

Desjardins Group results for the first quarter of 2016**Desjardins Group records surplus earnings of \$382 million***Assets and deposits increase in a competitive market***Q1 highlights**

- *Surplus earnings of \$382 million*
- *Total assets of \$255.1 billion, an increase of \$7.0 billion*
- *Tier 1A capital ratio of 15.8%*
- *Assets under management and under administration, up \$5.7 billion, to \$409.0 billion*
- *Net interest income up \$54 million, or 5.4%*
- *[Guy Cormier](#), Senior Vice-President, Cooperative Network and Personal Services, elected to the position of Chair of the Board, President and CEO of Desjardins Group*

A socially minded and innovative cooperative group

- *Support for insured victims of the fires at Fort McMurray and [donation to the Canadian Red Cross](#) victim relief effort.*
- *Creation of the [Desjardins accelerator for entrepreneurial practices](#) and the [Desjardins chair in responsible finance](#), in partnership with Université de Sherbrooke.*
- *Opening of new [service centres with a studio feel](#) in Montreal, emphasizing open and user-friendly relationships with members.*
- *[Contribution](#) to the Musée national des beaux-arts du Québec Foundation.*
- *[Substantial contribution](#) to the capital fundraising campaign of the Fondation du Centre hospitalier de l'Université de Montréal.*
- *Launch of a paid internship program for computer science students in the Mauricie region.*

First quarter results

Lévis (QC), May 12, 2016 – At the end of the first quarter ended March 31, 2016, [Desjardins Group](#), Canada's largest cooperative financial group, posted \$382 million in surplus earnings before member dividends—a decline of \$82 million compared to the same quarter of 2015. The decrease was due to two events related to the first quarter of 2015: the gain realized on the acquisition of State Farm's Canadian activities and the favourable change in the fair value of derivative financial instruments used to hedge foreign currency deposits for all of Desjardins Group.

“Our performance is what allows us to fulfil our cooperative mission for our members and communities,” said Guy Cormier, the newly elected Chair of the Board, President and CEO of Desjardins Group. “Desjardins manages to perform in an increasingly fierce competitive environment while the entire industry adapts to new processes. I am proud and above all honoured to lead Desjardins into this new era. During my mandate I intend to realize three major ambitions to make us first in people's hearts again. They are: reconnecting Desjardins with its purpose, harnessing its full potential for the benefit of members and clients alike, and to invest in people first.”

The entire loan portfolio grew \$7.4 billion in the last year, despite strong market competition and pressure on profit margins. The result was a \$54 million increase in net interest income, to \$1,049 million (Q1 2015: \$995 million).

Other operating income⁽¹⁾ was \$725 million, slightly lower than in the same quarter of 2015. The primary reason was the gain realized on the acquisition of State Farm's Canadian activities in the first quarter of 2015. This decrease was offset by growth in income from credit card and point-of-sale financing activities, as well as income related to assets under management from the sale of various products.

The provision for credit losses was up slightly to \$91 million (Q1 2015: \$89 million), mainly due to growth in the loan portfolios of Card and Payment Services.

Non-interest expense reached \$1,797 million (Q1 2015: \$1,752 million). This was due to business growth, particularly in credit card and point-of-sale financing activities, as well as annual salary indexing.

Total assets of \$255.1 billion, up \$7.0 billion

As at March 31, 2016, total assets were \$255.1 billion, up \$7.0 billion since December 31, 2015. This was largely attributable to securities as a result of growth in market operations and deposits.

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 16.9%, respectively, as at March 31, 2016, compared to 16.0% and 17.2%, respectively, as at December 31, 2015. In this regard, following an extensive consultation with members, they agreed on the importance of a financially strong cooperative, as it is the custodian of their assets.

Segment results for the first quarter of 2016

Personal Services and Business and Institutional Services

For the first quarter of 2016, surplus earnings before member dividends from the Personal Services and Business and Institutional Services segment were \$211 million (Q1 2015: \$196 million). The increase was largely due to increased sales of financial products by the caisse network and growth in credit card and point-of-sale financing activities.

Wealth Management and Life and Health Insurance

Surplus earnings generated by the Wealth Management and Life and Health Insurance segment were \$97 million, relatively unchanged from the same period of 2015. They were part of the segment's ongoing business development.

¹ See the "Basis of presentation of financial information" section.

Property and Casualty Insurance

For the first quarter of 2016, net surplus earnings of the Property and Casualty Insurance segment were \$39 million (Q1 2015: \$76 million). This was largely due to the gain realized on the acquisition of State Farm's Canadian activities in the first quarter of 2015. The decline in the segment's surplus earnings was nevertheless offset by more favourable claims experience in automobile insurance and organic business growth, compared to the first quarter of 2015. Like its peers in the insurance industry, Desjardins Group is following closely the developments in Alberta. Based on the information gathered to date, the estimated impact on its earnings is not considered significant.

Key Financial Data

FINANCIAL POSITION AND KEY RATIOS

<i>(in millions of dollars and as a percentage)</i>	As at March 31, 2016	As at December 31, 2015
Assets	\$255,137	\$248,128
Residential mortgage loans	\$102,992	\$102,323
Consumer, credit card and other personal loans	\$21,115	\$21,204
Business and government loans ⁽¹⁾	\$36,570	\$36,809
Total gross loans ⁽¹⁾	\$160,677	\$160,336
Equity	\$21,824	\$21,725
Tier 1A capital ratio	15.8%	16.0%
Tier 1 capital ratio	15.8%	16.0%
Leverage ratio	7.5%	7.8%
Total capital ratio	16.9%	17.2%
Gross impaired loans / gross loans and acceptances ⁽²⁾	0.35%	0.34%

COMBINED INCOME

<i>(in millions of dollars and as a percentage)</i>	For the three-month periods ended		
	March 31, 2016	December 31, 2015	March 31, 2015
Operating income ⁽²⁾	\$3,495	\$3,445	\$3,604
Surplus earnings before member dividends	\$382	\$462	\$464
Return on equity ⁽²⁾	7.1%	7.9%	9.5%

¹ Includes acceptances.

² See the "Basis of presentation of financial information" section.

CONTRIBUTION TO COMBINED SURPLUS EARNINGS BY BUSINESS SEGMENT

<i>(in millions of dollars)</i>	For the three-month periods ended		
	March 31, 2016	December 31, 2015	March 31, 2015
Personal Services and Business and Institutional Services	\$211	\$297	\$196
Wealth Management and Life and Health Insurance	97	127	98
Property and Casualty Insurance	39	113	76
Other	35	(75)	94
	\$382	\$462	\$464

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 can be found 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 sixth largest cooperative financial group in the world, with assets of \$255.1 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 News, Desjardins has one of the highest capital ratios and [credit ratings](#) in the industry.

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Caution concerning forward-looking statements

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. Additional information on these and other factors are available under the risk management section of Desjardins Group's 2015 Management's Discussion and Analysis. 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.

Basis of presentation of financial information

To assess its performance, Desjardins Group uses IFRS measures and various non-IFRS financial measures. Non-IFRS financial measures, other than the regulatory ratios, do not have a standardized definition and are not directly comparable to similar measures used by other companies, and may not be directly comparable to any IFRS measures. Investors may find these non-IFRS measures useful in analyzing financial performance. The measures used are defined as follows:

Gross impaired loans / gross loans

The gross impaired loans / gross loans indicator is used to measure the quality of the loan portfolio. It is gross impaired loans expressed as a percentage of total gross loans.

Return on equity

Return on equity is used to measure profitability. Expressed as a percentage, it is equal to surplus earnings before member dividends, excluding the non-controlling interests' share, divided by average equity before non-controlling interests.

Income

Operating income

The concept of operating income is used to analyze financial results. This concept allows for better structuring of financial data and makes it easier to compare operating activities from one period to the next by excluding investment income. The analysis therefore breaks down Desjardins Group's income into two parts, namely operating income and investment income, which make up total income. This measure is not directly comparable to similar measures used by other companies.

Operating income includes net interest income, net premiums and other operating income such as deposit and payment service charges, lending fees and credit card service revenues, income from brokerage and investment fund services, management and custodial service fees, foreign exchange income as well as other income. These items, taken individually, correspond to those presented in the Combined Financial Statements.

Investment income

Investment income includes net income on securities at fair value through profit or loss, net income on available-for-sale securities and net other investment income. These items, taken individually, correspond to those presented in the Combined Financial Statements. Investment income also includes income from the insurance subsidiaries' matching activities and from derivative financial instruments not designated as part of a hedging relationship.

(in millions of dollars)	March 31, 2016	December 31, 2015	March 31, 2015
Presentation of income in the Combined Financial Statements			
Net interest income	\$1,049	\$1,107	\$995
Net premiums	1,721	1,641	1,876
Other income			
Deposit and payment service charges	118	124	118
Lending fees and credit card service revenues	168	161	154
Brokerage and investment fund services	260	263	252
Management and custodial service fees	98	72	93
Net income on securities at fair value through profit or loss	512	230	1,174
Net income on available-for-sale securities	79	72	105
Net other investment income	50	48	44
Foreign exchange income	16	21	26
Other	65	56	90
Total income	\$4,136	\$3,795	\$4,927
Presentation of income in Management's Discussion and Analysis			
Net interest income	\$1,049	\$1,107	\$995
Net premiums	1,721	1,641	1,876
Other operating income			
Deposit and payment service charges	118	124	118
Lending fees and credit card service revenues	168	161	154
Brokerage and investment fund services	260	263	252
Management and custodial service fees	98	72	93
Foreign exchange income	16	21	26
Other	65	56	90
Operating income	3,495	3,445	3,604
Investment income			
Net income on securities at fair value through profit or loss	512	230	1,174
Net income on available-for-sale securities	79	72	105
Net other investment income	50	48	44
	641	350	1,323
Total income	\$4,136	\$3,795	\$4,927

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