2010 ANNUAL REPORT

WE BELIEVE
IN COOPERATION

Desjardins Pension Plan

Cooperating in building the future

VISIT THE DESJARDINS GROUP PENSION PLAN SITE: WWW.RCD-DGP.COM

Desjardins Group Retirement Committee
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The inside sheets of this annual report are printed on recycled paper.

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2010 ANNUAL REPORT OF DESJARDINS GROUP PENSION PLAN

2010 HIGHLIGHTS

RETURN ON ASSETS

The Pension Plan has recorded a return of 11.6% for the year 2010. This is an excess return of 5.9% compared to the DGPP investment policy target (inflation* + 4%).

FINANCIAL SITUATION

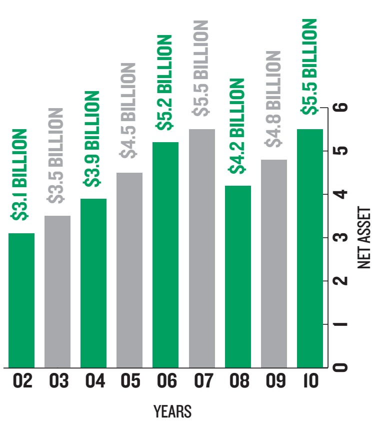
The results of the most recent actuarial valuation as at December 31, 2010 demonstrated a capitalization ratio of 86.0% and a solvency ratio of 71.3%. Taking into account the relief measures, almost $139M of the special contributions required in 2011 to amortize the deficit will indeed be paid into the Plan, while the balance will be financed by means of a letter of credit.

NET ASSETS OF $5.5 BILLION AS AT DECEMBER 31, 2010

The Plan's net assets as at December 31, 2010 amount to **$5.5 billion**. The DGPP **ranks 9th** among private pension plans in Canada.

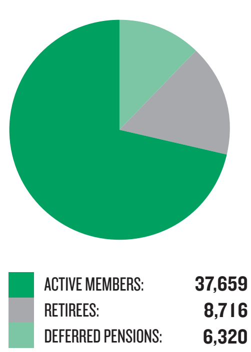
CHANGES IN THE PLAN'S NET ASSETS

$2.4 B increase in net assets over height years



MEMBERS AS AT DECEMBER 31, 2010

Total number of participants: 52,695



** Inflation amounted to 1.7% in 2010, as determined by the Pension Index of the Québec Pension Plan (QPP).*

MESSAGE FROM THE COMMITTEE CHAIR

INTRODUCTION

I am proud to announce that the Desjardins Group Pension Plan has, for a second straight year, achieved an excellent performance, with above-target returns. This performance attests to the quality of its partners and assets, and confirms the long-term management strategy, which factors in commitments to all members.

The federal and provincial governments have taken temporary measures to ease the financial burden on businesses whose pension plans are facing financial difficulties. These actions and the changing economic outlook will help organizations such as Desjardins Group to eliminate their deficit.

FINANCIAL PERFORMANCE – AN EXCELLENT YEAR FOR RETURN ON ASSETS

It is always important to stress that the effective, optimal management of a pension plan requires a long-term horizon. At no time should it be subject to short-term investment decisions that are based on market movements.

The Desjardins Group Pension Plan is showing an excellent 11.6% return on assets for 2010. Over the last 20 years, the Plan has experienced 16 years of positive returns, with returns over 10% one out of two years.

All of the Plan's asset classes performed very well and managers have added extensive value. As in 2009, the Plan recovered value lost during the 2008 crisis. I should also mention the strong comeback by the high-quality real estate portfolio, with an 11% return, and another solid performance by infrastructure assets, which yielded 19.7%.

FINANCIAL PERFORMANCE – AN EXCELLENT YEAR FOR RETURN ON ASSETS

In keeping with prudent management, the Retirement Committee decided to lower the basic actuarial assumption regarding the Plan's expected rate of return from 7% to 6.5%. In the near term, this strategic decision will lower the capitalization ratio; however, its major impact will be to reduce the pressure to seek high long-term returns and to further decrease the Plan's risk level.

Along with the return on assets, the contributions instituted in 2009 combined with Desjardins Group's commitment to the Plan will ensure that it is properly capitalized over the long term.

This year was also marked by the work and recommendations of the task force on Plan funding. This special exercise provided for an in-depth analysis of the long-term financial issues and made it possible to identify realistic avenues that will foster sound capitalization of the plan and, insofar as possible, allow extra contributions to be stabilized.

MOBILIZING TOWARD HIGH-LEVEL GOVERNANCE – STRINGENCY SERVING MEMBERS

As in 2009, each of the asset classes was reviewed in 2010 and covered by new investment plans approved by the Investment Committee. Some adjustments were made along the way, but the Retirement Committee is staying focused on its long-term horizon and remains confident in existing policies, which have previously delivered solid performance. The Retirement Committee developed and approved the 2011–2013 strategic plan and a specific business plan for 2011 containing several initiatives.

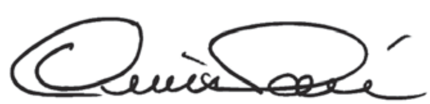
MOBILIZING TOWARD HIGH-LEVEL GOVERNANCE – STRINGENCY SERVING MEMBERS

The quality of the Plan's financial governance and risk management was confirmed by the Internal Audit report produced in 2010.

ACKNOWLEDGEMENTS

For their valuable contribution to the Retirement Committee, I would like to thank Thomas Blais, employer representative and Committee Secretary, Clément Roberge, representative for active FCDQ members, Normand Deschênes, representative for retirees and members with deferred pensions, and Johanne Rock, observer and representative for active members who left their positions in 2010. I would like to welcome Benoît Turcotte, employer representative, Guy Cormier, representative for active FCDQ members, Michel-Pierre Bergeron, representative for retirees and members with deferred pensions, and Simon Garneau, observer, representative for active members.

Lastly, I would like to thank all of the members of the Retirement Committee, the Senior Vice-President of Finance and Treasury and Chief Financial Officer of Desjardins Group, and the Desjardins Group Pension Plan Division team for 2010's excellent performance and accomplishments.



Denis Paré, Chair

PENSION PLAN PERFORMANCE REVIEW

For a second straight year, the Plan recorded a performance above 10%, with an excellent return of 11.6%. This represents a surplus return of 5.9% compared to the target of the DGPP investment policy (inflation1 + 4%), and 255 basis points above the strategic target. Readers may remember that last year's return was 13.4%. All asset classes made positive contributions to the results. The bond market gave a high return thanks to lower interest rates, while the stock markets, stimulated by the economic recovery, also put in a solid performance—especially the Canadian stock market. Securities tied to inflation, propelled by a strong comeback in the real estate market, produced higher-than-expected results.

The liability-driven asset allocation strategy, introduced in 2007, continued to produce good results in 2010. The main goal of the strategy is to steer the course of asset management, taking into account the obligations towards all Plan participants. In 2011, it will be improved through increased risk management, including the adoption of several solutions to reduce the volatility of the portfolio. In addition, studies on measures for mitigating the impact of a crisis, like the one that occurred in 2008, will continue. Efforts to extend the term of the portfolio of fixed-income securities will also be on the agenda, given that interest rates may be heading up.

PLAN'S HISTORICAL RETURNS

YEAR	RETURN	INFLATION[1] + 4%
2010	11.6%	5.7%
2009	13.4%	4.4%
2008	(23.8%)	6.5%
2007	3.4%	6.0%
2006	15.2%	6.1%
2005	14.4%	6.3%

ASSET ALLOCATION

ASSET CLASS	2010 RETURN	ALLOCATION AS AT 2010-12-31	2010 TARGET ALLOCATION	
STRATEGIC ALLOCATION[2]				
MONEY MARKET	**0.8%**	**2.5%**	**2.0%**	97.5%
UNIVERSE BONDS	8.4%	17.5%	11.5%	
LONG-TERM BONDS	12.1%	9.8%	15.0%	
EMERGING MARKETS DEBT	17.6%	1.9%	2.0%	
OTHER	5.2%	0.4%	1.5%	
TOTAL FIXED INCOME	**10.0%**	**29.6%**	**30.0%**	
CANADIAN EQUITY	15.7%	16.9%	16.0%	
U.S. EQUITY	11.7%	4.0%	4.0%	
EAFE EQUITY	8.0%	8.7%	8.5%	
GLOBAL EQUITY	6.0%	10.9%	12.0%	
EMERGING MARKETS EQUITY	16.4%	2.6%	2.5%	
PRIVATE EQUITY	0.9%	5.6%	5.0%	
TOTAL GROWTH SECURITIES	**9.8%**	**48.7%**	**48.0%**	
INFRASTRUCTURE	19.7%	7.0%	6.0%	
REAL ESTATE	11.0%	12.2%	12.0%	
REAL RETURN BONDS	N/A	0.0%	2.0%	
TOTAL INFLATION-LINKED SECURITIES	**13.2%**	**19.2%**	**20.0%**	
TOTAL	**11.5%**	**100.0%**	**100.0%**	
TACTICAL ALLOCATION[2]				
GTAA	**13.7%**	**2.4%**	**2.5%**	
GRAND TOTAL	**11.6%**	**100.0%**	**100.0%**	

[1] *Inflation is equal to the Québec Pension Plan Pension Index, which is used to index the pensions of DGPP pensioners.*
[2] *The strategic allocation represents 97.5% of the total asset allocation of the DGPP, and the tactical allocation, 2.5%.*

PENSION PLAN PERFORMANCE REVIEW

Economic context

Many governments in developed countries adopted exceptional measures to support their economies and accelerate their recovery after the crisis of 2008. The U.S. Federal Reserve was particularly aggressive, adopting a very accommodative monetary policy and injecting massive amounts of liquidity into the market. Employment and the real estate market have yet to satisfy expectations, but indications are that they will do so in the near future. When that happens, it will be interesting to see how the Federal Reserve will manage to emerge from that policy in an orderly fashion and avoid the trap of inflation.

In Canada, the situation is less dramatic. Surging prices of commodities, which are necessary to the growth of emerging nations, and the soundness of the financial sector enabled the Canadian economy to show a fair degree of resilience. However, household indebtedness and the booming real estate market in some regions are cause for concern.

In Europe, the authorities were slower to react. It took a serious sovereign debt crisis in certain European Union member countries before a rescue plan was put forward. Despite those efforts, many European countries are still grappling with an uncertain financial situation, and this could have an impact on the markets in 2011.

As for the emerging countries, and China in particular, the situation is entirely different. Economic growth is so vigorous that these countries' concerns are at the opposite end of the spectrum from those of the western world. The goal is to restrain the rate of growth, rather than stimulate it, and the spectre of inflation is more worrisome. However, such growth offers hope to developed economies, which, were it not for that contribution, could face even greater difficulties.

What does 2011 hold in store? Despite the obstacles still standing in the way of economic growth, the consensus is generally optimistic. The authorities seem to be determined to do what is needed to put the economy back on track. Corporate balance sheets are quite healthy, and profitability is picking up steam. The emerging economies seem to be able to keep up, and there is abundant liquidity to finance the governments'huge debts. Many countries will be forced to bite the bullet of stricter discipline to cut their fiscal deficits down to size.

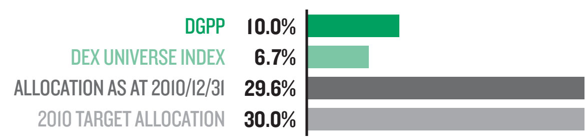
FIXED-INCOME SECURITIES

Canada's robust economic activity at the start of the year led the Bank of Canada to raise its overnight rate by 0.5%. Despite positive economic growth, Canadian yields faltered again in the past year. The European debt problems and less favourable economic outlooks drove investors towards safe-haven assets. The year 2010 ended with a flattening of the yield curve, resulting from an increase in short-term rates and a reduction in long-term rates. Improving credit conditions again resulted in narrowing corporate bond yield spreads.

Bond portfolio

Various strategies for the Canadian bond portfolio produced excellent results in 2010. Reliance on provincial and corporate securities was the key factor that enabled both of the main Universe segments to generate combined returns of 90 basis points above their benchmark target. The real estate debt and emerging market debt segments had a remarkable year, with performances exceeding objectives.

Strategy-wise, the building of the long-term bond portfolio continued in 2010. Lowered interest rates slowed the process somewhat, but it will carry on in 2011.

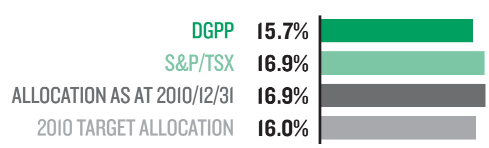


GROWTH SECURITIES

In 2010, the stock markets experienced many swings, with periods of worry and stretches of calm. The first half of the year started out quite tumultuously with markets tumbling due to European sovereign debt problems and cloudy economic outlooks. But the second phase of quantitative easing undertaken by the U.S. Federal Reserve put investor fears to rest. Risk aversion made way for renewed appetite for risk, which produced a remarkable year-end in most asset classes, especially in North American and emerging market equity holdings.

Canadian equity portfolio

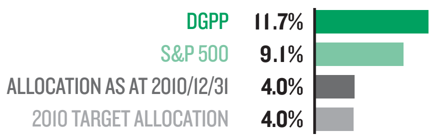
For the second year in a row, the S&P/TSX index surpassed those of the other developed countries with a return of 16.9%. The Plan's portfolio ended up with 15.7%. The strategy adopted to reduce the risk of the Canadian portfolio had the effect of slightly dampening its performance in 2010. The sector allocation arising from that strategy accounts in no small degree for the spread in relation to the target.



PENSION PLAN PERFORMANCE REVIEW

U.S. equity portfolio

The S&P 500 index saw a major rally in the second part of 2010 and ended the year with a return of 9.1% in Canadian dollars. The portfolio achieved an excellent return of 11.7% over the same period, a gain of 260 basis points. This spread is mainly attributable to the strategic allocation to small and mid-cap stocks, which constitute a large proportion of the portfolio and whose returns greatly exceeded that of the large cap index.

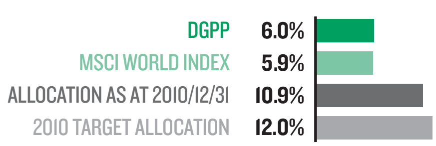


International equity portfolio

The MSCI EAFE Index proved unable to achieve the same return as its North American counterpart, and ended at 2.1%. The European sovereign debt crisis, combined with the depreciation of the euro, had a serious impact, curbing growth in the European stock market. The portfolio produced a return of 8%, representing a gain of 590 basis points, thanks to the allocation to small-and medium-cap stocks and the excellent added value of the managers.

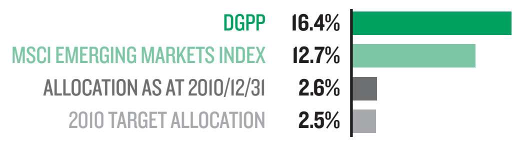
Global equity portfolio

The MSCI World Index, which comprises all of the developped countries, achieved a return of 5.9%. The portfolio's return was higher: 6%. During 2010, the managers' benchmark index was adjusted to enable them to invest strategically in the emerging economies. This change had a favourable effect on the return and also helped to further diversify the global equity portfolio. Strategies focused on profit growth performed better than value-oriented strategies. This diversification of approaches enabled the portfolio to end the year with a gain of 10 basis points.



Emerging markets equity portfolio

The MSCI Emerging Markets Index ended the year with a return of 12.7%, on the heels of a remarkable performance of 51.6% in 2009. Stronger economic growth, currency appreciation and greater appetite for risk account for the performance of this asset class in the past two years. The Plan's portfolio did even better in 2010, with a return of 16.4% providing an extra 370 basis points. Most of that gain stems from the selection of stocks.

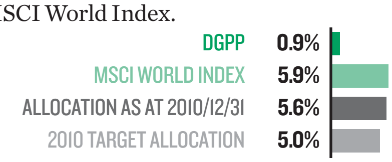


Private equity

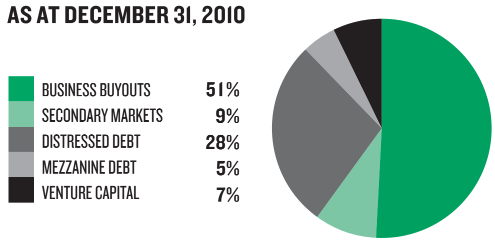
Managers' efforts to reduce leverage and the availability of capital enabled buyout firms to get back on a sound financial footing and benefit from the economic recovery. The Plan has invested in this asset class for the long term, as Plan managers are convinced that it will keep meeting their growth objectives.

However, although the portfolio as a whole is of good quality, a number of mandates are no longer fulfilling the strategic vision established for it. Accordingly, a strategic disinvestment program was developed in 2010 in hopes of improving the outlook for the portfolio's long-term return and to optimize the number of managers. With this in mind, the Bureau carried out two transactions for the divestiture of three investments in 2010. These activities will continue in 2011 and should lead to a major transaction that will bring the repositioning plan to conclusion.

In 2010, the private equity portfolio posted a return of 0.9%, compared with a return of 5.9% for the benchmark index, the MSCI World Index.



PRIVATE INVESTMENT DISTRIBUTION AS AT DECEMBER 31, 2010



PENSION PLAN PERFORMANCE REVIEW

INFLATION-LINKED SECURITIES

As part of the implementation of the liability-driven investment strategy, a new asset class has been created: inflation-linked securities. This asset class will occupy more and more space in the Plan's portfolio. It is important to keep in mind that the investment strategy for this asset class is founded on a long-term investment horizon, from 5 to 10 years, in fairly illiquid securities, for which correlation with inflation and a high level of current return are the main attributes we are seeking.

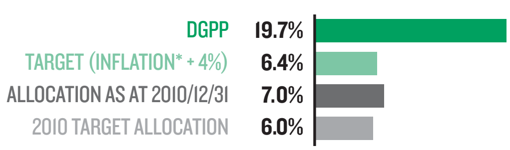
The year 2010 was characterized by a refocusing of the infrastructure and real estate portfolios on conventional Canadian assets, offering high and stable current returns.

Infrastructure

As was anticipated at the beginning of the year, investment activity was prolific and the Plan was able to take advantage of some excellent business opportunities with the goal of deploying funds in high-quality assets meeting the objectives of this asset class. Four transactions totalling $186M were carried out in 2010. These include the acquisition of interests in two highways: Sea-to-Sky, connecting Vancouver and Whistler, and Route 407, on the outskirts of Toronto.

With the guiding principles of protection from inflation and the search for a current and predictable return in mind, the medium-term target for this asset class has been set at 10%. This will be raised over time. The strategy is to stay the course for the investment program by giving priority to opportunities in Canada. As at December 31, 2010, infrastructure represented a 7% weighting of the Plan's assets.

The portfolio is of excellent quality and well diversified. It ended the year with a return of 19.7%, which was 1,330 basis points above target.

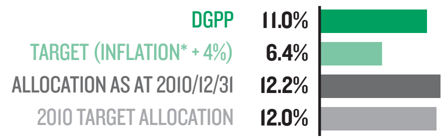


Real estate

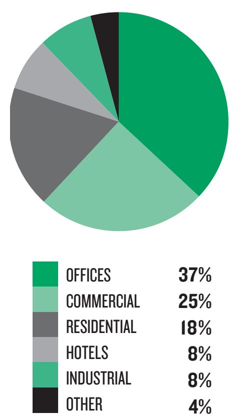
The real estate sector made a strong comeback in 2010. Both private and listed real estate produced returns higher than those predicted at the start of the year. Price recoveries in several markets added to solid current returns.

In the prevailing environment of very low bond yields, real estate proved to be a logical refuge for many investors seeking alternatives. The credit environment also improved, and lending institutions became busy again. These two phenomena attracted a good deal of capital into the asset class, promoting a rally in the volume of transactions.

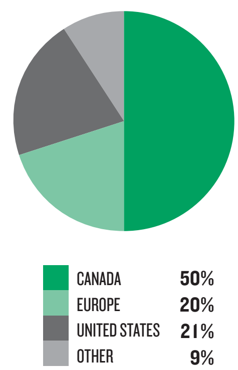
These positive factors contributed to the strong performance, but it was mainly the excellent quality of the Plan's real estate portfolio that enabled it to exceed its target in 2010 with a return of 11%. Over 10 years, this asset class has given an excellent performance, with a return of 10.4%, supported by high-quality partnerships and assets.



SECTOR DISTRIBUTION OF REAL ESTATE AS AT DECEMBER 31, 2010



GEOGRAPHIC DISTRIBUTION OF REAL ESTATE AS AT DECEMBER 31, 2010



CURRENCY HEDGING

The Plan's currency hedging policy is not speculative. It is a risk mitigation measure, designed to minimize an increase or decrease in the value of the Plan's foreign investments arising from Canadian dollar fluctuation. In addition to this protection, active management further minimizes the risk.

Bolstered by high oil and commodity prices, the Canadian dollar continued its appreciation against the U.S. dollar and the euro in 2010. Currency hedging produced a gain of 100 basis points for the Plan.

* *Inflation is equal to the increase in the Canadian consumer price index from January 1, 2010 to December 31, 2010.*

LIABILITY-DRIVEN INVESTISMENT

In 2007, the Retirement Committee adopted a policy on liability-driven investment. This approach consists in examining immunization strategies with respect to a portion of the Plan's liabilities, namely liabilities for retired members. It comprises two components. 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 define 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 permitted by the investment policy. The "liability-driven investment" approach has helped establish a target long-term asset allocation for 2019 as well as intermediate targets. The relevant changes will be implemented as appropriate over the period in question, increasing the value of the pension fund. In addition, the pension expense will fluctuate less from year to year.

The liability-driven investment policy is reassessed on a regular basis.

MAIN INITIATIVES AND RESULTS OF THE BUSINESS PLAN

2010 BUSINESS PLAN CARRIED OUT TO ITS FULL EXTENT

MAIN INITIATIVES

1. Implement the new 2010 asset allocation with 30 transactions carried out for a total of $1,563M
2. Prepare detailed investment plans for 2010 and for a horizon through 2014 for each asset class
3. Participate in the task force on long-term funding for the Plan
4. Develop a dashboard for managing the Plan's risk

PENSION PLAN INTEGRATED RISK PROFILE

The Plan's integrated risk management is an ongoing process. The DGPP was a pioneer in this area in Canada, creating its first risk profile in 2006. This profile was revised in 2010, in accordance with the strategy to conduct annual reviews 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.

LIST OF THE MAIN RISKS IN ORDER OF IMPORTANCE

1. Interest rate fluctuations
2. Stock market fluctuations
3. Solvency deficiency
4. Capitalization deficiency
5. Pension expense
6. Compliance with, and changes to, legislation and professional standards
7. Retention of expertise and succession planning
8. Design of the Plan
9. Inflation

GOVERNANCE

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 DGPP. The Fédération's Board has decision-making power in certain areas, including the Plan Regulation, the nature and terms of benefit payments to members and retirees, contribution rates and the use of the surplus. Through its Board of Directors, the FCDQ stands surety for the obligations (employee 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 Plans Regulations, the Retirement Committee is in charge of the sound administration of the Plan, its management and the payment of promised benefits to members and their survivors. Committee members representing employees, employers and retirees share the role of Plan 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 the 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 audits, 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. It is reviewed by the Retirement Committee each year and addresses the following 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 Retirement Committee, including those relating to communication with members

REPORTING

Training of members

- The four new members who joined the Retirement Committee in 2010 were welcomed with a day-long training session on May 17, 2010, or September 8, 2010.

Reporting on complaints

- Under the Plan's complaint handling policy, the APPCC received one complaint in 2010. It was dealt with during the year. There were, moreover, no pending complaints as at December 31, 2010.

Number of meetings held in 2010 by the Retirement Committee and its sub-committees

• Retirement Committee:	**5 meetings**
• Investment Committee:	**9 meetings**
• Audit, Professional Practices and Compliance Committee:	**3 meetings**
Total :	**17 meetings**

Attendance rate among members of the three committees is 96%.

MEMBERS OF THE RETIREMENT COMMITTEE

REPRESENTATIVES FOR THE EMPLOYERS:

01 Denis Paré 1,3
Committee Chair
President, Council of Representatives
Cantons de l'Est

02 Jacques Baril 1,3
Committee Vice-Chair
Chair, Investment Committee
President, Council of Representatives
Est de Montréal

03 Norman Grant 2,3
Committee Secretary
Chair, Audit, Professional Practices and Compliance Committee
President, Council of Representatives
Bas-Saint-Laurent and
Gaspésie—Îles-de-la-Madeleine

04 Serges Chamberland 1,3
President, Council of Representatives
Saguenay—Lac-St-Jean—Charlevoix—Côte-Nord

05 Pierre Leblanc 1,3
President, Council of Representatives
Mauricie

06 Benoît Turcotte 1,3
Vice-President, Council of Representatives
Outaouais–Abitibi-Témiscamingue–Nord du Québec

REPRESENTATIVE OF RETIREES AND MEMBERS ENTITLED TO A DEFERRED PENSION:

07 Michel-Pierre Bergeron
Desjardins retiree

REPRESENTATIVES FOR ACTIVE MEMBERS:

Caisse representatives:

08 Vincent Coulombe 2
Manager, Investment Financing
Caisse populaire Desjardins
de Charlesbourg

09 Sylvain Rouleau 2
Manager, Services to Individuals
Caisse populaire Desjardins
du Piémont Laurentien

Representative for the Fédération:

10 Guy Cormier 4
Vice-President, Finance, Cooperative Network

Representative for the affiliated corporations:

11 Mario Lévesque
Actuarial Advisor, Product Development and Pricing, AssurFinance for Individuals,
Desjardins Financial Security

EXTERNAL MEMBER:

12 Reynald-N. Harpin 1
Investment Consultant
Corporate Director

OBSERVERS:

13 Yvon Lesiège
Desjardins retiree

14 Simon Garneau
Portfolio Manager –
Desjardins Global Asset Management

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

FINANCIAL STATEMENTS

The enclosed financial information is drawn from the consolidated financial statements of the Desjardins Group Pension Plan as at December 31, 2010, on which, PricewaterhouseCoopers has expressed an unqualified opinion dated February 21, 2011.

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

DESJARDINS GROUP PENSION PLAN

Consolidated net assets available for benefits
As at December 31, 2010
(in thousands of dollars)

	2010	2009
	$	$
Assets		
Investments, at fair value		
Bonds	**1,335,542**	1,212,212
Shares	**1,870,717**	1,676,319
Pooled funds	**893,365**	744,814
Private investments and infrastructures	**679,602**	442,812
Mortgages	**13,005**	13,928
Real estate	**661,665**	605,187
Cash and money market instruments	**388,316**	367,535
	5,842,212	5,062,807
Accounts receivable	**64,056**	40,311
Derivative financial instruments	**12,522**	23,228
Securities borrowed or purchased under resale agreements	**206,517**	122,189
	6,125,307	5,248,535
Liabilities		
Accounts payable	**63,690**	36,771
Derivative financial instruments	**4,184**	2,057
Commitments related to securities loaned or sold under repurchase agreements	**540,521**	396,548
	608,395	435,376
Consolidated net assets available for benefits	**5,516,912**	4,813,159

Approved by the Retirement Committee,

______________________________, administrator ______________________________, administrator

FINANCIAL STATEMENTS

DESJARDINS GROUP PENSION PLAN

Change in consolidated net assets available for benefits
For the year ended December 31, 2010
(in thousands of dollars)

	2010	2009
	$	$
Increase in assets		
Investment income		
Bonds	50,863	45,197
Shares	39,292	47,311
Private investments and infrastructures	9,320	8,541
Mortgages	677	1,015
Real estate	3,436	3,059
Cash and money market instruments	1,187	4,538
Other income	745	234
	105,520	109,895
Changes in fair market value of investments and derivative financial instruments	462,960	458,474
	568,480	568,369
Contributions		
Employers	259,859	183,370
Administrative expenses	(8,099)	(6,693)
	251,760	176,677
Employees	144,068	101,430
Contributions net of administrative expenses	395,828	278,107
Transfer agreements and mergers of retirement plans	1,421	3,085
	397,249	281,192
	965,729	849,561
Decrease in assets		
Benefits paid to members		
Annuities	168,200	149,263
Reimbursements	47,625	44,823
Transfers to other plans	78	2,011
	215,903	196,097
Investment management, custodian fees, transaction and other costs	35,142	38,590
Performance award fees (reversal)	10,931	(156)
	261,976	234,531
Increase in net assets	703,753	615,030
Net assets available for benefits at the beginning of the year	4,813,159	4,198,129
Net assets available for benefits at the end of the year	5,516,912	4,813,159

FINANCIAL SITUATION OF THE PLAN

The Plan's most recent actuarial valuation, done on December 31, 2010, shows a capitalization ratio of 86.0% and a solvency ratio of 71.3%. Of the amount required in 2011 to absorb the deficit, almost $139M will indeed be paid into the Plan, while the balance will be financed by means of a letter of credit. The extra contributions have been set taking into account the relief measures allowed by Québec legislation.

Furthermore, the cost of current services for 2011 has been established at $272M (14.4% of payroll subject to the Plan). Keep in mind that, according to the policy for funding the Plan's obligations, all Plan costs are paid 65% by employers and 35% by active members.

The solvency ratio indicates a plan's capacity to meet its obligations in the event of liquidation. The capitalization ratio is mainly used to establish the Plan's contribution strategy, since the valuation on this basis assumes that the Plan will exist in perpetuity.

The 2008 financial crisis was the starting point for capitalization and solvency ratios below the threshold of 100%. The returns achieved in 2009 and 2010 were very good, but the 2008 shortfalls have not all been recovered yet. Moreover, the interest rates prescribed for calculating solvency reached historically low levels in 2010, working against the effects of surplus returns attained. The financial situation will be improved through the following:

- Extra contributions
- Returns in excess of the interest rate used to calculate liabilities
- The recovery of the real return bond interest rates prescribed for calculating solvency liability

The next actuarial valuation must be filed with the Régie des rentes du Québec with an effective date of December 31, 2011.

ORGANIZATION CHART OF THE DGPP DIVISION

Raymond Laurin
SVP, Finance and Treasury
and Chief Financial Officer, DG

Sylvain Gareau
Vice-President, DGPP

VICE-PRESIDENT
SYLVAIN GAREAU

ADMINISTRATIVE ASSISTANT
SYLVIE LABRIE

SENIOR ADVISOR LEGAL AFFAIRS AND GOVERNANCE
PATRICK CHILLIS

SENIOR ADVISOR AND ASSET ALLOCATION STRATEGIST
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INVESTMENT MANAGER, TRADITIONAL INVESTMENTS
JEAN-PHILIPPE CAZELAIS

INVESTMENT MANAGER, ALTERNATIVE INVESTMENTS
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INVESTMENT MANAGER, ALTERNATIVE INVESTMENTS
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MARIE-JOSÉE FRADETTE

THE DGPP DIVISION REPORTS TO DESJARDINS GROUP'S SENIOR VICE-PRESIDENT, FINANCE AND TREASURY AND CHIEF FINANCIAL OFFICER, RAYMOND LAURIN

PLAN SUMMARY

A detailed description of benefits is available on the Plan Web site at the following address: **www.rcd-dgp.com**.

MEMBERSHIP: Mandatory for employees aged 25 years and up; optional for those under 25.

CONTRIBUTIONS: 6.45% of contributory earnings up to 65% of the MPE and 9.85% of the remainder.

INTEREST ON CONTRIBUTIONS: The net rate of return on the adjusted value of the Plan's assets for one calendar year; it applies from the following April 1 until March 31 of the subsequent year.

ANNUAL INTEREST RATE PAID ON CONTRIBUTIONS (%)

2001	2002	2003	2004	2005	2006
16.22	9.17	3.49	3.03	2.98	4.81

2007	2008	2009	2010	10-YEAR AVERAGE
11.26	10.08	0.15	(1.82)	5.94

NORMAL RETIREMENT AGE: 65 years

NORMAL RETIREMENT PENSION

Payable at 65 and subject to the maximum pension clause:
Salary 5 = Average salary for the best five years

MPE 5 = Average of the maximum pensionable earnings eligible for the QPP or CPP for the year of retirement and the previous four years

For service prior to 2009, it is determined as follows:
(1.3% of salary 5 up to MPE 5 x years credited) +
(2% of salary 5 in excess of MPE 5 x years credited)

For service beginning in 2009, it is determined as follows:
(1.5% of salary 5 up to MPE 5 x years credited) +
(2% of salary 5 in excess of MPE 5 x years credited)

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, a guaranteed period of 10 years starting on the date on which pension payment begins, 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 termination of service with all Desjardins Group employers.

b) **Actuarial reduction at the time of retirement before age 65:** For service prior to 2009: 3% per year remaining to reach age 65 or, if more advantageous, the 85 point rule at age 57 (reduction of 0.25% per month to yield the 85 rule plus 0.25% a month to reach age 57).

For service beginning in 2009: 4% per year remaining to age 62.

ANNUAL INDEXATION OF RETIREES' BENEFITS:
As per the increase in the CPI, but not exceeding 3%.

DEATH BENEFITS:

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

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

EMPLOYMENT TERMINATION BENEFITS: A deferred pension is payable from age 65 and equal to sum of the credited annuity and the annuity provided by the member's excess contributions. For members under the age of 55, it is possible to transfer this amount into an authorized retirement instrument, subject to the locking-in rules stipulated in the applicable law. The transfer options are also subject to the requirements and limitations set out 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").

175% rule: For service beginning in 2009, a minimum benefit will be paid in the event of the transfer of accrued entitlements. It will equal 175% of regular contributions made by a Plan member for that period, with accrued interest.

TRANSITIONAL MEASURE FOR THE 2009 REDESIGN: The transitional measure applies to all members who will be entitled to an unreduced pension benefit before the end of 2013 for service prior to 2009, regardless of whether the member opts to retire then or after 2013. The member will, for his full service, receive an annuity that is at least equal to the benefit the Plan would have delivered without the redesign.

110 YEARS

ON DECEMBER 6, 1900, IN A SMALL COMMUNITY HALL IN THE TOWN OF LÉVIS, ALPHONSE DESJARDINS, HIS WIFE DORIMÈNE AND ONE HUNDRED OF THEIR FELLOW CITIZENS UNANIMOUSLY ADOPTED THE CONSTITUTION AND BY-LAWS OF CAISSE POPULAIRE DE LÉVIS, THE FIRST CREDIT UNION IN NORTH AMERICA.

TODAY, DESJARDINS GROUP IS QUÉBEC'S LARGEST FINANCIAL INSTITUTION AND ITS NUMBER ONE PRIVATE EMPLOYER. THE LEADING COOPERATIVE FINANCIAL GROUP IN CANADA AND THE SIXTH LARGEST IN THE WORLD, DESJARDINS IS ALSO ONE OF THE BEST CAPITALIZED FINANCIAL INSTITUTIONS IN THE COUNTRY.

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Pension Plan

Cooperating in building the future

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