PRESS RELEASE

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Desjardins Group's operating income nears 7% increase as a result of strong business growth

Assets also increase 7% to $227 billion

Highlights for the quarter

- *Operating income up 6.9%*
- *Surplus earnings of $409 million, relatively unchanged from the same quarter of 2013*
- *Return on equity of 8.8%*
- *Total assets of $226.9 billion, up $14.9 billion from December 31, 2013*
- *Tier 1a capital ratio of 15.3%*
- *New issues by Caisse centrale Desjardins (CCD) of US$1.3 billion in medium-term notes, in September, and €1.0 billion in covered bonds, in October*

Desjardins, a cooperative group active in the community and close to its members and clients:

- *Successful second edition of the International Summit of Cooperatives, with more than 3,000 participants from 93 countries*
- *360[d], an innovative multi-channel financial centre for students and young adults opens in Montreal*
- *First Quebec financial institution to offer mobile payment services over several telecom carrier networks*
- *Major contribution to HEC Montréal for the creation of the Institut international des coopératives Alphonse-et-Dorimène-Desjardins*

Lévis (Québec), November 13, 2014 – In the third quarter of 2014, Desjardins Group, the leading cooperative financial group in Canada, once again posted strong growth in all its business segments, reporting $3,200 million in operating income, up 6.9% from the same period of 2013. The increase was primarily due to growth in credit, brokerage, asset management and insurance activities.

This performance allowed the Group to record $409 million in surplus earnings before member dividends, comparable to those posted for the same quarter of 2013.

“Today we’ve announced strong business growth and solid results in spite of important investments in key strategic projects while pursuing the work required to complete the acquisition of the Canadian activities of the State Farm Mutual Automobile Insurance Company,” said Monique F. Leroux, Chair of the Board, President and CEO. “Also, I am delighted with the success of the second International Summit of Cooperatives, which demonstrated the power of innovation of mutuals and cooperatives.”

The return on equity was 8.8%, compared to 9.7% in 2013. This decline was due to an increase in equity following the successful issue of capital shares of the Federation.

Total loan portfolio growth of $9.9 billion or 7.1% over the last year produced $1,013 million in net interest income, up $32 million or 3.3% compared to $981 million for the same period of 2013. However, the increase was limited by strong market competition, which placed pressure on interest margins.

Business growth related to insurance activities generated a $116 million or 8.4% increase in net premiums, which reached $1,496 million.

Other operating income totalled $691 million, up $58 million or 9.2% from the same period of 2013. This increase was partly due to greater assets under management acquired through strong sales of various products, increased brokerage income, stronger activities in the capital markets, and growth in credit card activities and point-of-sale financing.

The provision for credit losses totalled $109 million, up $33 million compared to the same period of 2013. This change was mainly due to an increase in allowances associated with growth in the loan portfolio. Despite this increase, the quality of Desjardins Group’s loan portfolio remains excellent. The ratio of gross impaired loans to the total gross loan portfolio was 0.32% as at September 30, 2014, down slightly from one year earlier.

Non-interest expense stood at $1,582 million, up $109 million or 7.4%, compared to the third quarter of 2013. This increase was primarily due to expenses incurred to acquire the Canadian activities of the State Farm Mutual Automobile Insurance Company as well as other Group-wide strategic projects. Non-interest expense also grew due to business growth, which led to an increase in the average number of resources and greater commission expenses.

Results for the first nine months of 2014

For the first nine months of 2014, Desjardins Group recorded 7.2% growth in operating income. Surplus earnings before member dividends rose to $1,239 million compared to $1,179 million for the same period of 2013, an increase of $60 million or 5.1%.

Assets of $226.9 billion, up $14.9 billion

As at September 30, 2014, Desjardins Group had total assets of $226.9 billion, up $14.9 billion or 7.0% from December 31, 2013. This was in large part due to the Group’s credit activities, which grew by $8.1 billion or 5.8%.

A strong capital base

Desjardins Group maintains a strong capitalization in compliance with Basel III rules. Tier 1a and total capital ratios were 15.3% and 17.6% respectively as at September 30, 2014. The ratios as at December 31, 2013 were 15.7% and 18.4% respectively.

Segment results

Personal Services and Business and Institutional Services

For the third quarter of 2014, surplus earnings before member dividends from the Personal Services and Business and Institutional Services segment were $232 million, slightly less than the amount posted for the same period in 2013. The quarter's results were marked by a $51 million or 3.7% increase in operating income, which reached $1,427 million. This was primarily the result of growth in credit activities, sales of Desjardins Group products designed by subsidiaries and increased activities related to the capital markets. In addition to the growth in non-interest expense generated by business growth, the increase in operating income was partly offset by the increase in the provision for credit losses.

For the first nine months of 2014, the segment's surplus earnings before member dividends were $637 million, up $29 million or 4.8%.

Wealth Management and Life and Health Insurance

Net surplus earnings generated by the Wealth Management and Life and Health Insurance segment were $80 million, down $14 million or 14.9% from the same quarter in 2013. Operating income was $1,278 million, up $137 million or 12.0%. This growth was primarily due to insurance and annuity premium growth and an increase in assets under management arising from the sale of products and from brokerage activities. Expenses nevertheless increased due to a less favourable claims experience, primarily in long-term disability insurance.

Net surplus earnings for the first nine months were $317 million, comparable to the same period of 2013.

Property and Casualty Insurance

Net surplus earnings from the Property and Casualty Insurance segment were $67 million, up $16 million or 31.4% compared to the same quarter in 2013. Operating income grew $25 million or 4.2% to $621 million, due to growth in the number of policies issued in a series of initiatives implemented across all market segments and regions.

The segment's net surplus earnings for the first nine months of 2014 were $149 million, up $27 million or 22.1%.

Other

Net surplus earnings for the Other category were $30 million at the end of the quarter, attributable in part to treasury activities, a positive change in the fair value of the asset-backed term notes portfolio, net of hedging positions, and surplus earnings from investments made by the *Fonds de sécurité Desjardins*. These results were also affected by expenses incurred for Group-wide strategic projects.

The segment's surplus earnings before member dividends for the first nine months of 2014 were $136 million.

Key Financial Data

FINANCIAL POSITION AND KEY RATIOS

(in millions of dollars and as a percentage)	**As at September 30, 2014**	As at December 31, 2013
Assets	**$226,897**	$212,005
Equity	**$18,477**	$17,232
Tier 1a capital ratio	**15.3 %**	15.7 %
Total capital ratio	**17.6 %**	18.4 %
Gross impaired loans / gross loans ratio	**0.32 %**	0.33 %

COMBINED INCOME

	For the three-month periods ended September 30			**For the nine-month periods ended September 30**		
(in millions of dollars and as a percentage)	**2014**	2013	Change	**2014**	2013	Change
Operating income	**$3,200**	$2,994	6.9 %	**$9,429**	$8,792	7.2 %
Surplus earnings before member dividends	**$409**	$414	(1.2) %	**$1,239**	$1,179	5.1 %
Return on equity	**8.8 %**	9.7 %	—	**9.2 %**	9.6 %	—

CONTRIBUTION TO COMBINED SURPLUS EARNINGS BY BUSINESS SEGMENT

	For the three-month periods ended September 30			**For the nine-month periods ended September 30**		
(in millions of dollars and as a percentage)	**2014**	2013	Change	**2014**	2013	Change
Personal Services and Business and Institutional Services	**$232**	$241	(3.7) %	**$637**	$608	4.8 %
Wealth Management and Life and Health Insurance	**80**	94	(14.9)	**317**	312	1.6
Property and Casualty Insurance	**67**	51	31.4	**149**	122	22.1
Other	**30**	28	7.1	**136**	137	(0.7)
	$409	$414	(1.2) %	**$1,239**	$1,179	5.1 %

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 financial 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 fourth largest cooperative financial group in the world with assets close to $227 billion. It has been rated one of Canada's top 100 employers by Mediacorp Canada. 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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