



NEWS RELEASE

For Immediate Release

Desjardins Group to acquire State Farm® Canada businesses

Major transaction in Canada's financial sector among Canadian, American and European cooperative and mutual organizations

Expands Desjardins Group's product distribution network through the addition of State Farm Canada's agent distribution network

Desjardins welcomes State Farm Canada's employees and agents

Bloomington, Ill., Lévis, Québec and Paris, France – January 15, 2014 – Desjardins Group, the leading cooperative financial group in Canada, and State Farm®, the largest P&C mutual insurance company in the United States, today announced that they have entered into a definitive agreement under which Desjardins Group will purchase State Farm Canada's businesses in property and casualty and life insurance, as well as its Canadian mutual fund, loan and living benefits companies.

The transaction is expected to close in January 2015, subject to approval from regulators and compliance with customary closing conditions. Following the closing, Desjardins will operate the newly acquired State Farm Canada businesses under the State Farm brand for an agreed license period.

As part of the agreement, State Farm will make a C\$450 million investment in non-voting preferred shares into Desjardins Group's post-closing property and casualty insurance business, which will include the newly acquired State Farm Canada property and casualty operations. In addition, Crédit Mutuel, a major European cooperative financial group and long-term partner of Desjardins Group, will invest C\$200 million. Desjardins Group will allocate capital of approximately C\$700 million to support the growth of its P&C business. As well, Desjardins Group's Life and Health Insurance subsidiary, Desjardins Financial Security, and certain other Desjardins units will allocate capital of C\$250 million for the life insurance, mutual fund, loan and living benefits components of the agreement.

As a result of the transaction, Desjardins Group will become the second largest P&C insurance provider in Canada with annual gross written premiums of approximately \$3.9 billion, up from approximately \$2 billion. The transaction also strengthens Desjardins Group's position as the fourth largest life and health insurer in Canada.

Once the transaction is finalized, State Farm's 1,700 Canadian employees and network of more than 500 Canadian agents will continue to serve over 1.2 million customers in Ontario, Alberta and New Brunswick. Desjardins expects the transaction will lead to job creation in the coming years in Canada, including Québec. Desjardins will continue to operate its other insurance brands separately across the country.

According to Monique F. Leroux, Chair of the Board, President and Chief Executive Officer of Desjardins Group, "This acquisition will allow Desjardins to develop a broader, multi-channel distribution network across the country, while continuing to meet the needs of State Farm's Canadian client base. At the same time, it will enhance our position in Canada by expanding our customer reach and achieving economies of scale."

"The agreement between State Farm and Desjardins, combined with the support of our long-term French partner, Crédit Mutuel, brings together three financial cooperative and mutual organizations to create an insurance leader in Canada. It also provides a foundation for exploring additional opportunities for even greater collaboration in Canada in the future," she said.

Leroux continued, "This transaction is clearly aligned with Desjardins' strategic objectives to expand insurance distribution across the country and develop business opportunities with mutual and cooperative organizations."

Edward B. Rust Jr., State Farm Chairman and Chief Executive Officer, said the transaction will create a well-positioned, Canadian-focused provider of property and casualty, life and financial services products that will expand on the operations State Farm's Canadian employees and agents have built in Ontario, Alberta and New Brunswick.

"This combination creates a leading platform with new opportunities for growth and success for our employees, agents and customers," he said. "State Farm's financial investment in the newly combined P&C business and license to use the State Farm brand reflect our confidence in the strength of the combined business going forward."

Rust added, "Desjardins Group's strategic vision, rooted in a cooperative mission and customer-focused values, strongly aligns with State Farm's mission and values creating opportunities for exploring further cooperation in Canada in the future."

Michel Lucas, President of Crédit Mutuel, stressed the bond that exists between his cooperative group and Desjardins Group, and voiced his confidence in this new organization. "Crédit Mutuel's commitment is part of our policy of diversification, both in France and abroad. It also illustrates our interest in actively contributing to the launch of the second largest P&C insurer in Canada and to its growth in the Canadian market."

Barclays was financial advisor and Skadden, Arps, Slate, Meagher & Flom LLP and Gowling Lafleur Henderson LLP acted as legal advisors to State Farm. Desjardins Securities and BNP Paribas acted as financial advisors and McCarthy Tetrault LLP and Mayer Brown LLP (in respect of certain US regulatory matters) acted as legal advisors to Desjardins Group.

About State Farm

State Farm and its affiliates are the largest provider of [car insurance](#) in the U.S. and is a leading insurer in Canada. In addition to providing [auto insurance quotes](#), their 18,000 agents and more than 65,000 employees serve 81 million policies and accounts – more than 79 million auto, home, life and health policies in the United States and Canada, and nearly 2 million bank accounts. [Commercial auto insurance](#), along with coverage for renters, business owners, boats and motorcycles, is also available. State Farm Mutual Automobile Insurance Company is the parent of the State Farm family of companies. State Farm is ranked No. 44 on the Fortune 500 list of largest companies. For more information, please visit www.statefarm.com or in Canada www.statefarm.ca.

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 C\$210 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. It is considered as the fourth safest and strongest bank in North America according to *Global Finance* magazine and *Bloomberg News* respectively.

About Crédit Mutuel

The Crédit Mutuel group, one of France's leading bankinsurers, comprises the Crédit Mutuel branch network, CIC and all the bank's subsidiaries. Backed by a staff more than 100,000 strong, comprising 79,000 employees and 24,000 directors, the group offers a comprehensive range of financial expertise to more than 30 million customers, including 28 million retail customers. Its overriding priority, and the key to its development, is the quality of both its customer and member relationships and the services it provides. Its strategy is one of controlled growth based on local retail banking, bankinsurance and technological excellence. Also, with 14% of subsidized loans to young farmers and 12% of the medium- and long-term loan market, Crédit Mutuel ranks a firm second in the farming sector in France. For more information, visit www.creditmutuel.com, (website in French only).

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A material change report, which will provide additional information on the transaction, will be filed by the Fédération des caisses Desjardins du Québec with the Canadian securities regulatory authorities and will be available at SEDAR www.sedar.com.

Caution concerning forward-looking statements

This press release may contain forward-looking statements. Such statements are typically identified by future and conditional verbs, words such as “expect” and other words and expressions of similar import. Forward-looking statements, by their very nature, are subject to inherent risks and uncertainties that may be general or specific and are based on assumptions that may give rise to the possibility that actual results or events could differ materially from expectations expressed in or implied by such forward-looking statements. Forward-looking statements contained in this press release may include, but are not limited to, those with respect to State Farm’s and the Desjardins Group’s objectives and views regarding timing for closing of the acquisition, the acquisition itself and the related financing, the transfer of the employees and agents of State Farm’s Canadian business to the Desjardins Group, the use of the State Farm brand and trademark during an agreed license period after closing, the satisfaction of closing conditions and obtaining of required regulatory approvals to close the acquisition, the resulting increase in the gross written premiums and customer base of the Desjardins Group after closing of the acquisition, and the increased competitiveness of the Desjardins Group’s P&C insurance business as a result of the acquisition of State Farm’s Canadian P&C insurance operations. It is important to note that the above list of factors that could influence future results is not exhaustive. Other factors could have an adverse effect on results. State Farm and the Desjardins Group caution readers against placing undue reliance on forward-looking statements when making decisions. State Farm and the Desjardins Group do not undertake to update any forward-looking statements that may be made herein, except as required under applicable law.

This press release is for informational purposes and is not an offer to sell or a solicitation of an offer to buy any securities in the Desjardins Group.