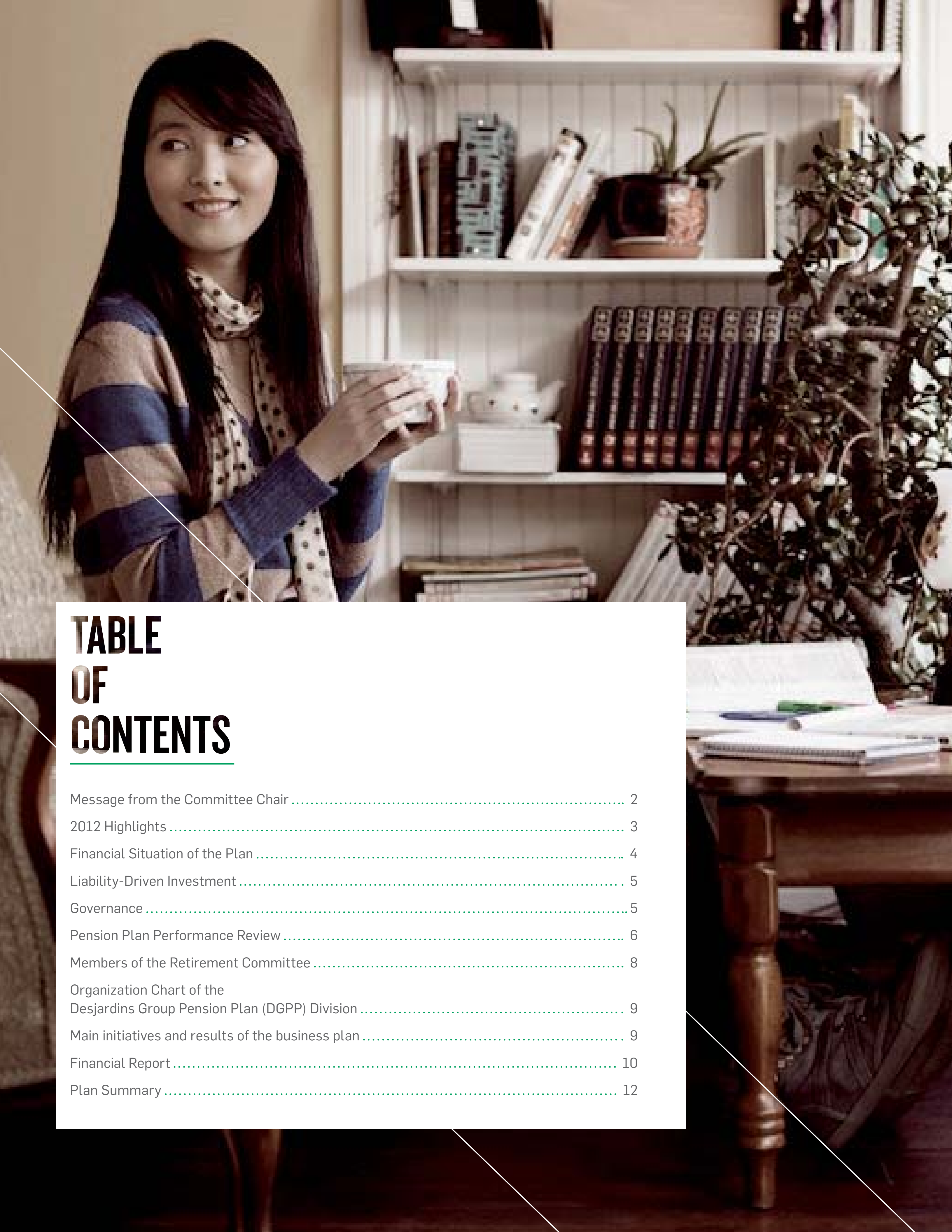
ANNUAL REPORT 2012

COOPERATING TO SUPPORT YOUR GOALS EDUCATION CREATIVITY VALUES DREAMS PROJECTS SUCCESS EVERY DAY

Desjardins Pension Plan

Cooperating in building the future

BUILDING A SUSTAINABLE DESJARDINS GROUP PENSION PLAN THROUGH COOPERATION



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MESSAGE FROM THE COMMITTEE CHAIR

DGPP POSTS EXCELLENT RESULTS IN 2012

Desjardins Group's Pension Plan (DGPP) posted an excellent overall return of 10% in 2012. This result, when combined with the results of the last four years, brings the Plan's average annual return to 9.4% per year since the 2008 financial crisis, a performance that far exceeds the actuarial assumptions and that confirms the soundness of its long-term management strategy.

Low interest rates, which have prevailed in the market for a few years now, and new demographics are placing enormous pressure on defined-benefit pension plans, including Desjardins Group's, particularly where solvency liabilities are concerned.

Steps have been taken in the last few years to better pinpoint and manage the financial risks. However, despite these efforts, persistently low interest rates, which fell again in 2012, continue to adversely affect the Plan.

Following the work done in 2010 and 2011, and in an effort to restore the Plan's financial health in the medium term and ensure its sustainability, in 2012 the Retirement Committee implemented an action plan backed by various experts and in collaboration with the Employer.

In addition to a second increase in contributions starting in 2012, various scenarios were studied in order to find the best way to deal with the past service deficit and with Plan amendments affecting future service. The resulting orientations were approved by the Federation Board of Directors and include a change to the benefits, effective December 30, 2012. A more conservative investment strategy that reflects the Plan's changing demographic and that guarantees stable income has also been proposed.

The Plan's excellent return, together with the action plan, the Committee's balanced and responsible management strategy, and the increase in contributions in 2012 will help improve the Plan's financial situation in the medium term.

A LONG-TERM STRATEGY PAYS OFF

A long-term management strategy is critical if a pension plan is to be managed optimally and effectively. It is important to avoid making short-term investment decisions based on sporadic market movements.

Our managers turned in an excellent performance overall in 2012, adding over 200 basis points in value-added returns to the various benchmark indexes. The Plan's three major asset classes did extremely well. The fixed-income portfolio returned 6.3% while the inflation-linked securities portfolio ended the year on a high note for the second time with a return of 9.7%. Within this portfolio, the infrastructure segment returned 9%, fuelled by a number of profitable transactions in 2012 as a result of several years of efforts by the DGPP's Asset Management team. The growth portfolio also fared well with a return of 13.1% thanks to solid private equity and equity investments.

SOUND GOVERNANCE – PURSUING OUR RIGOROUS INVESTMENT APPROACH

The Plan's current practice is to annually review, update and submit the investment plan for each asset class to the Retirement Committee for approval. The guidelines for these plans have been the same since the 2008 financial crisis and can be summarized as follows: employ a liability-driven investment strategy, spread risk through diversification and seek an annual return on investment. The Plan's 9.4% compound annual return over the last four years is proof positive that our investment approach is working.

MORE AND BETTER COMMUNICATION

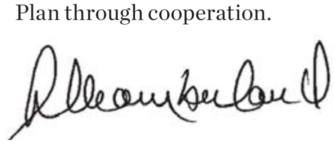
A communication plan was implemented in 2012 to spread the word about changes to the DGPP. When the Employer announced amendments to the Plan's provisions, the Retirement Committee made every effort to ensure our members' needs were met through a dedicated phone line, extended business hours and Group Plans website update. On the agenda for 2013 is improved and updated documentation for plan members.

In 2012, the Committee made sure everyone could attend the DGPP Annual General Meeting by once again offering a live webcast on the Group Plans site.

ACKNOWLEDGEMENTS

I would like to give special thanks to three pioneers who left the Retirement Committee in 2012: Denis Paré, Jacques Baril and Raymond Laurin. Mr. Paré represented employers on the committee for 10 years and was the Chair from 2005 to 2012, and Chair of the Investment Committee from 2003 to 2008. Also an employer representative, Mr. Baril first sat on the committee in 2001 and was the Committee Vice-Chair from 2003 to 2012. He was also Chair of the Investment Committee from 2008 to 2012. For his part, Mr. Laurin provided valuable support to the Retirement Committee as Senior Vice-President, Finance and Treasury and Chief Financial Officer, Desjardins Group until May 14, 2012 and as Vice-President, DGPP from 2004 to 2008.

I would also like to thank Vincent Coulombe, representative for active members, and Simon Garneau, observer for active members, who also left in 2012. I would like to take this opportunity to welcome Carole Chevalier and Sylvie Larouche, employer representatives, and Julie Goulet, representative for active members. Lastly, I would like to thank all members of the Retirement Committee, Daniel Dupuis, Senior Vice-President, Finance and Chief Financial Officer of Desjardins Group, and the team at the DGPP Division for their dedication and accomplishments in 2012. Together, they are building a sustainable Plan through cooperation.



Serges Chamberland, chair

2012 HIGHTLIGHTS

RETURN ON ASSETS

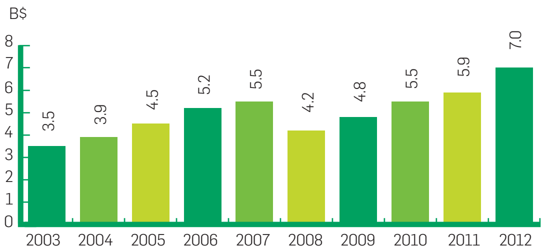
For the year 2012, the Desjardins Group Pension Plan recorded a return of 10%.

NET ASSETS OF $7B AS AT DECEMBER 31, 2012

The Plan's net assets were **$7 billion** as at December 31, 2012. The DGPP is one of the largest private pension funds in Canada and Quebec, ranking 8th and 5th respectively.

CHANGES IN THE PLAN'S NET ASSETS

Net assets rise 67% in 4 years



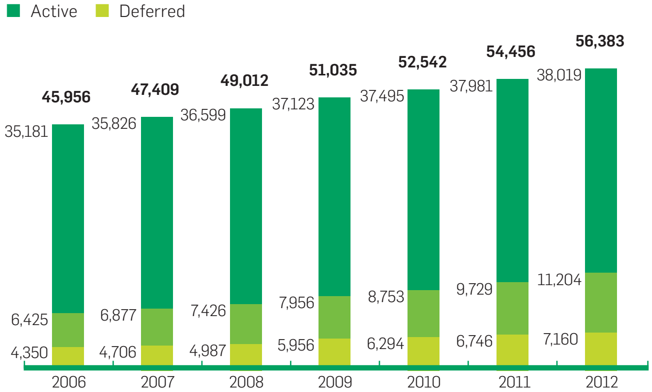
FINANCIAL SITUATION

The results of the most recent actuarial valuation as at December 31, 2012, show a capitalization ratio of 86.6% and a solvency ratio of 63.9%. Taking into account relief measures, almost $220M of the special contributions required in 2013 to amortize the deficit will indeed be paid into the Plan, while the balance will be paid with an injection of $308.5M in capital by employers or by means of a letter of credit for the same amount.

Cash flows are still largely positive in 2012. Including the additional capital injection, a total of $794M in contributions was made, and $298M in benefits was paid out, a difference of $496M. Based on projections, the Plan should continue to generate a positive difference for several more years.

MEMBERSHIP STATISTICS

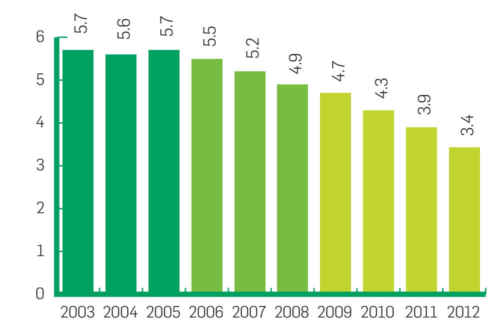
■ Total ■ Active ■ Retirees ■ Deferred



The number of active members has grown by 8% over the last six years while the number of retirees has increased by 74%.

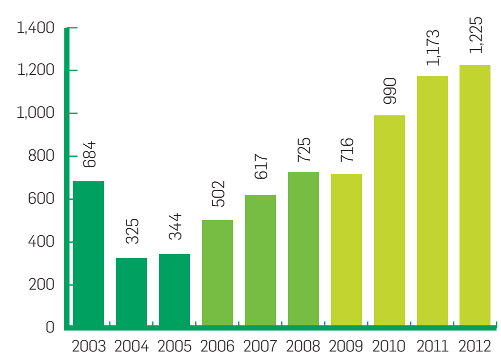
Plan maturity has increased in recent years due to the number of retirees growing at a faster pace than the number of active members. The Plan's demographic changes have increased the weight of the Plan's financial obligations to retirees.

RATIO OF ACTIVE PARTICIPANTS TO RETIREES



Rising since 2004, the number of new retirees has tripled and will continue to rise in the coming years.

NEW RETIREES



Annual average pension paid to retirees = $21,797
Number of 100 year olds = 16
Age of oldest retiree = 108

BREAKDOWN OF ACTIVE MEMBERS BY AGE GROUP (AS AT DECEMBER 31, 2012)

■ Under age 30 = 10.1%
■ 30 to 39 = 24.6%
■ 40 to 49 = 28.1%
■ 50 to 59 = 33.1%
■ 60 to 64 = 3.7%
■ 65 and over = 0.4%

BREAKDOWN OF RETIREES BY AGE GROUP (AS AT DECEMBER 31, 2012)

■ Under age 60 = 18.6%
■ 60 to 64 = 30.5%
■ 65 to 69 = 21.1%
■ 70 to 79 = 20.1%
■ 80 to 89 = 7.9%
■ 90 and over = 1.8%

FINANCIAL SITUATION OF THE PLAN

The most recent actuarial valuation of the Desjardins Group Pension Plan, as at December 31, 2012, shows a capitalization ratio of 86.6% and a solvency ratio of 63.9%. Of the amount required in 2013 to fund the deficit, almost $220 million in amortization payments will actually be paid into the DGPP. The difference will be financed by an additional injection of $308.5 million in capital by employers or by means of a letter of credit for the same amount. Furthermore, to reduce the financial risk of the DGPP, employers replaced the letters of credit for 2012 with an additional capital injection of $288.5 million. The amortization payments have been set taking into account the relief measures allowed by the Régie des rentes du Québec.

The cost of current services for 2013 has been established at $302.2 million, which represents 14.6% of payroll subject to the Plan. As a reminder, 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 obligation in the event of liquidation. The capitalization ratio enables the long-term financial strength of the Plan to be evaluated. This ratio is mainly used to establish the Plan's contribution strategy, which is established based on the assumption that the Plan will exist in perpetuity.

The 2008 financial crisis dealt a significant blow to the financial situation of all pension funds in Canada, including the Desjardins Group Pension Plan. Since then, the annualized returns of 9.4% of the last four years have far exceeded the actuarial capitalization assumptions and, with the support of employer and employee contributions, have helped improve the DGPP's financial situation. In contrast, the interest rates prescribed for calculating solvency reached historic lows in 2012, thereby significantly increasing the value of solvency liabilities and interfering with the possibility of surplus returns and contributions to the Plan.

The measures implemented as part of the comprehensive action plan to re-establish the Plan's financial situation over the medium term have helped increase the capitalization ratio and will have a significant, progressive impact on the solvency ratio over the next few years. Although the challenges are numerous, the results achieved to date indicate that the long-term management strategy and action taken, including the implementation of new DGPP service provisions in 2013, are on the right track and enable us to view the future in a positive light.

THE ANNUALIZED RETURNS OF 9.4% OF THE LAST FOUR YEARS HAVE FAR EXCEEDED THE ACTUARIAL CAPITALIZATION ASSUMPTIONS AND, WITH THE SUPPORT OF EMPLOYER AND EMPLOYEE CONTRIBUTIONS, HAVE HELPED IMPROVE THE DGPP'S FINANCIAL SITUATION.

The present financial environment remains difficult for pension plans, and the global economic situation is fragile and uncertain. The recommendations made by the expert committee on the future of the Quebec pension system, chaired by Alban D'Amours, will be delivered on April 17, 2013 and should provide solutions that reflect the challenging environment that the DGPP is facing. The Retirement Committee will continue to manage the Plan in a balanced and responsible manner, while exercising a great deal of caution and discipline.

CHANGES IN CAPITALIZATION AND SOLVENCY RATIOS

DECEMBER 31	CAPITALIZATION RATIO	SOLVENCY RATIO
2012	86.6%	63.9%
2011	83.4%	63.0%
2010	86.0%	71,3%
2009	93.9%	71.9%
2006*	103.6%	98.8%
2003*	101.2%	99.0%
2001*	113.0%	113.0%

* At that time, the Régie des rentes du Québec did not require an annual actuarial valuation.

LIABILITY-DRIVEN INVESTMENT

Several years ago, the Retirement Committee adopted a liability-drive investment policy to suitably manage risk. This approach provides more control over the Plan's financial situation by investing in assets that are correlated with liabilities and which allow us to reduce the volatility of contributions.

This policy takes into account the DGPP's three major issues: increasing the coverage over the term of the liability, generating sufficient returns to ensure the DGPP's long-term capitalization and facilitating the integration of pension expenses in compliance with international financial reporting standards (IFRS). The policy has two components. The first is to invest in fixed-income securities and inflation-linked securities to maximize the solvency liability coverage ratio and accounting procedure. The second is to allocate part of the DGPP assets to growth securities in order to optimize the risk/return ratio. Since 2012, the additional contributions and employer capital injections have been used to accelerate reaching a balance between the management of interest rate risk and the generation of sufficient returns in order to meet the Plan's obligations. At the same time, solutions to extend the portfolio's term more quickly and to provide the Plan with greater protection in extreme cases are continuously being examined.

GOVERNANCE

BOARD OF DIRECTORS OF THE FÉDÉRATION DES CAISSES DESJARDINS DU QUÉBEC

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

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 the Plan's trustee and as such is in charge of the sound administration of the Plan, its management in the best interest of members, retirees and beneficiaries, and the payment of promised benefits to members and their survivors. Committee members representing employees, employers and retirees share the role of Plan trustees.

INVESTMENT COMMITTEE

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

AUDIT, PROFESSIONAL PRACTICES AND COMPLIANCE COMMITTEE (APPCC)

Reporting to the Retirement Committee, the mandate of the APPCC consists of the analysis and presentation of the financial statements and the quality of the accounting principles used, the management of risks, internal control systems, the processes related to internal and external audits, the management of regulatory compliance, the rules of ethics and professional practice, the complaint handling policy, and governance.

TRAINING OF MEMBERS

Members attended several presentations during the year, including a seminar on October 4, 2012 that provided an in-depth overview of the activities of the DGPP Division. As well, a training session was held on September 6, 2012 for members who joined the Board during the year.

REPORTING ON COMPLAINTS

Under the Plan's complaint policy, the APPCC received one complaint in 2012. The complaint was resolved.

NUMBER OF MEETINGS HELD IN 2012 BY THE RETIREMENT COMMITTEE AND ITS SUB-COMMITTEES

• Retirement Committee:	**5 meetings**
• Investment Committee:	**10 meetings**
• Audit, Professional Practices and Compliance Committee:	**4 meetings**
Total:	**19 meetings**

Attendance rate among members of the three committees: 94%.

PENSION PLAN PERFORMANCE REVIEW

The Plan posted a performance of 10% in 2012. For the four-year period since the 2008 crisis, the Plan averaged an annual return of 9.4%, which exceeds the actuarial assumption used in calculating the Plan's long-term financial situation. Three key macro-economic developments marked 2012: the European debt crisis, the U.S. economic recovery and the slowing Chinese economy made the headline news. The financial markets—bond markets and stock markets alike—posted excellent results and all the sectors of the portfolio made a positive contribution.

The liability-driven asset allocation strategy, which guides asset management by taking into account the Plan's obligations, continues to be the guideline applied by the Retirement Committee in its investment plans. The balance sought in the weighting of the Plan's three major risk factors—interest rates, inflation rate and economic cycles—will remain at the heart of the strategy in 2013.

PLAN'S HISTORICAL RETURNS

YEAR	ACTUARIAL ASSUMPTION OF CAPITALIZATION	RETURN
2012	6.1%	10.0%
2011	6.3%	2.8%
2010	7.0%	11.6%
2009	7.0%	13.4%
2008	7.0%	(23.8%)
2007	7.0%	3.4%
2006	7.0%	15.2%
2005	7.0%	14.4%
2004	7.0%	9.9%
2003	7.0%	14.4%

ASSET ALLOCATION

ASSET CLASS	2012 RETURN	ALLOCATION AS AT 2012-12-31	2012 TARGET ALLOCATION
STRATEGIC ALLOCATION [1]			
MONEY MARKET	**1.6%**	**1.3%**	**2.0%**
UNIVERSE BONDS	5.0%	16.7%	17.0%
LONG-TERM BONDS	5.9%	17.7%	14.0%
EMERGING MARKETS DEBT	18.1%	1.9%	2.0%
TOTAL FIXED INCOME *(EXCLUDING MONEY MARKET)*	**6.3%**	**36.3%**	**33.0%**
CANADIAN EQUITY	8.6%	12.2%	13.0%
U.S. EQUITY	17.5%	2.2%	2.25%
INTERNATIONAL EQUITY	24.7%	2.1%	2.25%
GLOBAL EQUITY	13.1%	16.2%	17.25%
EMERGING MARKETS EQUITY	17.8%	2.1%	2.25%
PRIVATE EQUITY	17.1%	4.1%	4,0%
TOTAL GROWTH SECURITIES	**13.1%**	**38.9%**	**41.0%**
INFRASTRUCTURE	9.0%	10.6%	11.0%
REAL ESTATE	10.3%	12.9%	13.0%
TOTAL INFLATION-LINKED SECURITIES	**9.7%**	**23.5%**	**24.0%**
TOTAL	**10.2%**	**100.00%**	**100.0%**
TACTICAL ALLOCATION [1]			
GTAA [2]	**2.6%**	**1.9%**	**2.5%**
GRAND TOTAL	**10.0%**	**100.0%**	**100.0%**

97.5%

[1] The strategic allocation represents 97.5% of the DGPP's total asset allocation, and the tactical allocation 2.5%.
[2] Global Tactical Asset Allocation

PENSION PLAN PERFORMANCE REVIEW

FIXED-INCOME SECURITIES

The fixed-income securities market delivered a positive return in 2012. Government bond yields edged down and improvement in the corporate sector led to a significant tightening of corporate bond credit spreads.

Various bond portfolio strategies provided excellent results throughout the year. Sectoral allocation among federal, provincial and corporate securities as well as sound term management account for this performance.

The extension of the duration of the portfolio continued in 2012 to allow better hedging of the interest rate risk. A similar approach will be taken in 2013.

	UNIVERSE BONDS	LONG-TERM BONDS	EMERGING MARKETS DEBT
2012 RETURN	**5.0%**	**5.9%**	**18.1%**
INDEX	3.6%	5.2%	3.6%
ADDED VALUE	1.4%	0.7%	14.5%
2012 ALLOCATION	16.7%	17.7%	1.9%
TARGET	17.0%	14.0%	2.0%
DIFFERENCE	-0.3%	3.7%	-0.1%

GROWTH SECURITIES

Financial markets saw the return of cautious optimism in 2012. The main macro-economic risks, such as European debt and U.S. policy, did not affect the stock market, which experienced an excellent year in terms of returns. Given the slow growth of corporate profits, the Canadian market remained down compared with other markets.

In this environment, the Plan's equity portfolio achieved a sound performance with an overall added value of 130 basis points against its strategic target. Good geographical positioning, investments in smaller global capitalization companies and the selection of excellent stocks helped offset the more defensive positioning of certain strategies.

The private equity portfolio has also positively contributed to the performance of growth securities. Since 2008, the asset class has outperformed the main stock indexes in developed countries. Following a sharp fall in the wake of the financial crisis, subscription activities and the volume of buyback transactions climbed, before stabilizing in 2012.

	CANADIAN EQUITY	U.S. EQUITY	INTERNATIONAL EQUITY
2012 RETURN	**8.6%**	**17.5%**	**24.7%**
INDEX	6.9%	15.3%	17.8%
ADDED VALUE	1.7%	2.2%	6.9%
2012 ALLOCATION	12.2%	2.2%	2.1%
TARGET	13.0%	2.3%	2.3%
DIFFERENCE	-0.8%	-0.1%	-0.2%

	GLOBAL EQUITY	EMERGING MARKETS EQUITY	PRIVATE EQUITY
2012 RETURN	**13.1%**	**17.8%**	**17.1%**
INDEX	13.6%	15.6%	13.3%
ADDED VALUE	-0.5%	2.2%	3.8%
2012 ALLOCATION	16.2%	2.1%	4.1%
TARGET	17.3%	2.3%	4.0%
DIFFERENCE	-1.1%	-0.2%	0.1%

INFLATION-LINKED SECURITIES

In infrastructure, partnerships established in recent years have resulted in major investments and have helped the DGPP achieve ambitious investment objectives. The inflation-linked securities portfolio is well positioned to achieve its long-term objective of a high-level current returns and protection against inflation. In 2012, the weighting of inflation-linked securities reached 23.5% of the Plan's total assets (10.6% in infrastructure and 12.9% in real estate).

INFRASTRUCTURE

The renewable energy sector garnered attention in 2012, so much so that the DGPP seized the opportunity to invest in this asset class. Two of the six transactions carried out during the year were in this sector. A total of $280 million was invested in this asset class, including the acquisition of two holdings totalling $130 million in hydroelectric dams and wind and solar farms in Canada.

REAL ESTATE

In an economic environment where interest rates have remained historically low, institutional investors seeking higher current returns have continued to invest significant capital in real estate. Accordingly, the DGPP's fully invested and mature real estate portfolio has benefited from the popularity of this asset class.

	INFRASTRUCTURE	REAL ESTATE	TOTAL
2012 RETURN	**9.0%**	**10.3%**	**9.7%**
INDEX	7.2%	7.2%	7.2%
ADDED VALUE	1.8%	3.1%	2.5%
2012 ALLOCATION	10.6%	12.9%	23.5%
TARGET	11.0%	13.0%	24.0%
DIFFERENCE	-0.4%	-0.1%	-0.5%

14 MEMBERS OF THE RETIREMENT COMMITTEE

06 REPRESENTATIVES FOR THE EMPLOYERS

SERGES CHAMBERLAND [1,3]
COMMITTEE CHAIR
President, Council of Representatives
Saguenay–Lac-St-Jean, Charlevoix and Côte-Nord

CAROLE CHEVALIER [1,3]
COMMITTEE VICE-CHAIR AND CHAIR, INVESTMENT COMMITTEE
President, Council of Representatives
Mauricie

NORMAN GRANT [2,3]
COMMITTEE SECRETARY AND CHAIR, AUDIT, PROFESSIONAL PRACTICES AND COMPLIANCE COMMITTEE
President, Council of Representatives
Bas-Saint-Laurent and Gaspésie–Îles-de-la-Madeleine

SYLVIE LAROUCHE [1,3]
President, Council of Representatives
Québec-Ouest and Rive-Sud

BENOÎT TURCOTTE [1,3]
President, Council of Representatives
Outaouais, Abitibi-Témiscamingue and Nord du Québec

LINE LEMELIN [1,3]
SECRETARY, INVESTMENT COMMITTEE
President, Council of Representatives
Lanaudière

04 REPRESENTATIVES FOR ACTIVE MEMBERS

REPRESENTATIVE FOR THE CAISSES
JULIE GOULET [2]
Investment and Retirement Advisor Financial Planner and Group Savings Representatives for Desjardins
Financial Services Firm Inc.
Caisse populaire Desjardins Pointe-Platon de Lotbinière

REPRESENTATIVE FOR THE CAISSES
SYLVAIN ROULEAU [2]
SECRETARY, AUDIT, PROFESSIONAL PRACTICES AND COMPLIANCE COMMITTEE
Senior Director
Individual Markets
Caisse populaire Desjardins du Piémont Laurentien

REPRESENTATIVE FOR THE FEDERATION
GUY CORMIER [4]
Senior Vice-President, Cooperative Network Support Desjardins Group
Fédération des caisses Desjardins du Québec

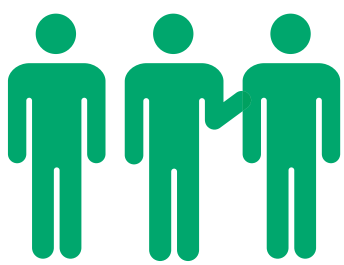
REPRESENTATIVE FOR THE AFFILIATED CORPORATIONS
MARIO LÉVESQUE
Senior Actuarial Advisor
Product Development and Pricing, AssurFinance for Individuals
Desjardins Financial Security

01 REPRESENTATIVE OF RETIREES, BENEFICIARIES AND MEMBERS ENTITLED TO A DEFERRED PENSION

MICHEL PIERRE BERGERON
Desjardins retiree

01 EXTERNAL MEMBER

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



1 MEMBER OF THE INVESTMENT COMMITTEE
2 MEMBER OF THE AUDIT, PROFESSIONAL PRACTICES AND COMPLIANCE COMMITTEE
3 MEMBER OF THE FEDERATION BOARD OF DIRECTORS
4 OBSERVER ON THE INVESTMENT COMMITTEE

02 OBSERVERS

REPRESENTATIVE OF RETIREES, BENEFICIARIES AND MEMBERS ENTITLED TO A DEFERRED PENSION
NORMAND DESCHÊNES
Desjardins retiree

VACANT SINCE OCTOBER 4TH, 2012

REPRESENTATIVE FOR ACTIVE MEMBERS
SIMON GARNEAU
Portfolio Manager
Fixed Income Investments
Administrative Department
Desjardins Global Asset Management

ORGANIZATION CHART OF THE DGPP DIVISION

THE DGPP DIVISION REPORTS TO THE SENIOR VICE-PRESIDENT, FINANCE AND CHIEF FINANCIAL OFFICER OF DESJARDINS GROUP, DANIEL DUPUIS.

DANIEL DUPUIS
SVP, Finance and Chief Financial Officer, Desjardins Group

SYLVAIN GAREAU
Vice-President, Desjardins Group Pension Plan

Vice-President
Sylvain Gareau

- **Director Liability Management** – François Hudon
  - **Liabilities / Member Services**
    - Senior Advisor DGPP Member Services – Marie-Josée Veilleux
    - Advisors DGPP Member Services – Nathalie Couture, Chantal Moffet, Jolyane S. Pelletier, Suzanne Roy, Manon Sanschagrin
    - Support Agents DGPP Member Services – Annie Foucher, Marie-Josée Fradette
  - **Finance**
    - Financial Controller – Marielle Bussières
  - **Support**
    - Investment Technician – Barbara Ferschke
    - Administrative Assistant – Linda Leblond
    - Support Agents – Marie-Eve Lacasse, Nancy Nolin
- **Assets**
  - Senior Advisor and Asset Allocation Strategist – François Girouard
  - Senior Advisor Traditional Investments – Jean-Philippe Cazelais
  - Senior Advisor Alternative Investments – Frédéric Angers
  - Advisor Alternative Investments – Louis Beaulieu
  - Investment Advisor – Guillaume Morency
- **Legal**
  - Senior Advisor Legal Affairs and Governance – Patrick Chillis
- **Support**
  - Administrative Assistant – Sylvie Labrie

MEMBER SERVICES TEAM

DGPP Member Services team responds to information requests from Desjardins Group employees, retirees and employers regarding the Desjardins Group Pension Plan. In 2012, the team received 31,100 requests. In addition, the advisors provided 42 retirement sessions attended by 1,050 participants. They also made 33 presentations to 600 participants from various Desjardins employers. The overall satisfaction rate for the team's services was 99% in 2012.

MAIN INITIATIVES AND RESULTS OF THE BUSINESS PLAN

ALL THE ELEMENTS OF THE 2012 DGPP BUSINESS PLAN WERE PUT INTO ACTION.

MAIN INITIATIVES CARRIED OUT DURING THE YEAR:

1. Implemented a new asset allocation strategy with 39 transactions, totalling $2,144M.
2. Developed and implemented solutions to protect the DGPP against extreme stock market and bond events.
3. Executed a low-volatility strategy to reduce the volatility of the portfolio's growth segment.
4. Assisted with the drafting, implementation and communication of new DGPP provisions.
5. Suggested solvency funding solutions to the Régie des rentes du Québec's expert committee on the future of the Quebec pension system.

FINANCIAL REPORT

The enclosed financial information is extracted from the audited financial report of the Desjardins Group Pension Plan for the year ended December 31, 2012, on which PricewaterhouseCoopers expressed an unqualified opinion dated February 22, 2013.

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

DESJARDINS GROUP PENSION PLAN

NET ASSETS AVAILABLE FOR BENEFITS

As at December 31, 2012
(in thousands of dollars)

	2012	2011
INVESTMENT PORTFOLIO		
Investment assets		
Bonds and pooled bonds funds	$2,468,306	$1,726,484
Shares and pooled shares funds	2,370,048	2,325,041
Other pooled funds	139,570	136,546
Real estate	895,389	791,596
Infrastructure	730,145	524,862
Private investments	279,064	309,870
Mortgages	11,480	12,203
Cash and money market instruments	301,765	239,531
Securities borrowed or purchased under resale agreements	331,609	178,734
Derivative financial instruments	226	13,469
	7,527,602	6,258,336
Investment liabilities		
Commitments related to securities loaned or sold under repurchase agreements	(524,157)	(364,178)
Derivative financial instruments	(7,272)	(658)
TOTAL INVESTMENT PORTFOLIO	6 996 173	5,893,500
Assets from mergers of retirement plans receivable	-	58,000
Employers' contributions receivable	12,507	9,826
Employees' contributions receivable	6,761	5,309
Other assets	27,534	14,307
	46,802	87,442
Other liabilities	(36,562)	(37,870)
NET ASSETS AVAILABLE FOR BENEFITS	$7,006,413	$5,943,072

Approved by the Retirement Committee,

________________________________, Administrator ________________________________, Administrator

FINANCIAL REPORT

DESJARDINS GROUP PENSION PLAN

CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS

For the year ended December 31, 2012
(in thousands of dollars)

	2012	2011
INCREASE IN ASSETS		
Investment income		
Bonds and pooled bonds funds	$63,082	$51,294
Shares and pooled shares funds	62,723	49,942
Real estate	3,115	3,106
Infrastructure	24,714	17,844
Private investments	6,839	5,149
Mortgages	881	791
Cash and money market instruments	1,706	1,886
Other income	1,121	924
	164,181	130,936
Changes in fair market value of investments and derivative financial instruments	442,583	27,634
	606,764	158,570
Contributions		
Employers	613,146	281,945
Administrative expenses	(9,211)	(7,564)
	603,935	274,381
Employees	180,912	157,655
Contributions net of administrative expenses	784,847	432,036
Mergers of retirement plans	-	128,373
Transfer agreements	4,744	3,498
	789,591	563,907
	1,396,355	722,477
DECREASE IN ASSETS		
Pension benefits		
Annuities	228,922	196,704
Reimbursements	59,511	43,885
Death benefits	9,660	12,691
Transfers to other plans	-	91
	298,093	253,371
Investment management, custodian fees, transaction and other costs	30,441	34,963
Performance award fees	4,480	7,983
	333,014	296,317
INCREASE IN NET ASSETS	1,063,341	426,160
NET ASSETS AVAILABLE FOR BENEFITS AT THE BEGINNING OF THE YEAR	5,943,072	5,516,912
NET ASSETS AVAILABLE FOR BENEFITS AT THE END OF THE YEAR	$7,006,413	$5,943,072

PLAN SUMMARY

A detailed description of the benefits is available on the Plan website: **www.rcd-dgp.com.**

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

CONTRIBUTIONS: Since January 1, 2012, 7.45% of contributory earnings up to 65% of MPE[1] and 10.85% of the remainder.

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

ANNUAL INTEREST RATE PAID ON CONTRIBUTIONS (%)

2003	2004	2005	2006	2007	2008
3.49	3.03	2.98	4.81	11.26	10.08

2009	2010	2011	2012	10-YEAR AVERAGE
0.15	(1.82)	1.93	2.01	3.79

NORMAL RETIREMENT AGE: 65 years

NORMAL RETIREMENT PENSION:

Payable at age 65 and subject to the maximum pension clause:

Salary 5 = Average salary for the best five years

Salary 8 = Average salary for the best eight years

MPE 5 = Average of the maximum pensionable earnings eligible for the QPP[2] or CPP[3] for the year of retirement and the previous four years

For service prior to 2009, the pension 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 credits)

For service beginning in 2009 and until 2012, the pension 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 credits)

For service beginning in 2013, the pension is determined as follows:

(1.5% of salary 8 up to MPE 5 X years credited)
\+ (2% of salary 8 in excess of MPE 5 X years credits)

NORMAL FORM OF PENSION:

FOR SERVICE PRIOR TO 2013

a) Member with a spouse: Joint and survivor annuity equal to 60% of the amount of the retiree's pension, plus a guaranteed 10-year payment period starting on the date on which pension payment begins, for an amount equal to 60% of the retiree's pension.

b) Member without a spouse: 15-year guaranteed annuity.

FOR SERVICE BEGINNING IN 2013

10-year guaranteed annuity, regardless of the member's marital status.

EARLY RETIREMENT:

a) Eligibility: Age 55 and termination of service with any Desjardins Group employer.

b) Actuarial reduction for retirement before age 65:

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

For service as of 2009: 4% per year remaining to age 62.

ANNUAL INDEXATION OF RETIREES' BENEFITS:

FOR SERVICE PRIOR TO 2013

As per the increase in the CPI[4], up to a maximum of 3%.

FOR SERVICE BEGINNING IN 2013

As of age 65 at the earliest, for a period of 10 years, according to the increase in the CPI, up to a maximum of 1%.

DEATH BENEFIT:

a) Death before retirement: Payment equals the amount that would have been paid had the member stopped working immediately prior to his death.

b) Death after retirement: Payment amount depends on the pension form chosen by the member.

EMPLOYMENT TERMINATION BENEFIT: A deferred pension is payable as of age 65 and is equal to the sum of the credited annuity and the annuity provided by the member's excess contributions. For members under age 55, this amount may be transferred to an authorized retirement vehicle, subject to the lock-in rules set out in applicable legislation. The transfer options are also subject to the requirements and limitations set out in the Income Tax Act.

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

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

TRANSITION RULE INTRODUCED IN 2009:

The transition rule 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 transition rule continues to apply with the relevant adjustments starting in 2013. The member will receive, for his years of service starting from 2009, a pension that is at least equal to the benefit the Plan would have delivered with the pension formula that was applicable before 2009.

(1) MPE: Maximum Pensionable Earnings, i.e. $51,100 in 2013
(2) QPP: Quebec Pension Plan
(3) CPP: Canada Pension Plan
(4) CPI: Consumer Price Index

VISIT THE DESJARDINS GROUP PENSION PLAN SITE: www.rcd-dgp.com

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Desjardins
Pension Plan

Cooperating in building the future