DIFFERENCE
PERFORMANCE
PRESENCE

2007 ANNUAL REPORT

Desjardins
Pension Plan

Money working for people

DESJARDINS GROUP RETIREMENT COMMITTEE

Head office:
Fédération des caisses Desjardins du Québec
100, avenue des Commandeurs, Lévis (Québec) G6V 7N5
E-mail: crmd@desjardins.com

The inside sheets of this annual report are printed on recycled paper.
The official name of the Desjardins Group Pension Plan is "Régime de rentes du Mouvement Desjardins".

TABLE OF CONTENTS

2007 HIGHLIGHTS

OVERALL RELIABLE AND SUSTAINED PERFORMANCE

A 1st quartile return over 1 to 6 years with an added value of $37 million in 2007 and $413 million over the past 6 years.

FINANCIAL STABILITY

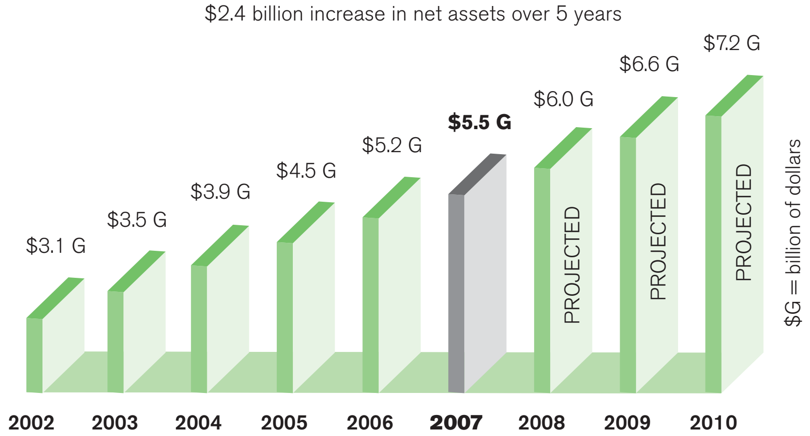
The results of the most recent actuarial valuation as at December 31, 2006 clearly show the financial stability of the Desjardins Group Pension Plan (DGPP). The capitalization ratio is 103.6% and the solvency ratio is 98.8%.

NET ASSETS OF $5.5 BILLION AS AT DECEMBER 31, 2007

With an increase in assets of $226 million in 2007, the Plan's net assets as at December 31, 2007 amount to **$5.5 billion.** The DGPP **ranks 8th** among private pension plans in Canada.

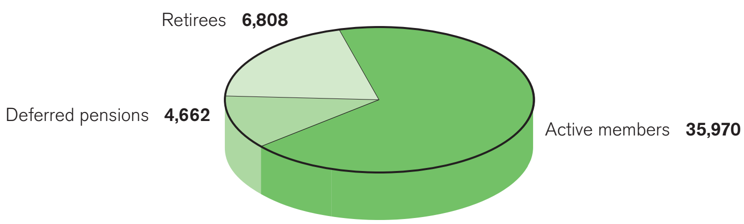
CHANGES IN THE PLAN'S NET ASSETS

$2.4 billion increase in net assets over 5 years



TOTAL NUMBER OF MEMBERS AS AT DECEMBER 31, 2007

Total: **47,440**



MESSAGE FROM
THE COMMITTEE CHAIR

The year 2007 was marked by the strong appreciation in the Canadian dollar, the credit crunch, volatility on the capital markets and a reduction in interest rates. Despite these challenging conditions, the Retirement Committee, through its distinctive management, was able to keep the Desjardins Group Pension Plan up among the ranks of the strongest and highest performing retirement funds.

DIFFERENCE – HIGH-LEVEL GOVERNANCE

The mission of the Retirement Committee is to ensure the financial stability of the Plan. The application of sound governance can make all the difference in terms of capital security and financial performance. Thus, after pioneering developments in the Canadian retirement plan industry last year when it introduced its integrated risk profile, the Retirement Committee completed the process in 2007 by developing a set of key business indicators to quantify the risks and make it possible to follow their development on a continuous basis.

The Retirement Committee also approved the introduction of an investment policy driven by liabilities, thereby making it possible to protect a portion of those liabilities and reduce the likelihood of a deficit in the Plan. By recognizing the long-term financing needs of a defined benefit plan, the Committee is becoming a leader in managing its investment policy.

The Retirement Committee also ensures governance through proactive management, as illustrated by the strategic three-year vision it sets for itself and its annual value-added business plans. The members of the Retirement Committee and its two sub-committees, the Investment Committee and the Audit, Professional Practices and Compliance Committee, benefit from a program of continuous training, which they require to be able to fulfil their role as the Plan's trustees. The assiduity of the committee members, with a 96% meeting attendance rate, is proof of their commitment and a sign of a healthy administration.

Also to be noted is the adoption of a set of Internal By-laws by the Retirement Committee in 2007. This is an essential tool for sound management, in accordance with the new requirements under Québec's Supplemental Pension Plans Act.

PERFORMANCE – OVERALL, RELIABLE AND SUSTAINED

First quartile return over 1 to 5 years with an added value of $37 million in 2007 and $352 million over the past 5 years.

The Plan's average return for the past 5 years was 11.3%, placing it in the 1st quartile within the universe of major Canadian retirement funds. The Plan achieved a 1st quartile performance for the third consecutive year, with a return on assets of 3.4% in 2007, results that add value to the retirement fund. The effective management of our assets thus added a value of $37 million in 2007 for a total of $352 million over the past 5 years.

Full implementation of the 2007 business plan also led to a $78 million reduction in the cost of liabilities, for a total of $372 million over 5 years, which also contributed to our effective asset management.

Another pillar of financial stability is the latest actuarial valuation as at December 31, 2006, filed in 2007 with the proper authorities and which will ensures contribution stability until 2009. The capitalization ratio is 103.6% and the solvency ratio is 98.8%, in the 1st quartile according to the Aon index.

PRESENCE – GLOBAL REPRESENTATION AND LOCAL COMMUNICATION

The Desjardins Group Pension Plan also maintains a presence on the capital markets of 48 countries, with 78% of the portfolio in traditional investment vehicles and the remaining 22% in alternative investments. The 42.5% diversification of the Plan's assets outside Canada allow the Retirement Committee to provide members with higher returns while a assuming lower risk. The size of the Plan's overall portfolio, $5.5 billion, and the sustained growth of its assets require such international diversification. In fact, the Plan's assets grew by $2.4 billion over the past 5 years, an increase of 77%. This growth is expected to continue at the same pace for several years to come, surpassing the $7 billion mark in 2010.

The Retirement Committee maintains an active daily presence in the Plan as a trustee responsible for the sound management of its assets and also as a trustee responsible for the administration of the benefits granted under the Plan to active and retired members. As such, the Retirement Committee, in collaboration with Plan sponsor, has begun developing a Web site for members, in response to a growing demand for information.

ACKNOWLEDGMENTS

I would like to thank the following people for their valuable contributions to the Retirement Committee: Daniel Mercier, representative for the employers, who left the Committee in 2007, and Odette Breton and Michel Michaud, both representatives for active members, who retired in December 2007 well-deserved after all their hard work. I would like to welcome Norman Grant to the Committee as representative for the employers.

Finally, I wish to thank all the members of the Retirement Committee, the Chief Financial Officer of Desjardins Group and the team at the Desjardins Group Pension Plan Executive Department, whose proficiency greatly contributed to delivering performance on par with expectations.

DENIS PARÉ, CHAIR

The Plan's average rate of return for the past five years rose to 11.3%, placing it in the 1st quartile of the universe of major Canadian retirement funds. In 2007, the Plan achieved a 1st quartile performance for the third consecutive year with a return on assets of 3.4%. Asset allocation had a major impact on the Plan's total return. The annual risk budget, the tool used to establish the Plan's target asset mix, yielded concrete results, with $37 million in value added, for a total of $352 million over the past five years.

A new investment policy guided by liabilities was adopted in 2007. This led to the establishment of an optimal asset allocation to be gradually implemented over five years, from now until the end of 2012.

ASSET ALLOCATION

ASSET CLASS	2007 RETURNS	ALLOCATION AS AT DECEMBER 31, 2007	OPTIMAL TARGET 2012 ALLOCATION
MONETARY		**7.4%**	**1.0%**
UNIVERSE BONDS	4.1%	15.3%	6.0%
LONG-TERM BONDS	4.8%	1.9%	14.0%
REAL RETURN BONDS	0.4%	0.8%	0.0%
EMERGING MARKETS DEBT	9.2%	1.0%	2.0%
HEDGE FUNDS	9.7%	4.8%	7.0%
FIXED INCOME		**23.8%**	**29.0%**
CANADIAN EQUITY	4.9%	19.4%	12.0%
U.S. EQUITY	-12.7%	6.6%	0.0%
EAFE EQUITY	-4.7%	12.2%	8.0%
GLOBAL EQUITY	-8.0%	9.9%	15.5%
EMERGING MARKETS EQUITY	20.7%	2.6%	2.5%
STOCK MARKET		**50.7%**	**38.0%**
INFRASTRUCTURE	3.4%	1.9%	10.0%
PRIVATE INVESTMENTS	11.4%	3.3%	7.0%
REAL ESTATE	10.9%	12.9%	15.0%
ALTERNATIVE		**18.1%**	**32.0%**
GRAND TOTAL	**3.4%**	**100.0%**	**100.0%**

DGPP HISTORICAL RETURNS

YEAR	RETURN	FAVOURABLE VARIANCE COMPARED TO THE 7% ACTUARIAL ASSUMPTION (LESS THE FEES)
2003	14.4%	6.8% (5-year cumulative: 19.3%)
2004	9.9%	2.3% (4-year cumulative: 12.5%)
2005	14.4%	6.8% (3-year cumulative: 10.2%)
2006	15.2%	7.6% (2-year cumulative: 3.4%)
2007	3.4%	-4.2%

PENSION PLAN
PERFORMANCE REVIEW

ECONOMIQUE CONTEXT

For the third consecutive year, the Plan posted a 1st quartile rate of return, with a performance of 3.4% in 2007, which is 2.1% above the pension fund universe average of 1.3%. Moreover, the results over three years are outstanding, as the retirement fund returns are in the 5th rank of the same universe. This means that the Plan has obtained a performance superior to 95% of all Canadian retirement funds. Its success has been possible owing especially to the decision to diversify the retirement fund portfolio with alternative investments such as real estate, private investments and hedge funds.

Several events last year led to market volatility. A central theme emerged, namely the impact of risky U.S. mortgage loans on capital markets.

In the spring, when the first echoes of the crisis were heard, observers all agreed that it would remain local and was not likely to spread to other global economic players. However, in the summer of 2007, subprime mortgages set off a worldwide confidence crisis. The probability of a U.S. recession increased, forcing the Federal Reserve to lower interest rates several times. Despite the U.S. Central Bank's efforts, banks remained on the defensive, toughening credit conditions, thereby generating a liquidities crunch.

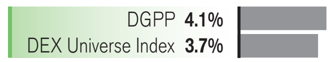
However, we cannot lose sight of the fact that fundamental economic factors are good, inflation under control and interest rates low. Furthermore, the financial position of business is healthy, and profitability has never been so high thanks to world growth fed by the emergence of countries like China and India. In 2008, capital markets will experience some blips but, in the long term, the future is promising.

FIXED-INCOME SECURITIES

Sensitive to interest rate variations, fixed income securities have fluctuated with the changing interest rate curve. A difficult first half due to higher rates, above all on the long portion of the curve, was followed by a return to square one in the second half. This asset category benefited from the turbulence observed in the credit market as investors took refuge there, especially in governmental securities. The Plan was well served by its strategy of diversification through emerging market securities and by adding select hedge funds to its fixed-income portfolio, as those two asset classes posted performances clearly superior to the Canadian bond markets, with respective returns of 9.2% and 9.7%.

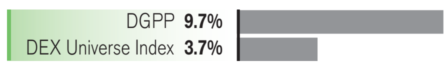
Bond Portfolio

The bond portfolio's 4.1% rate of return is 40 basis points higher than its reference index, the DEX Universe Index (formerly Scotia McLeod), which is considerable in this asset category. Strategies relating to rate curves and terms to maturity worked relatively well. Furthermore, their results absorbed the low returns of the strategy targeting corporate bonds and real returns.



Hedge Fund Portfolio

The DGPP hedge fund portfolio was designed to produce regular returns on bonds with a similar profile as bonds and an equivalent risk. This risk must resist periods of crisis on capital markets and produce regular returns. Hedge funds answered the call in 2007 with a regular performance throughout the year despite market blips and, in cumulative year-end figures, delivered a performance of 9.7% – highly superior to bond markets.

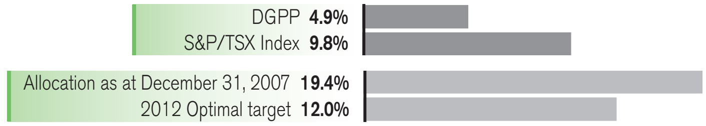


SECURITIES

Proper geographic and sectoral allocation is what leads to healthy diversification of an equity portfolio. Over time, the performance of a well-diversified portfolio will vary less and post a constant rate of return. The Plan allocated its equity portfolio based on market depth, to minimize market volatility associated with this asset class and maximize returns. As a result, the Canadian market allocation was decreased over the last few months in favour of a world market strategy, which has lowered our Canadian equity allocation compared to other retirement funds. This decision did not pan out in 2007, due to the strength of the Canadian market and dollar, combined with a lacklustre performance from our main managers. The benefits of a healthy diversification and the addition of high-performance managers will be felt in the long term.

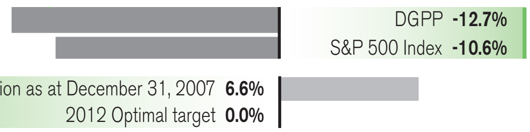
Canadian Equity Portfolio

The Canadian stock market again closed the year with a positive performance that was superior to the markets of other developed countries. However, this was due to the outstanding performance of certain securities, such as Research In Motion, Potash, Bell Canada and Alcan. The Plan portfolio included strategies based on small-cap and mid-cap securities as well as financial sector strategies, which resulted in a loss of 490 basis points in value compared to our reference index, the S&P/TSX. In light of these results, work has been undertaken to completely review our Canadian equity portfolio strategy.



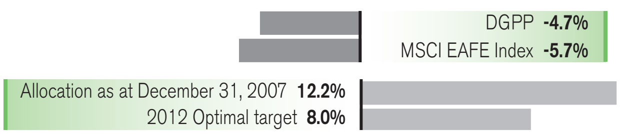
U.S. Equity Portfolio

Following a recovery in 2006, the U.S. stock market hit a rough patch in August, with the release of bad news generated by the sub-prime mortgage crisis. In local currency, the S&P 500 return is 5.5%, owing to recession fears and interest rate drops that have weakened the U.S. dollar. In Canadian dollars, the U.S. stock market reported a 10.6% decrease. The Plan portfolio incurred a deficit of 220 basis points compared to the S&P 500 reference index. Only the growth securities strategy produced positive results, while our other strategies, which were focused on value securities and small-cap stocks, posted a significant decline in 2007. As with the Canadian equity portfolio, reflection has begun on the best approach to take next.



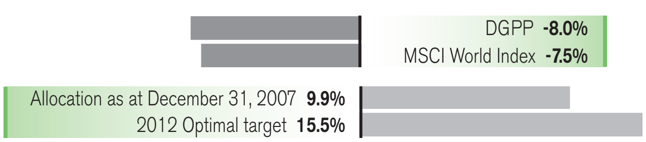
International Equity Portfolio

The Plan portfolio did relatively well, adding 100 basis points to the MSCI World EAFE Index. Profit growth strategies performed particularly well, thus explaining the essence of this strong performance. After experiencing outstanding returns in 2006, international stock markets saw more modest returns in 2007 in their local currencies. The portfolio's negative returns can be attributed to the strength of the Canadian dollar compared to the U.S. dollar and the euro.



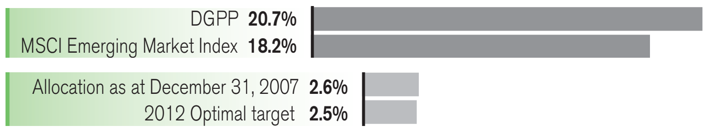
Global Equity Portfolio

The Plan portfolio produced a Canadian dollar performance similar to that of its reference index, the MSCI World Index. The addition of two managers in the summer, Baillie Gifford and Wegelin, combined with Acadian's solid performance, had a positive effect on the portfolio's final returns.



Emerging Markets Equity Portfolio

Emerging markets equity had an outstanding year, continuing on last year's momentum. It was by far the best asset class in 2007, weathering the credit crisis without a hitch thanks to strong economic growth in China and India and supported by oil and precious metal prices. The currencies of the emerging countries proved stronger than the Canadian dollar. The Plan portfolio, primarily invested in a fund based on diversified management with several strategies, surpassed the MSCI Emerging Markets Index by a comfortable margin of 250 basis points, with a 20.7% rate of return.

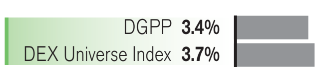


ALTERNATIVE INVESTMENTS

The allocation of alternative investments in the Plan portfolio continued to increase in 2007, rising from 16.2% as at December 31, 2006, to 18.1% at the end of 2007. Commitments of $383 million were made during the year to reach risk budget targets. Under the new liabilities-driven investment policy, the weight of alternative classes should grow to 32% over the next five years. The real estate allocation, which occupies a major place in that strategy, will increase up to 15% as early as 2008 and stabilize at that level. The allocation for private investments will be at 5% of the portfolio by the end of 2008 and should reach 7% in 2012. Infrastructure, a new asset class in 2007, will experience more significant growth, rising from 1.9% at the end of 2007 to 10% in 2012. These movements depend on the assumption that alternative classes, especially infrastructure, constitute an excellent means of protecting retirement plan liabilities against inflation and long-term interest rate fluctuations.

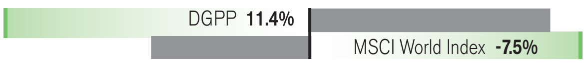
Infrastructure

Initiated at the end of 2006, this new asset class represents 1.9% of Plan assets and profited from the performance of Gaz Métro, the main investment in this portfolio up until now. Building an infrastructure portfolio requires time and patience. Commitments are very long-term, and good investments are driven by the choice of partners. The 3.4% portfolio performance in 2007 is comparable to that of the DEX Universe Index, its reference index.



Private Investment

The composition of the private investment portfolio has been subject to profound change over the last few years, moving from a preponderance of venture capital to a less risky positioning in which leveraged business buyouts occupies a leading role. At the same time as this change in strategy, the Plan has implemented better geographic and sectoral diversification. This shift, carried out over the past two years, has not yet revealed its full potential, indicated by a relatively new portfolio in which performances will reach their full potential within three years. An initial public offering of Innergex II shares generated a 50% gain in 2007, resulting in a return of 11.4%.



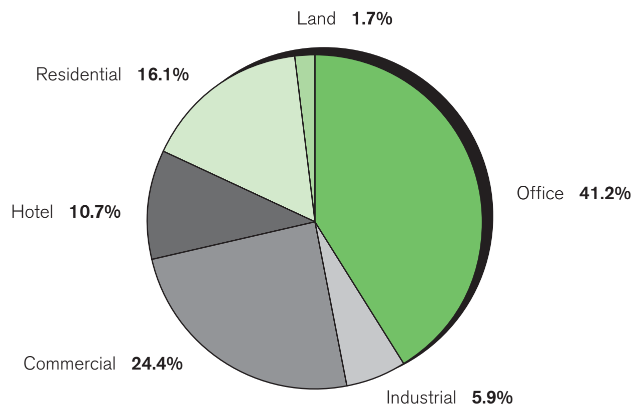
Private investment distribution as at December 31, 2007

Leveraged buyout	**76%**
Technologies	7%
Health sciences	2%
Industrial products	52%
Natural resources	8%
Communications	11%
Consumption	21%
Venture capital	**24%**
Technologies	80%
Health sciences	20%

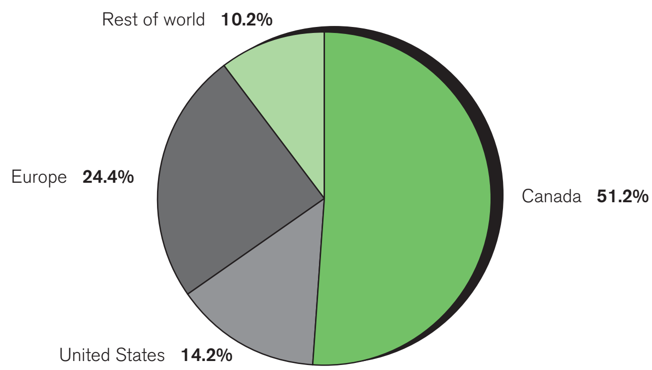
Real Estate

This asset class, which showed highest performance over the last 10 years, with a 17% compound annual rate of return, has again produced a notable performance in a turbulent economic context provoked by the sub-prime mortgage crisis. Healthy geographic and sectoral diversification, along with a wise choice of partners, has brought in dividends and resulted in the 10.9% rate of return.

Sectoral distribution of the real estate as at December 31, 2007



Regional distribution of the real estate as at December 31, 2007



Currency Hedging

The Plan policy is to cover 50% of currencies that constitute more than 5% of the equity portfolio and 100% of fixed income strategies, such as foreign bonds, hedge funds and real estate. This initiative was particularly profitable in 2007, when the Canadian dollar was experiencing strong growth in relation to the currencies of other developed countries. Gains of $95 million or 178 basis points were reported, complementing the performances posted by Plan portfolios investing outside Canada.

In addition, in the middle of the year, the Plan added two currency managers whose mission is to add value to the investment policy. Benefits are expected in the medium term.

LIABILITY-DRIVEN INVESTMENT

Defined contribution retirement plans have encountered funding problems over the past six years. Lower interest rates were the predominant risk factor, since fluctuations in pension plan liabilities are very sensitive to this economic variable. Funding management requires us to find permanent solutions to minimize risks and ensure long-term sustainability for this type of plan.

As such, the Retirement Committee adopted a liability-driven investment policy in 2007. This approach consists of examining immunization strategies with respect to a portion of the Plan's liabilities, namely those for retired members, and comprises two phases. The first is to establish the ideal allocation of retirement fund assets within fixed income securities, taking into account the proportion of liabilities for retirees.

The second is to determine the optimal allocation within the set of fixed income products available, based on the liability structure to be protected (allocation of disbursements over time, growth due to inflation, etc.) and the risk/return relationship determined by the investment policy. This "liability-driven investment" approach will help in establishing a target long-term asset allocation for 2012. The relevant changes will be implemented as appropriate over a period of three to five years, thereby increasing the value of the retirement fund while reducing the risk of a deficit. In addition, pension expenses will fluctuate less from year to year.

RISK PROFILE AND KEY BUSINESS INDICATORS

Integrated risk management is an ongoing process. Established in 2006, the risk profile was revised in 2007 to comply with the annual review of changes in the Plan's overall risk. The risk profile includes the possibility of implementing action plans integrated into the business plan to handle, and thereby reduce, the Plan's risks. A set of dynamic key business indicators was developed and implemented in 2007 with the goal of protecting the Plan's capital.

It is a very useful tool for the Retirement Committee as it clearly identifies any changes to the risk factors. It will be updated on a quarterly basis and, if necessary, more frequently for certain indicators. Each risk is represented by one or two indicators. Depending on the measurement of the indicators and their trends, initiatives will be implemented to mitigate or eliminate the financial impacts.

LIST OF THE MAIN RISKS IN ORDER OF IMPORTANCE

1. Market volatility
2. Insufficient liquidity in certain asset classes
3. Solvency deficiency
4. Faulty investment policies or strategies
5. Retention of expertise and succession planning
6. Risk of default by an issuer/collateral risk
7. Unfavourable political, legal or fiscal changes
8. Management of suppliers and partners
9. Policies and decisions regarding human resource management
10. Risk related to pension expense
11. Unfavourable changes in accounting or actuarial standards
12. Mismatch of assets and liabilities
13. Reliability of actuarial assumptions (capitalization assessment)

MAIN INITIATIVES AND RESULTS OF THE 2007 BUSINESS PLAN

The main initiatives for the 2007 business plan generated $115 million in added value. The Investment Committee carried out transactions totalling $2.5 billion in value in 2007 and over $5 billion over the past three years.

MAIN INITIATIVES AND RESULTS

1. Implement a process to protect a portion of the Plan's liabilities
   - Adoption of a liability-driven investment policy on December 12, 2007, thereby reducing risk and increasing the expectation of returns
2. Put in place the new 2007 asset allocation
   - $37 million in added value
   - 1st quartile rate of return of 3.4%
3. Integrate new mandates
   - $2.5 billion in transactions
   - 26 new products or mandates
4. Actively manage risks related to the Plan's assets
   - Revision of overall Plan risk
   - Implementation of the key business indicators of the Plan's Integrated Risk Management
5. Provide effective support for committee management
   - Overall satisfaction rate of 99.7%
   - 96% attendance rate at meetings

ROLES AND RESPONSIBILITIES

Board of Directors of the Fédération des caisses Desjardins du Québec

The Fédération des caisses Desjardins du Québec (FCDQ) represents all Desjardins employers with respect to the Desjardins Group Pension Plan. The Fédération's Board of Directors has decision-making power in certain areas, including the Plan Regulation, the nature and terms of benefit payments to members and retirees, contribution rates as well as the use of surplus. Through its Board of Directors, the FCDQ stands surety for the obligations (employee's pensions) resulting from the participation of all Desjardins Group employers in the Plan.

Desjardins Group Retirement Committee

By virtue of the powers vested in it by the *Supplemental Pension Plans Act* and by the Plan Regulation, the Retirement Committee is in charge of the sound administration of the Pension Plan, its management and the payment of promised benefits to members and their survivors. Committee members representing the employees, employers and retirees share the role of Pension Fund trustees.

Employer representatives are appointed by the Fédération's Board of Directors. Members' and retirees' representatives are elected democratically by the group that they represent.

Investment Committee

Reporting to the Retirement Committee, which establishes investment policy, the Investment Committee has the mandate to ensure the execution, respect and follow-up of the policy as well as coordinate the activities of the fund managers to whom management mandates are entrusted.

Audit, Professional Practices and Compliance Committee (APPCC)

The APPCC also reports to the Retirement Committee; its mandate basically consists of the analysis and presentation of the financial statements and the quality of the accounting principles used, the management of risks related to financial information, internal control systems, the processes related to internal and external audit, the processes applied to these audits, the management of regulatory compliance, the rules of ethics and professional practice, the complaint handling policy, and governance.

INTERNAL BY-LAW

In 2007, the Retirement Committee adopted an Internal By-law to comply with the new requirements of Québec's Supplemental Pension Plans Act. The Internal By-law sets out the operating methods and responsibilities of the Retirement Committee. The Internal By-law was reviewed by the Retirement Committee and addresses the following ten items:

- Respective duties and obligations of Retirement Committee members
- Rules of ethics governing Retirement Committee members
- Rules governing the appointment of the Chair, Vice-chair and Secretary
- Meeting procedure and frequency
- Measures to be taken for Retirement Committee member training
- Measures taken to manage risk
- Internal controls
- Books and records to be kept
- Rules to be applied when selecting, remunerating, supervising and evaluating delegates, representatives and service providers
- Standards that apply to the services rendered by the Committee, namely those relating to communication with members

REPORTING

Training of members

The new member of the Retirement Committee, who took office in 2007, received a day of training on September 13, 2007. APPCC members followed a continuous training course on September 21, 2007, which covered certain aspects of their roles and responsibilities, including accounting standards, the management of Plan risks, taxation and the follow-up procedure for legal agents.

Reporting on complaints

Under the Plan's complaint handling policy, the Pension Plan's Audit, Professional Practices and Compliance Committee received just one complaint in 2007, which was resolved at the beginning of 2008. There were no pending complaints as at December 31, 2007.

Number of meetings held in 2007 by the Retirement Committee and its sub-committees

• Retirement Committee	5 meetings
• Investment Committee	11 meetings
• Audit, Professional Practices and Compliance Committee	2 meetings
Total:	18 meetings

96% attendance rate among members of the 3 committees

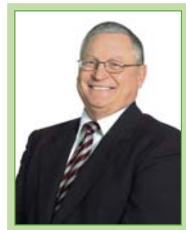
MEMBERS OF THE RETIREMENT COMMITTEE

REPRESENTATIVES FOR THE EMPLOYERS

DENIS PARÉ [1,3] Notary
Committee Chair
President, Estrie
Council of Representatives

JACQUES BARIL [1,3]
Committee Vice-Chair
President, Est de Montréal
Council of Representatives

THOMAS BLAIS [3]
Committee Secretary
President, Caisses populaires de l'Ontario
Council of Representatives



PIERRE GRENON [2,3] CA
President, Richelieu–Yamaska
Council of Representatives

SERGES CHAMBERLAND [1,3]
President,
Saguenay–Lac-Saint-Jean
Charlevoix–Côte-Nord
Council of Representatives

NORMAN GRANT [2,3]
President, Bas-Saint-Laurent et Gaspésie-Îles-de-la-Madeleine
Council of Representatives

REPRESENTATIVES FOR ACTIVE MEMBERS

ODETTE BRETON
General Manager,
Caisse populaire
Desjardins La Sablière

SIMON GARNEAU
Investment Manager,
Desjardins Global
Asset Management

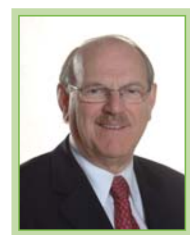
CLÉMENT ROBERGE [1] Adm.A.
Vice-President,
Finance Divsion-Network
Fédération des caisses
Desjardins du Québec

MICHEL MICHAUD
General Manager,
Caisse populaire
St-Charles sur le Richelieu

REPRESENTATIVE OF RETIREES AND PARTICIPANTS ENTITLED TO A DEFERRED PENSION

NORMAND DESCHÊNES [2]
Retiree from Desjardins

EXTERNAL MEMBER



REYNALD-N. HARPIN [1] CFA
Investment Consultant,
Corporate Director

OBSERVERS

YVON LESIÈGE
Retiree from Desjardins

JOHANNE ROCK
General Manager,
Caisse populaire
Desjardins de East Angus

1 Member of the Investment Committee
2 Member of the Audit, Professional Practices and Compliance Committee
3 Approved by the Board of Directors of the Fédération des caisses Desjardins du Québec

DESJARDINS GROUP PENSION PLAN EXECUTIVE DEPARTMENT*

*The DGPP Executive Department reports to the Chief Financial Officer of the Desjardins Group, Ms. Monique F. Leroux

VICE-PRESIDENT RAYMOND LAURIN
ADMINISTRATIVE ASSISTANT MARIELLE MATTE

ASSET MANAGEMENT

CHIEF INVESTMENT OFFICER FRANÇOIS GIROUARD

LEGAL AND TAX COUNSEL PATRICK CHILLIS
INVESTMENT MANAGER, PRIVATE EQUITY AND INFRASTRUCTURE MAXIME DURIVAGE
INVESTMENT MANAGER JEAN-PHILIPPE CAZELAIS
REAL ESTATE PORTFOLIO MANAGER FRÉDÉRIC ANGERS
INVESTMENT TECHNICIAN SYLVIE LABRIE

LIABILITY MANAGEMENT AND GOVERNANCE

CHIEF ACTUARY ALAIN VALLÉE

ADMINISTRATIVE ASSISTANT LINDA LEBLOND
ADVISOR MARIE-JOSÉE VEILLEUX
FINANCIAL CONTROLLER ANNIE BOUCHER

TO THE MEMBERS OF THE DESJARDINS GROUP PENSION PLAN RETIREMENT COMMITTEE

The enclosed financial information is drawn from the consolidated financial statements of the Desjardins Group Pension Plan as at December 31, 2007, on which we have expressed an unqualified opinion this day.

In order to better comprehend the financial position of the Pension Plan and the consolidated in net assets available for benefits, this financial information should be read in conjunction with the audited consolidated financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
Québec
February 21, 2008

DESJARDINS GROUP PENSION PLAN

Consolidated net assets available for benefits
As at December 31, 2007
(in thousands of dollars)

	2007	2006
	$	$
ASSETS		
Investments, at fair value		
Bonds	**1,018,585**	1,544,603
Shares	**2,287,694**	2,327,717
Pooled funds	**747,707**	610,873
Private investments and infrastructure	**285,917**	240,556
Mortgages	**15,164**	15,712
Real estate	**707,039**	579,055
Cash and money market	**570,535**	282,519
	5,632,641	5,601,035
Accounts receivable	**31,357**	64,886
Derivative financial instruments	**11,273**	306
Securities borrowed or purchased under resale agreements	**338,013**	60,868
	6,013,284	5,727,095
LIABILITIES		
Accounts payable	**25,335**	49,793
Derivative financial instruments	**4,261**	13,692
Commitments related to securities loaned or sold under repurchase agreements	**531,565**	437,386
	561,161	500,871
CONSOLIDATED NET ASSETS AVAILABLE FOR BENEFITS	**5,452,123**	5,226,224

Approved by the Retirement Committee,

______________________, Trustee   ______________________, Trustee

DESJARDINS GROUP PENSION PLAN

Consolidated changes in net assets available for benefits

For the year ended December 31, 2007

(in thousands of dollars)

	2007	2006
	$	$
INCREASE IN ASSETS		
Investment income		
Bonds	**52,103**	47,872
Shares	**52,607**	41,342
Private investments and infrastructure	**7,414**	8,951
Mortgages	**1,071**	1,103
Real estate	**4,669**	5,747
Cash and money market	**14,153**	14,312
Other income	**47**	397
	132,064	119,724
Changes in fair market value of investments	**53,940**	572,152
	186,004	691,876
Contributions		
Employers	**165,796**	162,442
Administrative expenses	**(5,734)**	(5,324)
	160,062	157,118
Employees	**92,988**	90,421
Contributions net of administrative expenses	**253,050**	247,539
Contributions transferred and merger of retirement plans	**3,514**	4,350
	256,564	251,889
	442,568	943,765
DECREASE IN ASSETS		
Benefits paid to participants		
Benefits	**120,530**	109,765
Reimbursements	**46,102**	41,318
Transfers to other plans	**1,930**	2,538
	168,562	153,621
Investments management, custodian fees and transaction costs	**41,015**	28,515
Performance award fees	**7,092**	9,717
	216,669	191,853
NET INCREASE IN ASSETS	**225,899**	751,912
Net assets available for benefits at the beginning of the year	**5,226,224**	4,474,312
Net assets available for benefits at the end of the year	**5,452,123**	5,226,224

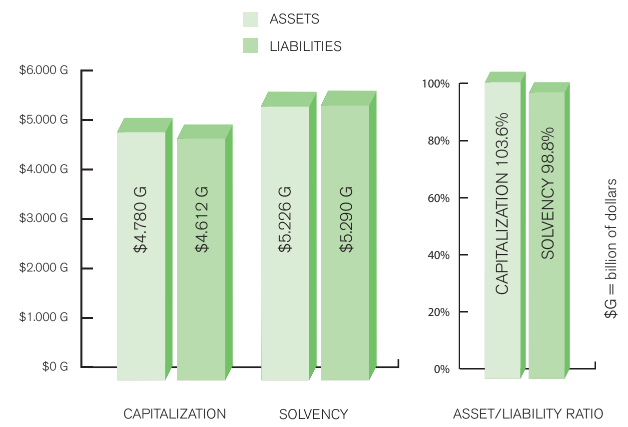
ACTUARIAL VALUATION
AS AT DECEMBER 31, 2006

The DGPP is in excellent financial health, as clearly shown by the actuarial valuation as at December 31, 2006. Its capitalization ratio is 103.6% and its solvency ratio is 98.8%, placing it within the 1st quartile of the Canadian pension fund universe.

The solvency ratio indicates the extent to which a plan can meet its obligations in the event of termination. The capitalization ratio is used mainly to establish the Plan's contribution strategy, since the valuation on this basis assumes that the Plan will continue to exist perpetually. The Plan's current capitalization ratio, which is greater than 100%, reflects its comfortable situation.

Until December 31, 2009, the employee and employer contribution rates will remain the same as they were in 2006. The next actuarial valuation must be submitted to the Régie des rentes du Québec by December 31, 2009 at the latest.

FINANCIAL POSITION
OF THE PLAN AS AT DECEMBER 31, 2006



PLAN SUMMARY

The following Plan summary does not take account of revisions made to the Plan and adopted by the Board of Directors of the Fédération des caisses Desjardins du Québec at its January 2008 meeting. The changes made to the Plan's earnings will take effect as at January 1, 2009 and are designed to help attract employees and gain loyalty. There will be a transition period. Desjardins Group Human Resources completed the first phase of communications, to presidents and general managers, in February and March 2008. The second phase, to managers and employees, is scheduled to take place later in 2008.

DGPP commencement date: January 1, 1979

Membership: All Desjardins Group employees aged 25 years and over must become Plan members; membership is optional for those under 25. Other conditions apply.

Contributions: The required contribution rate is 3.7% of contributory earnings up to 50% of the YMPE ($21,850 in 2007) and 7.4% of the excess.

Interest on contributions: The annual interest rate paid on employee contributions is equal to the net rate of return on the adjusted value of the Pension Plan's assets for one calendar year. This rate applies from the April 1 that follows until March 31 of the year after.

Normal retirement age: 65 years

Normal retirement pension

Calculated as follows:

2% X salary 5 X years credited
<u>0.7% X YMPE 5 (or salary 5, if lesser) X years credited</u>
\- Pension payable at age 65
<u>Actuarial adjustment</u>
\- Pension payable unpon retirement

Salary 5 = Average salary for the best 5 years

YMPE 5 = Average of the maximum pensionable earnings eligible for the CPP/QPP for the year of retirement and the 4 previous years

Maximum pension: The initial retirement pension amount may not exceed the lesser of:

- 2% of the average of the best 3 years of indexed remuneration multiplied by the number of years of credited service;
- the ceiling of defined benefits multiplied by the number of years of credited service (for 2007, the ceiling is $2,222).

Indexed remuneration corresponds to the member's remuneration, adjusted in keeping with the increase in the average earnings up to the year pension payments began.

ANNUAL INTEREST RATE PAID ON CONTRIBUTIONS (%)

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	10-YEAR AVERAGE
10.85	9.20	15.20	16.22	9.17	3.49	3.03	2.98	4.81	11.26	8.62

Normal form of pension

a) **Member with spouse:** Joint and survivor annuity equal to 60% of the amount of the retiree's pension. In addition, the normal pension includes a guaranteed period of 10 years starting on the date that the retiree's pension payments begin, for an amount corresponding to 60% of the retiree's pension.

b) **Member without spouse:** Life annuity, guaranteed 15 years.

Early retirement

a) **Eligibility:** Age 55 and service terminated with all Desjardins Group employers.

b) **Reduction:** : 0.25% per month of early retirement before age 65.

c) **Minimum reduction (used if lower than that of b) above):** Calculated using the 85-point rule, i.e. the sum of the age and years of continuous service on the date of membership termination.

Use of indexation to make up for the reduction: The reduction described above can be commuted, if the member so chooses, using the indexation value of the pension after retirement. The commutation is made on an actuarial equivalence basis.

Pension indexation: At the end of each year, annuities paid to retirees[1] are increased in line with the CPI[2] but not exceeding 3%.

1 For the new retirees from the preceding year, the first indexation is proportional to the current period (in calendar days) since the retire ment. For example, a member who retired on November 1, 2007 had an indexation of 0.3% on January 1, 2008 [((61/365) X 2%) = 0.3%].

2 Canada's average consumer price index for each month of the 12-month period ending on October 31 of the previous year.

Membership during a period of disability: The period during which an active member is disabled is recognized as if it were a period of able service. After the first 26 weeks of disability, no contributions are required of a disabled member or of his or her employer, for the remainder of the disability period.

Death benefits

a) **Death before retirement:** The benefit is the value of the credits to which the member would have been entitled if he or she had stopped working for the employer immediately prior to his or her death.

b) **Death after retirement:** The benefit depends on the form of pension chosen by the member.

Death benefits for dependent children: In the event that a member who retired after June 30, 2003 dies, a temporary annuity will be paid to the member's dependent children for as long as one of them matches the definition of a dependent child.

Employment termination benefits: A deferred pension is payable from age 65 and is equal to the sum of the credited annuity plus the annuity provided by the member's excess contributions. It is possible for members under age 55 to transfer this amount into an authorized retirement instrument, subject to the locking-in rules stipulated in the applicable laws. The transfer options are also subject to the requirements and limitations set forth in the Income Tax Act.

50% rule: Upon employment termination, death or retirement, an additional amount is paid to the member, equal to the employee's excess contributions on 50% of the value of the member's vested annuity ("excess contributions").

Desjardins
Pension Plan

Money working for people