2009
ANNUAL
REPORT

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Desjardins leader in a changing world

Desjardins
Pension Plan

Money working for people

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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2009 Highlights

Return on assets

The Pension Plan has recorded a return of 13.4% for the year 2009. This is an excess return of 9.0% compared to the DGPP investment policy target (inflation* + 4%).

Financial situation

The results of the most recent actuarial valuation as at December 31, 2009 demonstrated a capitalization ratio of 93.9% and a solvency ratio of 71.9%. Taking into account the relief measures announced by the Québec government at the beginning of 2009, the special contributions required in 2010 to amortize the deficit are $147.9M.

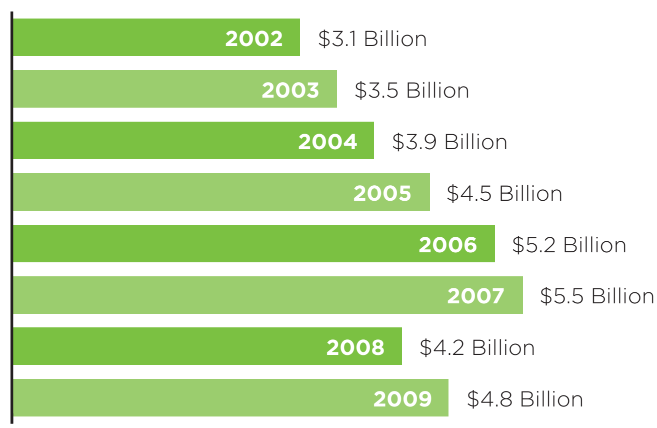
Net assets of $4.8 Billion as at December 31, 2009

The Plan's net assets as at December 31, 2009 amount to **$4.8 billion**. The DGPP **ranks 9th** among private pension plans in Canada.

** Inflation amounted to 0.4% in 2009, as determined by the Pension Index of the Québec Pension Plan.*

Changes in the Plan's net assets

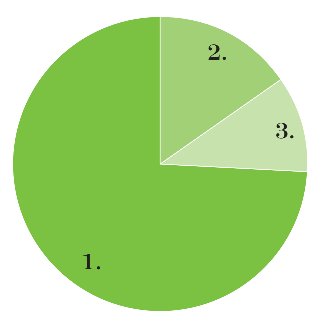
$1.7B increase in net assets over seven years



Members as at December 31, 2009

Total number of participants: **50 758**

1. Active members: **37 364**
2. Retirees: **7 925**
3. Deferred pensions: **5 469**



Message from the Committee Chair

Denis Paré
Chair

Introduction – Economic and financial context

The Desjardins Group Pension Plan had a very good year in 2009, evidence of the quality of our partners and of our assets. However, the financial crisis that shook the world in 2008 has had numerous impacts in various economic areas. This crisis was characterized by a substantial slump in stock markets and a considerable decline in short-term interest rates. These two factors combined had serious consequences on the financial situation of all pension plans, hitting defined-benefit plans like that of Desjardins Group especially hard.

In light of this exceptional economic situation, provincial governments have adopted temporary measures to relieve the financial burden of companies whose pension plans are showing significant solvency deficits. Without these unusual steps, some companies would have found themselves in very serious financial difficulty.

Despite the good results achieved in 2009, the significant decline in market values in 2008 has had considerable effects on the solvency and capitalization ratios of the majority of defined-benefit pension plans, including the Desjardins Group Pension Plan. To minimize the impact of this crisis on the Plan's financial health, the management of Desjardins Group is determined to find acceptable solutions to preserve the high quality of the Plan.

Financial performance – A good year for the retun on assets, but a difficult one for the Plan's financial situation

It is important to stress the fact that optimal and effective management of a pension plan means keeping a long-term horizon in mind. Moreover, it must never rely on short-term investment decisions based on market fluctuations.

The Desjardins Group Pension Plan recorded a very good return of 13.4% on its assets in 2009, despite a difficult performance by the real estate sector which was buffeted by the global recession. However, the real estate figures must be evaluated over a long period of time. Over the past 10 years, including 2008 and 2009, they produced a return of over 10.7% per year.

The other classes of assets benefited substantially from the global stock market recovery and from the narrowing of credit spreads, enabling the Plan to recover a portion of the decline in value that it suffered in 2008.

However, despite the increase in the Plan's assets (over 13%), various factors that are used for our actuarial calculations, in particular the real return bond index, have pushed the Plan's liabilities up. As a result, the Plan's solvency ratio has deteriorated and its financial situation has suffered. These external factors vary over time as economic conditions fluctuate.

Confronted with these problems, the management of Desjardins Group has decided to carry out a brainstorming exercise in 2010 on the financing of the Plan over the long term. This exercise will take a hard and close look at the long-term financial issues and propose realistic approaches to solutions for dealing with them, in order to promote the sustainability of the Plan.

Mobilizing for high-level governance – Thoroughness in serving members

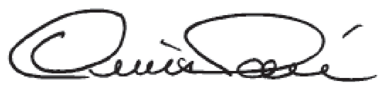
All asset classes and securities in the portfolio were reviewed in 2009 and are now covered by new investment plans approved by the Investment Committee. Some adjustments were made along the way, but the Retirement Committee is staying focused on its long-term horizon and remains confident in the existing policies, which have previously delivered solid performance. The Retirement Committee has also completed its strategic three-year plan and developed a 2010 business plan featuring 22 initiatives, both of which have been accepted.

A full and detailed review of all our business practices was also conducted in 2009, in order to draw maximum benefit from the lessons learned during the crisis. This review confirms that the Plan's business practices are among the best in the industry.

Acknowledgements

I would like to thank all the members of the Retirement Committee, the Senior Vice-President, Finance and Treasury and Chief Financial Officer of Desjardins Group and the team at the Desjardins Group Pension Plan Division for the excellent results and accomplishments achieved in 2009.

Denis Paré, Chair



Pension Plan performance review

After a year that was difficult for all pension plans, the DGPP saw a very encouraging recovery in 2009 with a return of 13.4%. This was achieved through more stringent risk management and is evidence of the quality of the securities that make up the Plan's portfolio. The active management of traditional investments recouped some of the losses suffered in 2008, contributing to this good return, but the problems in the real estate sector cut several basis points from the final result.

For some years now, the Retirement Plan has been basing its asset allocation on the principle of liability-driven investment in order to meet the Plan's long-term financial obligations. In 2009, the Bureau updated this liability-driven investment program in collaboration with numerous experts and its main partners. This initiative led to the development of a comprehensive investment plan and an asset allocation strategy for the year 2010 and beyond. The implementation thereof is the number one objective of the Retirement Committee; this will ensure that the Plan's long-term funding obligations are fulfilled.

Plan's historical returns

Year	Return	Inflation* + 4%
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%
2004	9.9%	5.7%

** Inflation is equal to the Québec Pension Plan Pension Index which is used to index the pensions of DGPP pensioners.*

Asset allocation

Asset class	2009 Return	Allocation as at 2009/12/31	2010 Optimal target allocation
Strategic allocation *			
Money market	**2.4%**	**2.7%**	**2.0%**
Universe bonds	5.9%	21.4%	11.5%
Long-term bonds	N/A	6.8%	15.0%
Emerging markets debt	31.1%	1.2%	2.0%
Other	N/A	1.1%	1.5%
Total fixed income	**6.8%**	**30.5%**	**30.0%**
Canadian equity	36.1%	17.0%	16.0%
U.S. equity	14.4%	5.0%	4.0%
EAFE equity	17.4%	10.9%	8.5%
Global equity	15.5%	9.3%	12.0%
Emerging markets equity	55.6%	2.6%	2.5%
Private investments	(6.9%)	5.0%	5.0%
Total growth securities	**21.1%**	**49.8%**	**48.0%**
Infrastructure	14.7%	4.2%	6.0%
Real estate	(11.5%)	12.8%	12.0%
Real return bonds	s. o.	0.0%	2.0%
Total inflation-linked securities	**(6.6%)**	**17.0%**	**20.0%**
Total	**13.4%**	**100.0%**	**100.0%**
Tactical allocation *			
GTAA	**14.3%**	**2.4%**	**2.5%**
Grand total	**13.4%**	**100.0%**	**100.0%**

97.5%

** The strategic allocation represents 97.5% of the total asset allocation of the DGPP, and the tactical allocation, 2.5%.*

Economic context

The global economy has emerged from a severe recession thanks to the adoption of extreme measures by the authorities of numerous developed and emerging countries. In Europe, the situation is back to normal and a return to economic growth has been observed just about everywhere. In Canada, the recession did not make itself felt to the same extent, but the recovery is more timid. In the United States, a vigorous recovery was observed in the third quarter, but the employment situation is still troubling. The unemployment rate surpassed the psychological threshold of 10% at year-end, and job creation is likely to be difficult next year. Nevertheless, the most notable event of 2009 is the scope and speed of the rebound in risky assets. Stock markets around the globe have recorded spectacular growth since the nadir of March 2009, in the order of more than 50% in most markets. As for fixed-income securities, interest rates have remained relatively stable, but the bond market has taken full advantage of the substantial narrowing of credit spreads in corporate bonds.

Despite this good news, doubt remains about the sustainability of this recovery and the nature of future growth. In countries where past economic vitality has been fed by an abundance of credit, like the United States, future growth for at least some time to come will be held in check by the necessity of getting out of debt, with a concomitant increase in the savings rate. There is still considerable uncertainty as to whether the economy will be able to carry on its recovery once the numerous government assistance plans are withdrawn. It is still difficult to predict how the large amounts of cash that have been injected into the economy will be withdrawn, before they cause more trouble. Therefore, many observers believe that the U.S. Federal Reserve and the Bank of Canada may wait until the second half of 2010 before they start raising their key interest rates. In the meantime, pressure on prices will remain contained due to the significant negative gap between real and potential production in both the U.S. and Canada. It is with this particular economic landscape in mind that the positioning of the Plan's portfolio has been reviewed.

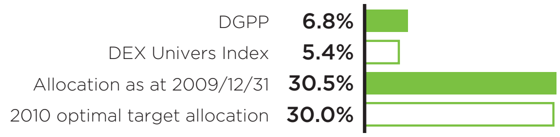
Fixed-Income securities

Given the prevailing anemic economic activity, the Bank of Canada's overnight rate was lowered to an historic level. The year 2009 was marked by a drop in short-term rates, which accentuated the interest rate curve considerably. The announcement of more positive global economic data in 2009 enabled the credit market to improve. The credit spreads of corporate and provincial bonds narrowed. At the same time, the rush to safe-haven investments, which had pushed Canadian bond rates to historic lows, was reversed.

Bond portfolio

With a return of 6.8%, the Plan's portfolio outperformed the DEX Universe Index (5.4%), which represents the Canadian bond market. The added value comes mainly from corporate bonds and the debt of emerging countries, both of which obtained excellent results.

However, the real estate debt strategy suffered the tribulations of the economic crisis and slowed the growth of added value in the bond portfolio.



Hedge fund portfolio

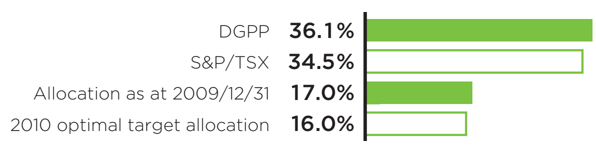
The DGPP hedge fund portfolio was designed to produce low-volatility returns with a profile similar to bonds and an equivalent risk. However, following the crisis of 2008 and in light of a realignment of the Plan's strategy, it was decided to eliminate this class of assets. Consequently, the funds of which it is composed are in the process of being liquidated.

Equity holdings

During the first two months of 2009, the stock markets experienced a panic episode that pushed the main indexes down to levels last seen many years ago. However, from March onwards, the markets rebounded strongly on the basis of hope that the monetary easing measures taken by the central banks and the American stimulus plan would give a boost to the world economy. Good news kept coming as the months went by, until the end of the recession was finally declared based on the positive economic data of the third quarter. The stock markets anticipated that recovery, as they have done in the past, and posted very attractive returns for the year as a whole. The Canadian index benefited more from the recovery thanks to the solid performance of its banking sector and of commodities.

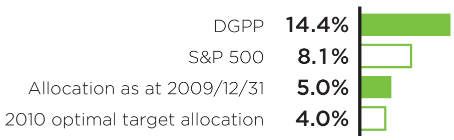
Canadian equity portfolio

The Canadian stock market return surpassed that of the main indexes of the other developed countries. The S&P/TSX index soared by 30% during 2009. As far as the portfolio is concerned, the restructuring that was initiated in 2008 started to bear fruit with a gain of 158 basis points by active management. This return is largely attributable to the small- and medium-cap segment and to a wise selection of stocks in other segments.



U.S. equity portfolio

After plunging to 1996 levels during the year, the S&P 500 index regained strength and posted a return of 8.1% in Canadian dollars and 26.5% in U.S. currency. The loonie's 17% appreciation tempered the gains in the U.S. market. After making a highly negative impact on the Plan's portfolio in 2008, the banking sector was the catalyst of the recovery this year. More specifically, the portfolio bested the benchmark index by 630 basis points. A wise selection on the part of managers of stocks in value-oriented portfolios and the weighting of small- and medium-cap stocks account for the major part of this surplus and confirm the quality of our managers.



International equity portfolio

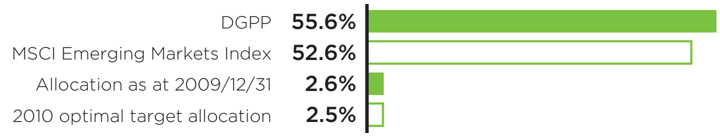
Global recovery plans also had a positive impact on the performance of international stocks, which posted a gain of 17.4% in Canadian dollars and 28% in local currency. The Plan's portfolio fared very well, rising 480 basis points above the benchmark index. A profitable selection of stocks and an allocation in small- and medium-cap stocks account for this excellent result.

Global equity portfolio

The MSCI World Index followed the same upward trend as the rest of the world, ending the year with a 15.5% gain in Canadian dollars and 30% in local currency. Strategies focused on profit growth and on value-oriented stocks gave excellent results. However, a management approach relying on a strategy of momentum proved unable to meet growth objectives. The combination of these various approaches enabled the portfolio to end the year with a gain of 440 basis points over the benchmark index.

Emerging markets equity portfolio

After getting a rough ride from investors in 2008, emerging market equities found their way up again with a gain of 55.6%. This is due to the low rate of bank debt compared to developed countries and to a higher rate of economic growth which ultimately pleased the majority of investors. The Plan's portfolio performed well with a value of 300 basis points above the benchmark index. The stocks selection account for the lion's share of this advance.



Alternative investments

Alternative investments constitute a significant proportion of the Plan's portfolio. It is important to keep in mind that the investment strategy for this asset class is based on a long-term investment horizon (5 to 10 years). Excellent past returns, especially for real estate, allowed the Plan to post satisfactory returns in the years preceding the 2008 crisis. In 2009, this asset class produced mixed results for real estate and private investments, but higher than expected for infrastructure.

In 2010 and subsequent years, infrastructure will occupy a greater share of the portfolio's allocations, while real estate and private investments will have their strategies redirected towards objectives that are more compatible with trends in the Plan's liabilities.

Infrastructure

Intended to provide protection against inflation, the infrastructure portfolio is in the process of being developed and represents 4.2% of the Plan's assets. The target for the medium term is set at 8%.

Faced with an uncertain economic climate, the Bureau exercised caution in the execution of its investment plan in 2009. It decided to focus its priorities on portfolio management. Investment activity will gradually return to a normal pace, and the year 2010 should be rich in business opportunities.

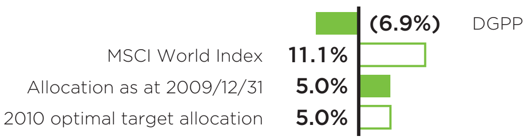
The infrastructure portfolio is of excellent quality and has shown great resistance in the difficult economic conditions of 2009. This asset class ended the year with a return of 14.7%, 930 basis points above its benchmark, and a current return that is stable and predictable.

Private investment

The effects of the economic downturn on the world scene in 2008 and 2009 were reflected in the operations of the companies in this portfolio and in their performance. Nevertheless, the portfolio is of good quality and is well positioned to take advantage of the numerous business opportunities that the market should be offering in the years to come.

The transition of the portfolio that was started in recent years is still in progress and is an integral part of the investment plan, which has a horizon of from three to five years. It aims to reduce the weighting of venture capital and to optimize the number of managers. With this in view, many sales on the secondary market were examined in 2009 but they did not come to pass, given the difficult market conditions.

For 2009, the private investment portfolio posted a return of -6.9%, compared to a return of 11.1% for the benchmark MSCI World Index. The strong, sharp surge in the posted markets has yet to be reflected in the evaluations of private investment portfolios; hence the gap between the return of the private investment portfolio and its benchmark index.

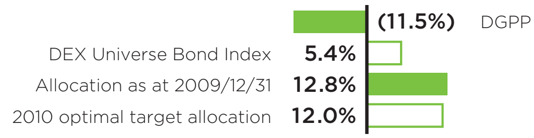


Private investment distribution as at December 31, 2009

Business buyouts	**86%**
Industrials	43%
Consumption	27%
Communication	9%
Technologies	11%
Natural resources	4%
Health sciences	6%
Venture capital	**14%**
Technologies	57%
Health sciences	43%

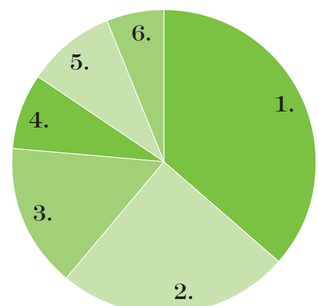
Real estate

2009 was a tough year for the real estate sector as a whole. The difficult economic conditions put pressure on rents and occupancy rates. As a result, the downward cycle that started in 2008 continued, pushing the market value of buildings down further. The difficult credit environment was not propitious for refinancing debt. It discouraged the arrival of new capital in the sector, and exacerbated the price correction. In general, despite the reversal of the cycle, the Plan's real estate portfolio is still very solid and supported by quality partnerships. Consequently, the asset class is still recording good performance over 10 years, with a return of 10.7%. 2010 will be full of challenges for this sector, which, all things considered, should provide a healthier investment environment when the recovery takes hold.



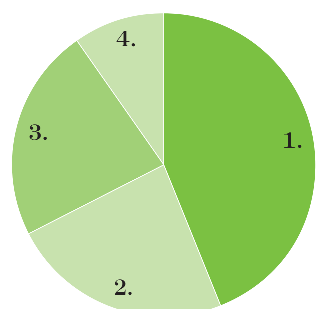
Sector distribution of real estate as at December 31, 2009

1.	Offices	36.5%
2.	Commercial	24.7%
3.	Residential	15.3%
4.	Hotels	8.0%
5.	Industrial	9.5%
6.	Other	6.0%



Regional distribution of real estate as at December 31, 2009

1.	Canada	44.1%
2.	Europe	23.4%
3.	United States	22.8%
4.	Other	9.7%



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.

Contrary to 2008, when the Canadian dollar depreciated against the U.S. dollar and the euro, 2009 saw a marked appreciation of the loonie. Currency hedging produced a gain of 179 basis points for the Plan.

Liability-driven investment

Defined benefit pension plans have encountered funding problems over the last eight years. Apart from market fluctuations, lower interest rates were a predominant risk factor, since pension plan liabilities are very sensitive to fluctuations in this economic variable. Funding management requires us to find permanent solutions to minimize risks and ensure long-term sustainability for this type of plan.

In 2009, the Retirement Committee renewed its liability-driven investment policy adopted in 2007. This approach consists of 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 while reducing the risk of a deficit. In addition, the pension expense will fluctuate less from year to year.

Pension Plan integrated risk profile

The Plan's integrated risk management is an ongoing process. Established in 2006, the risk profile was revised in 2009 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.

List of the main risks in order of importance

1. Solvency deficiency
2. Market volatility
3. Capitalization deficiency
4. Poor matching of assets and liabilities
5. Pension expense
6. Faulty investment policies or strategies
7. Management of suppliers and partners
8. Retention of expertise and succession planning
9. Default by an issuer/collateral risk
10. Design of the Plan
11. Insufficient liquidity in certain asset classes
12. Communication

Main initiatives and results of the 2009 business plan

The 2009 business plan was realized to a very great extent.

Its main initiatives were:

1. Implement the new 2009 asset allocation with 18 transactions carried out for a total of $1,203M, including the extension of the term of the bond portfolio
2. Review the liability-driven investment strategy in order to establish the target asset allocation for 2010
3. Review all investment policies, evaluate all key managers and establish new investment plans for 2009 – 2011
4. Actively manage Plan risks – Review overall Plan risk
5. Implement the second phase of the Plan Web site (secure transaction section) in collaboration with the Plan's employer

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 Desjardins Group Pension Plan. 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 Pension 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 10 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, including those relating to communication with members

Reporting

Training of members

- The members of the Retirement Committee received training, in particular on investments, during the Committee's 8th convention held on September 3, 4 and 5, 2009.

- APPCC members took a professional development course in the context of the annual meeting of Desjardins Group boards and professional practice and ethics committees.

Reporting on complaints

- Under the Plan's complaint handling policy, the Audit, Professional Practices and Compliance Committee received one complaint in 2009. It was dealt with during the year. There were, moreover, no pending complaints as at December 31, 2009.

Number of meetings held in 2009 by the Retirement Committee and its sub-committees

- Retirement Committee: **5 meetings**
- Investment Committee: **7 meetings**
- Audit, Professional Practices and Compliance Committee: **3 meetings**

Total: 15 meetings

Attendance rate among members of the three committees is 91%.

Members of the Retirement Committee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04


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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 **Thomas Blais 2,3**
Committee Secretary
President, Council of Representatives
Caisses populaires de l'Ontario

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

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

06 **Pierre Leblanc 1,3**
President, Council of Representatives
Mauricie

Representative of retirees and members entitled to a deferred pension:

07 **Normand Deschênes 2**
Desjardins retiree

Representatives for active members
Caisse representatives:

08 **Sylvain Rouleau 1**
Manager, Services to Individuals
Caisse populaire Desjardins
du Piémont Laurentien

09 **Vincent Coulombe**
Manager, Investment Financing
Caisse populaire Desjardins
de Charlesbourg

Representative for the Fédération:

10 **Clément Roberge**
Vice-President Finance Division-Network
Fédération des caisses
Desjardins du Québec

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 **Johanne Rock**
General Manager of the Caisse
populaire Desjardins de East Angus

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

Financial statements

The enclosed financial information is drawn from the consolidated financial statements of the Desjardins Group Pension Plan as at December 31, 2009, on which, PricewaterhouseCoopers has expressed an unqualified opinion dated February 17, 2010.

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, 2009
(in thousands of dollars)

	2009	2008
	$	$
Assets		
Investments, at fair value		
Bonds	**1,212,212**	836,212
Shares	**1,676,319**	1,541,588
Pooled funds	**744,814**	608,931
Private investments and infrastructures	**442,812**	400,658
Mortgages	**13,928**	14,541
Real estate	**605,187**	675,764
Cash and money market instruments	**367,535**	233,350
	5,062,807	4,311,044
Accounts receivable	**40,311**	30,871
Derivative financial instruments	**23,228**	10,700
Securities borrowed or purchased under resale agreements	**122,189**	131,972
	5,248,535	4,484,587
Liabilities		
Accounts payable	**36,771**	23,890
Derivative financial instruments	**2,057**	14,100
Commitments related to securities loaned or sold under repurchase agreements	**396,548**	248,468
	435,376	286,458
Consolidated net assets available for benefits	**4,813,159**	4,198,129

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, 2009
(in thousands of dollars)

	2009	2008
	$	$
Increase in assets		
Investment income		
Bonds	**45,197**	45,390
Shares	**47,311**	76,500
Private investments and infrastructures	**8,541**	6,194
Mortgages	**1,015**	998
Real estate	**3,059**	3,332
Cash and money market instruments	**4,538**	9,323
Other income	**234**	372
	109,895	142,109
Changes in fair market value of investments and derivative financial instruments	**458,474**	(1,443,542)
	568,369	(1,301,433)
Contributions		
Employers	**183,370**	177,869
Administrative expenses	**(6,693)**	(6,081)
	176,677	171,788
Employees	**101,430**	99,705
Contributions net of administrative expenses	**278,107**	271,493
Transfer agreements and merger of retirement plans	**3,085**	3,871
	281,192	275,364
	849,561	(1,026,069)
Decrease in assets		
Benefits paid to members		
Annuities	**149,263**	133,929
Reimbursements	**44,823**	51,793
Transfers to other plans	**2,011**	2,030
	196,097	187,752
Investment management, custodian fees and transaction and other costs	**38,590**	37,988
Performance award fees (reversal)	**(156)**	2,185
	234,531	227,925
Increase (decrease) in net assets	**615,030**	(1,253,994)
Net assets available for benefits at the beginning of the year	**4,198,129**	5,452,123
Net assets available for benefits at the end of the year	**4 813 159**	4,198,129

Financial situation of the Plan

The Plan's most recent actuarial valuation, done on December 31, 2009, shows a capitalization ratio of 93.9% and a solvency ratio of 71.9%. The extra contributions required in 2010 to absorb the deficit will be $147.9M (7.97% of payroll subject to the Plan). These contributions were set, taking into account the relief measures announced by the Québec government in January 2009, which are in force until December 31, 2011.

Furthermore, the cost of current services for 2010 has been established at $269.4M (14.5% of payroll subject to the Plan). Keep in mind that, according to the policy for funding the Plan's obligations, all costs, including those to make up deficits, 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 worldwide financial crisis of 2008 hurt pension fund returns badly and, as a result, their capitalization ratios and to an even greater extent their solvency ratios. The majority of the asset declines of 2008 will probably be recovered, but over a period of time. Consequently, this situation will have an impact on funding requirements in the short and medium terms.

The next actuarial valuation must be filed with the Régie des rentes du Québec with an effective date of December 31, 2010 at the latest.

Organization chart of the DGPP Division

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

Sylvain Gareau
Vice-President, DGPP

The DGPP Division reports to Desjardins Group's Senior Vice-President, Finance and Treasury and Chief Financial Officer, Raymond Laurin.

Vice-President
Sylvain Gareau

Administrative Assistante
Sylvie Labrie

Senior Advisor Legal Affairs and Governance
Patrick Chillis

Senior Advisor and Asset Allocation Strategist
François Girouard

Investment Manager, Traditional Investments
Jean-Philippe Cazelais

Investment Manager, Alternative Investments
Maxime Durivage

Investment Manager, Alternative Investments
Frédéric Angers

Director, Liability Management
Alain Vallée

Senior advisor DGPP Member Services
Marie-Josée Veilleux

Advisors DGPP Member Services
Nathalie Couture
Marie-Claude Harvey
Carole Lachapelle
Suzanne Roy
Jolyane S. Pelletier

Support Agents DGPP Member Services
Annie Foucher
Michèle Normandeau

Administrative Assistants
Nancy Nolin
Linda Leblond

Financial Controller
Marielle Bussières

Investment Technician
Barbara Ferschke

Support Agent (temporary)
Marie-Pier Guay-Bégin

Advisor, Liability and Governance
Vacant

Plan summary

The following Plan summary takes into account the 2009 redesign of the Plan. 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 (%)

2000	2001	2002	2003	2004	2005
15.20	16.22	9.17	3.49	3.03	2.98

2006	2007	2008	2009	10-year average
4.81	11.26	10.08	0.15	7.64

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.

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Pension Plan

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