PRESS RELEASE

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Results for the third quarter of 2017

Desjardins Group records surplus earnings of $758 million for the third quarter

The amount returned to members and the community reached $84 million, up $19 million

Lévis (QC), November 10, 2017 – For the third quarter ended September 30, 2017, Desjardins Group, Canada's largest cooperative financial group, recorded surplus earnings before member dividends of $758 million, up $304 million from the same quarter of 2016. This result includes a $258 million gain, net of expenses and after income taxes, realized on the sale of its subsidiaries Western Financial Group Inc. and Western Life Assurance Company. Adjusted surplus earnings[1] were $508 million, up $47 million or 10.2%. This strong performance allows Desjardins to fulfill its cooperative mission for the benefit of members and clients while making a tangible contribution to the well-being of the communities it serves.

The amount returned to members and the community was $84 million (Q3 2016: $65 million), including a $60 million provision for member dividends (Q3 2016: $35 million); $14 million in sponsorships, donations and scholarships (Q3 2016: $19 million); and $10 million in Desjardins Member Advantages (Q3 2016: $11 million).

"We can certainly take pride in these excellent results, but what gives me the greatest satisfaction are the tangible impacts that Desjardins generates, as seen in the increased amounts we gave back to our members and the community," said Guy Cormier, Chair of the Board, President and Chief Executive Officer. "In addition to this, we are determined to get even closer to our members and clients. A concrete proof of this lies in our $100-million development fund to support projects in Quebec and Ontario, in line with our socio-economic mission."

A socially minded cooperative group

Due to the sustained commitment of its caisses in the communities they serve, Desjardins is proud of its achievements that result in a positive difference in people's lives. Examples include:

- *First disbursements from the $100-million development fund that benefit several regions, including a $250,000 contribution towards rebuilding the Petite-Vallée theatre in Gaspésie.*
- *Partnership with CODE MTL, a digital literacy project that will introduce over 3,000 primary school students to basic computer coding skills.*

[1] See "Basis of presentation of financial information."

- *Financial support from the Desjardins Foundation to Éducaloi, for its ongoing legal education activities and an update of its content for schools.*
- *New Gold Parity Certification awarded by Women in Governance, an organization dedicated to supporting women's leadership development, career advancement and access to membership on boards of directors.*

An innovative financial group

In terms of innovation, Desjardins members can conveniently accelerate their mortgage renewal process by signing it electronically, without needing to visit a caisse. Furthermore, Desjardins has developed a cybersecurity kit for SMEs. Available online, the kit offers a wealth of practical advice on how to better protect businesses from cyberattacks.

Also, 1,000 participants, experts and mentors participated in the launch of the third edition of the Cooperathon. Over the past few weeks, participating teams took on a series of challenges around developing practical solutions to issues in financial technologies (fintech), health, the smart and inclusive city, and education. At the end of the competition, the best projects received prizes that included funding to continue work on their projects or to develop their start-up.

Lastly, Desjardins and the Caisse de dépôt et placement du Québec (CDPQ) announced the creation of an investment fund dedicated solely to fintechs and artificial intelligence applied in finance. The funding is currently in an amount of $50 million, equally divided between CDPQ and Desjardins.

Financial results for the third quarter

- *Adjusted surplus earnings(1) of $508 million, up $47 million or 10.2% from 2016*
- *Net gain of $258 million following the completion, on July 1, 2017, of the sale of Western Financial Group and Western Life Assurance Company to Trimont Financial Ltd., a subsidiary of the Wawanesa Mutual Life Insurance Company*
- *Excluding the above-mentioned gain, a $198 million or 5.6% increase in operating income(1)*
- *Increase in outstanding residential mortgages of $4.7 billion since December 31, 2016*
- *Total capital ratio of 18.2% as at September 30, 2017*
- *The closing, on October 31, 2017, of a US$1.5 billion issue of medium-term notes on the U.S. market, a record issue for Desjardins on this market*

The increase in adjusted surplus earnings(1) in the third quarter was largely due to the contribution made by the caisse network, which continues to grow, and by the Property and Casualty Insurance segment, which benefited from a more favourable claims experience for the current year than that recorded for the same quarter of 2016, particularly in home and automobile insurance. Major events had less of an impact than in the same quarter of 2016, when there were more of them as well as a serious hail storm in Alberta.

[1] See "Basis of presentation of financial information".

Net interest income was $1,136 million, up $65 million from the same period of 2016. This growth was due to expanding financing activities in mortgages, business loans and point-of-sale financing, despite highly competitive market conditions that put pressure on interest margins.

The growth in life and health insurance operations and in property and casualty insurance, combined with the impact of the reinsurance treaty signed as part of the acquisition of the Canadian operations of State Farm, led to a 5.8% increase in net premiums, to $1,982 million (Q3 2016: $1,873 million).

Excluding the gross gain on the sale of subsidiaries, other operating income(1) stood at $641 million, up $24 million from the same period of 2016. This increase was essentially the result of higher income from assets under management and from lending fees and credit card service revenues. The higher income from credit card service revenues, which came from business growth, consisted mainly of income from the various payment solutions offered by Desjardins's Card and Payment Services, totalling $154 million (Q3 2016: $139 million).

Desjardins Group's loan portfolio continued to be of high quality as evidenced by the gross impaired loans ratio, which, expressed as a percentage of the total gross loans and acceptances portfolio, was 0.27% as at September 30, 2017, a decline from 2016. Similarly, the provision for credit losses was $92 million, down $6 million from the same period of 2016.

Non-interest expense stood at $1,685 million (Q3 2016: $1,706 million). This decrease in expenses reflects the implementation of productivity initiatives, including those involving salaries. The lower non-interest expense was also attributable to the sale of Western Financial Group Inc. and Western Life Assurance Company on July 1, 2017, and the sale of Western Financial Insurance Company on January 1, 2017. The decline in non-interest expense was partly offset by the impact of the reinsurance treaty signed as part of the acquisition of the Canadian operations of State Farm and by business growth, including credit card activities, point-of-sale financing and assets under management.

Total assets of $276.3 billion, up $17.9 billion

As at September 30, 2017, Desjardins Group had total assets of $276.3 billion, up $17.9 billion or 6.9% since December 31, 2016. This increase was largely due to growth in the net loans and acceptances portfolio and the securities portfolio.

Strong capital base

Desjardins Group maintains very good capitalization levels in compliance with Basel III rules. Its Tier 1A and total capital ratios were 17.8% and 18.2%, respectively, as at September 30, 2017, compared to 17.3% and 17.9% as at December 31, 2016.

Results for the first nine months of 2017

At the end of the first nine months of 2017, surplus earnings before member dividends was $1,722 million (2016: $1,263 million), up 36.3%. Adjusted surplus earnings before member dividends(1) stood at $1,497 million, up $210 million or 16.3%. In addition to the reasons given for the third quarter results, this increase was essentially due to the good investment performance and income related to the growth of assets under management, recognized in the Wealth Management and Life and Health Insurance segment.

[1] See "Basis of presentation of financial information."

Segment results for the third quarter of 2017

Personal and Business Services

For the third quarter of fiscal 2017, the Personal and Business Services segment reported surplus earnings before member dividends of $304 million (Q3 2016: $284 million). This increase was mainly due to good performance in the caisse network.

For the first nine months of 2017, the segment's surplus earnings totalled $822 million (2016: $767 million).

Wealth Management and Life and Health Insurance

Net surplus earnings generated by the Wealth Management and Life and Health Insurance segment were $121 million at the end of the quarter (Q3 2016: $126 million). This 4.0% decline, which was largely due to a deteriorating claims experience, was partly offset by the improved interest rates, which led to a release of the actuarial provision, and by growth in assets under management.

For the first nine months of 2017, surplus earnings totalled $453 million (2016: $347 million). This increase was mostly due to good investment performance and income related to growth in assets under management.

Property and Casualty Insurance

The Property and Casualty Insurance segment recorded net surplus earnings of $318 million in the third quarter of 2017 (Q3 2016: $26 million). Adjusted net surplus earnings[(1)] stood at $71 million, up $38 million. This increase in surplus earnings was, in particular, due to the year-to-date claims experience, which was better than the claims experience for the same period of 2016, particularly in automobile insurance and property insurance due to major events that had less of an impact than in the same quarter of 2016, when there were more of them as well as a serious hail storm in Alberta.

For the first nine months of 2017, adjusted net surplus earnings[(1)] totalled $181 million (2016: $138 million).

[1] See "Basis of presentation of financial information."

Key Financial Data

FINANCIAL POSITION AND KEY RATIOS

(in millions of dollars and as a percentage)	**As at September 30, 2017**	As at December 31, 2016
Assets	**$ 276,310**	$ 258,367
Residential mortgage loans	**$ 111,442**	$ 106,695
Consumer, credit card and other personal loans	**$ 23,361**	$ 22,150
Business and government loans[1]	**$ 39,756**	$ 37,637
Total gross loans[1]	**$ 174,559**	$ 166,482
Equity	**$ 24,748**	$ 23,293
Tier 1A capital ratio	**17.8%**	17.3%
Tier 1 capital ratio	**17.9%**	17.3%
Total capital ratio	**18.2%**	17.9%
Leverage ratio	**8.3%**	8.1%
Gross impaired loans/gross loans and acceptances ratio[2]	**0.27%**	0.32%

[1] Includes acceptances.
[2] See "Basis of presentation of financial information."

COMBINED INCOME

	For the three-month periods ended			**For the nine-month periods Ended**	
(in millions of dollars and as a percentage)	**Sept. 30, 2017**	June 30, 2017	Sept. 30, 2016	**Sept. 30, 2017**	Sept. 30, 2016
Operating income[1]	**$ 4,037**	$ 3,900	$ 3,561	**$ 11,692**	$ 10,534
Surplus earnings before member dividends	**$ 758**	$ 581	$ 454	**$ 1,722**	$ 1,263
Adjusted surplus earnings before member dividends	**$ 508**	$ 590	$ 461	**$ 1,497**	$ 1,287
Return on equity[1]	**12.6%**	9.9%	8.3%	**9.8%**	7.7%
Adjusted return on equity[1]	**8.3%**	10.1%	8.4%	**8.5%**	7.9%

[1] See "Basis of presentation of financial information."

CONTRIBUTION TO COMBINED SURPLUS EARNINGS BY BUSINESS SEGMENT

	For the three-month periods ended			**For the nine-month periods ended**	
(in millions of dollars)	**Sept. 30, 2017**	June 30, 2017	Sept. 30, 2016	**Sept. 30, 2017**	Sept. 30, 2016
Personal and Business Services	**$ 304**	$ 272	$ 284	**$ 822**	$ 767
Wealth Management and Life and Health Insurance	**$ 121**	$ 189	$ 126	**$ 453**	$ 347
Property and Casualty Insurance[1]	**$ 318**	$ 98	$ 26	**$ 398**	$ 114
Other	**$ 15**	$ 22	$ 18	**$ 49**	$ 35
Desjardins Group[1]	**$ 758**	$ 581	$ 454	**$ 1,722**	$ 1,263

[1] Adjusted surplus earnings are presented in "Basis of presentation of financial information."

CREDIT RATINGS OF SECURITIES ISSUED

	DBRS	STANDARD & POOR'S	MOODY'S	FITCH
Fédération des caisses Desjardins du Québec				
Short-term	R-1 (high)	A-1	P-1	F1+
Senior medium- and long-term	AA	A+	Aa2	AA-
Capital Desjardins inc.				
Senior medium- and long-term	AA (low)	A	A2	A+

More detailed financial information can be found in Desjardins Group's interim Management's Discussion and Analysis, which will be available on the SEDAR website 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 $276.3 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. Counted among the world's strongest banks according to *The Banker* magazine, Desjardins has some 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 many factors, these predictions, forecasts 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 2016 annual Management's Discussion and Analysis. Although Desjardins Group believes that the expectations expressed in these forward-looking statements are reasonable, it cannot guarantee that these expectations will prove to be correct. Desjardins Group cautions readers against placing undue reliance on these forward-looking statements when making decisions. Desjardins Group does not undertake to update any verbal or written forward-looking statements that may 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

The financial information in this document comes primarily from the 2017 quarterly financial statements. Those statements have been prepared by Desjardins Group's management in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and the accounting requirements of the Autorité des marchés financiers (AMF) in Quebec, which do not differ from IFRS. Unless otherwise indicated, all amounts are in Canadian dollars ($).

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 standardized definitions and are not directly comparable to similar measures used by other companies, and may not be directly comparable to any IFRS measures. Investors, among others, may find these non-IFRS measures useful in analyzing financial performance. The measures used are defined as follows:

Adjusted surplus earnings for Desjardins Group before member dividends

The concept of adjusted surplus earnings is used to exclude specific items in order to present performance derived from operating activities. Those specific items, such as acquisitions and disposals, are characterized as being unrelated to operations.

Desjardins Group's surplus earnings before member dividends have been adjusted to exclude the following specific items: the gain and the expenses, net of income taxes, related to the sale of its subsidiaries Western Financial Group Inc. and Western Life Assurance Company as well as the expenses incurred as part of the acquisition of the Canadian operations of State Farm Mutual Automobile Insurance Company (State Farm), completed on January 1, 2015. The latter expenses include the costs related to the transaction and the integration of operations as well as processing expenses.

	For the three-month periods ended			**For the nine-month periods ended**	
(in millions of dollars)	**September 30, 2017**	June 30, 2017	September 30, 2016	**September 30, 2017**	September 30, 2016
Presentation of the surplus earnings before member dividends in the Combined Financial Statements	**$ 758**	$ 581	$ 454	**$ 1,722**	$ 1,263
Specific items, net of income taxes					
Gain and expenses related to the sale of Western Financial Group Inc. and Western Life Assurance Company[1][2]	**$ (258)**	$ 1	$ -	**$ (249)**	$ -
Expenses related to the acquisition of the Canadian operations of State Farm	**$ 8**	$ 8	$ 7	**$ 24**	$ 24
Presentation of the adjusted surplus earnings before member dividends in the Management's Discussion and Analysis	**$ 508**	$ 590	$ 461	**$ 1 497**	$ 1 287

[1] The amount before income taxes is $278 million for the nine-month period ended September 30, 2017, as presented in Note 9, "Significant disposals", to the interim Combined Financial Statements.

[2] Certain expenses and taxes were recognized in the first six months of 2017.

Adjusted net surplus earnings for the Property and Casualty Insurance segment

The net surplus earnings of the Property and Casualty Insurance segment are adjusted to exclude the gain and the expenses, net of income taxes, related to the sale of Western Financial Group Inc. and Western Life Assurance Company, completed July 1, 2017, as well as the expenses incurred as part of the acquisition of the State Farm's Canadian operations, completed on January 1, 2015. The latter expenses include the costs related to the transaction and the integration of operations as well as processing expenses.

	For the three-month periods ended			For the nine-month periods ended	
(in millions of dollars)	**September 30, 2017**	June 30, 2017	September 30, 2016	**September 30, 2017**	September 30, 2016
Presentation of the net surplus earnings of the Property and Casualty Insurance segment in the Combined Financial Statements	**$ 318**	$ 98	$ 26	**$ 398**	$ 114
Specific items, net of income taxes					
Gain and expenses related to the sale of Western Financial Group Inc. and Western Life Assurance Company[(1)(2)]	**$ (255)**	$ 1	$ -	**$ (241)**	$ -
Expenses related to the acquisition of the Canadian operations of State Farm	**$ 8**	$ 8	$ 7	**$ 24**	$ 24
Presentation of the adjusted net surplus earnings of the Property and Casualty Insurance segment in the Management's Discussion and Analysis	**$ 71**	$ 107	$ 33	**$ 181**	$ 138

(1) The difference between these data and those presented in the table for the adjusted surplus earnings of Desjardins Group before member dividends is related to intersegment transaction expenses.
(2) Some expenses and taxes were recognized in the first six months of 2017.

Gross impaired loans/gross loans and acceptances ratio

The gross impaired loans/gross loans and acceptances ratio is used to measure loan portfolio quality and is equal to gross impaired loans expressed as a percentage of total gross loans and acceptances.

Return on equity and adjusted 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 the volatility of results specific to investments, particularly regarding the extent of life and health insurance and P&C insurance operations, for which a very large proportion of investments are recognized at fair value through profit or loss. 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, generated mainly by the Personal and Business Services segment and the Other category, 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. The life and health insurance and P&C insurance subsidiaries' matching activities, which include changes in fair value, gains and losses on disposals and interest and dividend income on securities, are presented with investment income, given that these assets back insurance liabilities, for which the results are recognized under expenses related to claims, benefits, annuities and changes in insurance contract liabilities in the Combined Financial Statements. In addition, this investment income includes changes in the fair value of investments for the Personal and Business Services segment, recognized at fair value through profit or loss.

(in millions of dollars)	For the three-month periods ended Sept. 30, 2017	June 30, 2017	Sept. 30, 2016	For the nine-month periods ended Sept. 30, 2017	Sept. 30, 2016
Presentation of income in the Combined Financial Statements					
Net interest income	**$ 1,136**	$ 1,087	$ 1,071	**$ 3,280**	$ 3,186
Net premiums	**$ 1,982**	$ 2,076	$ 1,873	**$ 6,040**	$ 5,334
Other income					
Deposit and payment service charges	**$ 109**	$ 122	$ 128	**$ 351**	$ 365
Lending fees and credit card service revenues	**$ 154**	$ 154	$ 139	**$ 480**	$ 424
Brokerage and investment fund services	**$ 241**	$ 307	$ 278	**$ 826**	$ 824
Management and custodial service fees	**$ 104**	$ 106	$ 94	**$ 311**	$ 274
Net income (loss) on securities at fair value through profit or loss	**$ (484)**	$ 476	$ 385	**$ 293**	$ 1,775
Net income on available-for-sale securities	**$ 65**	$ 181	$ 99	**$ 326**	$ 277
Net other investment income	**$ 57**	$ 54	$ 49	**$ 165**	$ 149
Foreign exchange income	**$ 16**	$ 20	$ 20	**$ 55**	$ 58
Other	**$ 295**	$ 28	$ (42)	**$ 349**	$ 69
Total income	**$ 3,675**	$ 4,611	$ 4,094	**$ 12,476**	$ 12,735
Presentation of income in the Management's Discussion and Analysis					
Net interest income	**$ 1,136**	$ 1,087	$ 1,071	**$ 3,280**	$ 3,186
Net premiums	**$ 1,982**	$ 2,076	$ 1,873	**$ 6,040**	$ 5,334
Other operating income					
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Brokerage and investment fund services	**$ 241**	$ 307	$ 278	**$ 826**	$ 824
Management and custodial service fees	**$ 104**	$ 106	$ 94	**$ 311**	$ 274
Foreign exchange income	**$ 16**	$ 20	$ 20	**$ 55**	$ 58
Other	**$ 295**	$ 28	$ (42)	**$ 349**	$ 69
Operating income	**$ 4,037**	$ 3,900	$ 3,561	**$ 11,692**	$ 10,534
Investment income					
Net income (loss) on securities at fair value through profit or loss	**$ (484)**	$ 476	$ 385	**$ 293**	$ 1,775
Net income on available-for-sale securities	**$ 65**	$ 181	$ 99	**$ 326**	$ 277
Net other investment income	**$ 57**	$ 54	$ 49	**$ 165**	$ 149
	$ (362)	$ 711	$ 533	**$ 784**	$ 2,201
Total income	**$ 3,675**	$ 4,611	$ 4,094	**$ 12,476**	$ 12,735

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