualty Insurance segment recorded a net deficit of \$23 million compared to surplus earnings of \$67 million for the same quarter of 2014. The adjusted net deficit was \$16 million, compared to adjusted net surplus earnings of \$76 million for the same quarter of 2014.

For the first nine months of 2015, the segment's adjusted surplus earnings were \$217 million, up \$36 million.

## Key financial data

### BALANCE SHEETS AND RATIOS

<i>(in millions of \$ and as a %)</i>	As at September 30, 2015	As at December 31, 2014
Assets	\$250,972	\$229,387
Residential mortgage loans	\$101,420	\$97,512
Consumer, credit card and other personal loans	\$21,049	\$20,495
Business and government loans	\$34,915	\$32,903
Total gross loans	\$157,384	\$150,910
Equity	\$21,381	\$18,893
Tier 1A capital ratio	15.8%	15.7%
Tier 1 capital ratio	15.9%	15.8%
Total capital ratio	17.4%	17.9%
Gross impaired loans / gross loans ratio	0.36%	0.34%

### COMBINED INCOME

<i>(in millions of \$ and as a %)</i>	For the three-month periods ended			For the nine-month periods ended	
	Sept. 30, 2015	June 30, 2015	Sept. 30, 2014	Sept. 30, 2015	Sept. 30, 2014
Operating income	\$3,437	\$3,438	\$3,200	\$10,479	\$9,429
Surplus earnings before member dividends	\$404	\$629	\$409	\$1,497	\$1,239
Return on equity	7.6%	11.4%	8.8%	9.5%	9.2%

### CONTRIBUTION TO COMBINED SURPLUS EARNINGS BY BUSINESS SEGMENT

<i>(in millions of \$)</i>	For the three-month periods ended			For the nine-month periods ended	
	Sept. 30, 2015	June 30, 2015	Sept. 30, 2014	Sept. 30, 2015	Sept. 30, 2014
Personal Services and Business and Institutional Services	\$268	\$239	\$232	\$703	\$637
Wealth Management and Life and Health Insurance	83	195	80	376	317
Property and Casualty Insurance	(23)	194	67	247	149
Other	76	1	30	171	136
	\$404	\$629	\$409	\$1,497	\$1,239

## CREDIT RATINGS OF SECURITIES ISSUED

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

*More detailed financial 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 \$251 billion. It has been rated one of the 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, the financial information agency, Desjardins has one of the best capital ratios and [credit ratings](#) in the industry.

- 30 -

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*Certain statements made in this press release may be forward-looking. By their very nature, forward-looking statements involve assumptions, uncertainties and inherent risks, both general and specific. It is therefore possible that, due to a number of factors, the predictions, projections 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 results differ materially. Various factors that are beyond Desjardins Group's control, and therefore whose impacts on Desjardins are difficult to predict, could influence the accuracy of the forward-looking statements in this press release. Although Desjardins Group believes that the expectations expressed in these forward-looking statements are reasonable, it can give no assurance or guarantee that these expectations will prove to be correct. Desjardins Group cautions readers against placing undue reliance on forward-looking statements when making decisions. Desjardins Group does not undertake to update any written or verbal 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.*