



Desjardins Group Financial Report First Quarter 2009

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March 31, 2009

HIGHLIGHTS

	For the three months ended March 31		
	2009	2008	Change
Surplus earnings before member dividends	\$117 million	\$67 million	74.6%
Return on equity	4.8%	2.9 %	----
Assets	\$159.7 billion	\$149.8 billion	6.7%
Equity	\$10.1 billion	\$9.4 billion	6.9%
Tier I capital ratio *	13.67%	14.04%	----
Growth in total loans	8.7%	8.5%	----
Growth in total deposits	5.5%	8.5%	----

* The 2009 ratio was calculated on the basis of the new Basel II Capital Accord rules whereas the 2008 ratio was based on the former regulatory framework (Basel I).

MESSAGE FROM SENIOR MANAGEMENT

For the first quarter of 2009, Desjardins Group announced surplus earnings before member dividends of \$117 million, up \$50 million from the same period a year earlier. Return on equity was 4.8% for the first three months of 2009, compared to 2.9% on a year-over-year basis.

The Personal and Commercial segment's profitability for the first three months of 2009 was affected by the poorer financial performance of the caisse network particularly as a result of declining interest rates, which put pressure on caisses' net interest income, and of increased provisions and loan losses. It should, however, be noted that Caisse centrale Desjardins' net income rose because of sound treasury management. In addition, non-interest expense for the previous year included a \$25 million write-off of deferred charges relating to technological developments.

The general insurance subsidiary posted a solid financial performance for the first three months of 2009, primarily as a result of outstanding loss experience in automobile insurance. As for the life and health insurance subsidiary, its financial results were down from the first quarter of 2008. Despite healthy growth in insurance premium volume and a sharp increase in insurance sales, this subsidiary's profitability declined owing to a decrease in the fair value of the ABCP restructured note portfolio, the write-off of an ABCP security excluded from the moratorium period under the Montréal Accord, and reduced investment income in the first three-month period of 2009.

Finally, despite the uncertainty on capital markets, there was an improvement in the financial performance of securities brokerage operations compared to the first three months of 2008. In addition, the profitability of Desjardins investment funds managed by the venture capital subsidiary held steady, although it was slightly affected by the decline in the fair value of certain investments in public companies because of changes in their quoted market prices.

Every quarter, Desjardins Group establishes the most accurate possible estimate of the amount to be recorded for payment of caisse member dividends at the end of the fiscal year. The Group therefore recognized a \$65 million provision for member dividends for the first three months of 2009, versus \$122 million a year earlier. It should be pointed out that the 2009 provision included a \$26 million upward adjustment for 2008 dividends.

SPECIFIC ITEMS**Impact of asset-backed commercial paper (ABCP) – new notes**

As at December 31, 2008, Desjardins Group held investments on the non-bank asset-backed commercial paper (ABCP) market, although it had never issued this type of financial product to its clients. It should be noted that to safeguard its members and clients, Desjardins Group had repurchased in September 2007 and, to a lesser extent, in 2008, ABCP assets in the money market mutual funds it managed and in the securities lending operations of Desjardins Trust clients for which it had not originally assumed the risk. For more information on the restructuring, please refer to the “Asset-backed commercial paper” section of Note 4, “Securities”, to the Combined Financial Statements for the year ended December 31, 2008.

The implementation of the ABCP restructuring plan was completed on January 21, 2009. This restructuring plan aimed to replace ABCP by new longer-term floating rate notes having a maturity similar to that of the underlying assets.

The features of the restructuring plan are as follows:

- Creation of three new trusts, called “Master Asset Vehicles” (MAV):
 - ✓ MAV 1 and MAV 2 are comprised exclusively of synthetic asset transactions, being a combination of assets pledged as collateral and credit default swap contracts, or of hybrid asset transactions, being a combination of synthetic assets and traditional assets. They also include the so-called ineligible (subprime and other) assets of these series;
 - ✓ MAV 3 is comprised of exclusively ineligible (subprime) asset and traditional asset transactions;
- Creation of five classes of notes for MAV 1 and MAV 2 (A-1, A-2, B, C and IA) and of two classes of notes for MAV 3 (IA and TA). The IA and TA notes are divided into multiple series of tracking notes that reflect the cash flows of the original underlying assets;
- Establishment of funding facilities in support of MAV 1 and MAV 2 to fund collateral calls that may occur with respect to underlying credit default swaps;
- Establishment of an initial 18-month moratorium period during which no additional collateral calls may be made for the vast majority of underlying credit default swaps;
- Widening of certain “spread-loss” triggers, which will apply again at the expiration of the moratorium period, thereby reducing the likelihood of additional collateral calls.

Desjardins Group participates in the MAV 1 and MAV 3 trusts.

In addition to the assets already pledged as collateral by the trusts for credit default swaps, the plan stipulates that MAV 1 and MAV 2 must each have a margin funding facility (MFF) intended to cover any potential collateral calls from swap counterparties. Desjardins Group has chosen to self-finance its share of the margin funding facility, which explains its participation in MAV 1.

Desjardins Group's share in this credit commitment, totalling \$1,193 million, ranks equal to the other participants in the MFF and matures in July 2017 or earlier if all credit default swap transactions have been settled. Desjardins Group will not receive any fees for this credit commitment of MAV 1. Advances made under this funding facility will bear interest at a rate based on the bankers' acceptance rate or prime rate. Any advance under the margin funding facility will rank senior to amounts payable under the notes issued by MAV 1. Should Desjardins Group fail to honour its commitment to provide funds for its share of the margin funding facility, a proportionate share of the MAV 1 notes held by Desjardins will be subordinated to the notes held by the other participants. Caisse centrale Desjardins, as the MFF signatory for Desjardins Group, must maintain a credit rating equivalent to A (low) with at least two of the four credit rating agencies (DBRS, S&P, Fitch and Moody's), failing which it must provide collateral or another form of credit support to MAV 1 or have another entity with a sufficiently high credit rating assume its obligations. As at March 31, 2009, no amount had been drawn on the MFF.

Under a separate agreement, Desjardins Group purchased a \$400 million protection for its MFF commitments from one of the participants in MAV 1 in exchange for an annual commitment fee of 1.2%, which is the same rate as the third-party institutions that have contributed to the equivalent MFF of MAV 2. This participation will automatically end upon the maturity of MAV 1's MFF.

In the event that the MAV 1 margin funding facility and the equivalent MAV 2 facility are not sufficient to meet the collateral calls on the vehicle in question, a senior funding facility has been put in place to provide access to additional liquidities. This funding facility has been provided by the governments of Canada and Québec, and by one of the MAV 1 participants. This Master Asset Vehicle can draw on an amount of \$1,772 million under this facility.

Upon the restructuring on January 21, 2009, Desjardins Group derecognized the carrying value of its ABCP holdings and recognized the new notes at fair value. These new notes were classified as “designated as held for trading under the fair value option.”

As at March 31, 2009, Desjardins Group held new notes with a face value of \$2,367 million and a fair value of \$1,315 million. It should be noted that as at December 31, 2008, the amortized cost of ABCP holdings was \$2,446 million, and their fair value was \$1,436 million.

Valuation methodology

Since there is no active market for ABCP securities, Desjardins Group's Management estimated the fair value of its holdings and the resulting changes in value by using a valuation technique.

The fair value of ABCP restructured in the form of A-1, A-2, B and C notes in MAV 1, i.e. synthetic and hybrid assets, is based on a financial model incorporating uncertainties regarding return, credit spreads, the nature and credit risk of underlying assets, the amounts and timing of cash inflows, the maturity dates and the liquidity restrictions of the new notes in order to provide a fair value reflecting market conditions as at March 31, 2009. Anticipated cash flows from the new notes were discounted using the bankers' acceptance rate plus a premium ranging from 889 to 3,425 basis points over periods ranging from five to eight years.

The fair value of tracking notes backed by traditional and ineligible (other) assets was determined using benchmark indices selected based on the assets underlying each tracking note since the cash flows generated by these notes stem directly from the cash flows generated by the underlying assets. As for tracking notes comprised exclusively of ineligible (subprime) assets, given the nature of the underlying assets and their marked deterioration in the current economic environment, their fair value was determined to be nil as at March 31, 2009.

Assumptions used are based as much as possible on observable market data such as interest rates, credit spreads and benchmark indices for similar assets. They also reflect, if necessary, any specific features of the restructuring and are partially based on assumptions not supported by observable market prices or rates for similar assets. Discount rates used take into account the maturity, the credit rating and the market and liquidity risks of each note.

Impact on income

The restructuring of ABCP securities into new notes and the revaluation of these securities and the related MFF had a negative impact of \$88 million on Desjardins Group's combined income before income taxes for the three-month period ended March 31, 2009. The revaluation loss was due to the deterioration in credit spreads and other benchmark indices, and to the write-off of an ABCP security excluded from the moratorium period under the Montréal Accord. The impact of this write-off amounted to \$34 million. The reclassification of accrued interest on ABCP holdings and of the MFF, which were previously recorded in securities, had no impact on combined income.

For the quarter ended March 31, 2008, a net decline in value of \$220 million had been charged to Desjardins Group's combined income. Of this amount, \$157 million was due, among other factors, to a decline in value considered to be, in accordance with accounting standards, other than temporary for available-for-sale securities. In addition, a portion of the ABCP was still held as part of investment operations associated with certain guaranteed-capital savings products. The decline in value attributable to these ABCP securities was \$86 million for the quarter ended March 31 and was offset by an equivalent reduction in deposit liabilities and actuarial liabilities. Consequently, it did not affect Desjardins Group's combined income for the first quarter of 2008.

The above estimated fair value may not be indicative of the ultimate net realizable value or the future fair value. While Management believes that its valuation technique is appropriate in the circumstances, changes in significant assumptions, especially those relating to the determination of the return, the credit risk spreads for the underlying assets, and the quality of assets given as collateral by the trusts, which are integrated into the discount rate, could significantly affect the value ascribed to the replacement notes in the future. A 1% increase in the estimated discount rates could reduce the estimated fair value of the replacement note portfolio now held by Desjardins Group by approximately \$54 million, which would reduce Tier 1 capital by \$28 million or 0.3% as at March 31, 2009. However, a 1% decrease in the estimated discount rates could increase the estimated fair value of Desjardins Group's current replacement note portfolio by approximately \$57 million, which would increase Tier 1 capital by \$30 million or 0.4% as at March 31, 2009. For more information on capital, please refer to the "Capital Management and Credit Ratings" section.

Some uncertainties remain regarding the value of underlying assets, the amount and timing of cash flows, the development of a secondary market for the replacement notes and the liquidity of this market, which could further change the value of Desjardins Group's investment in replacement notes. Economic conditions resulted in a decrease in the floating interest rates of the underlying assets. Therefore, the mismatch between the floating interest rates and payment dates of the underlying assets and the cost of the senior funding facility and the interest payment period of MAV 1 leads to measurement uncertainties. The prospect of a major prolonged slowdown in the North American economy could also have a negative impact on the fair value of the replacement notes.

An amount of \$66 million, net of Desjardins Group's estimated share of the \$19 million in restructuring fees assumed by the Pan-Canadian Committee, was paid to Desjardins Group as accrued interest on ABCP holdings for the period from August 20, 2007 to August 31, 2008 during the first quarter of 2009. Desjardins Group estimated the accrued interest on ABCP holdings for the period from September 1, 2008 to January 21, 2009, which was recorded in "Other" assets. As a result of measurement uncertainties, Desjardins Group recorded interest income only on the MAV 1 A-1 and A-2 notes that rank senior to other notes with respect to interest and principal. For the year ended December 31, 2008, Desjardins Group had recognized net interest income on ABCP holdings in the fair value of the securities.

At the time these financial statements were prepared, no active market existed yet for the various restructured notes. In addition, the trading of MAV 1 notes is subject to considerable restrictions, since MAV 1 A-1, A-2, B and C noteholders may only transfer the notes to a third party if such transfer is made on a prorata basis of each of the classes held by the seller and if the buyer assumes an equivalent share of the commitments related to the MFF, either directly or through another entity, as long as the party assuming the share of the MFF has a sufficiently high credit rating.

Variable interest entities (VIEs)

Desjardins Group participates in MAV 1, which is a VIE with assets totalling approximately \$15,483 million and no equity and is comprised mainly of synthetic asset transactions for which investors are committed to contribute to a margin funding facility. Since Desjardins Group does not absorb a majority of MAV 1's expected losses and does not receive a majority of its expected residual returns, it is not required to consolidate MAV 1. Furthermore, Desjardins Group holds significant interests in this vehicle, namely the margin funding facility of \$1,193 million and the investment in MAV 1 new notes having a fair value of \$1,090 million, the total of which represents the maximum risk of loss for Desjardins Group.

Income tax adjustment for 2007 and 2008

In the first quarter of 2009, Desjardins Group recognized an income tax expense of \$16 million for 2007 and 2008 as a result of an amendment to the Québec *Taxation Act*.

Asset write-offs in the first quarter of 2008

In the first quarter of 2008, Desjardins repositioned certain cross-Canada development initiatives, including its data processing service offering to Canadian credit unions as well as the development of Desjardins Credit Union. As a result, deferred charges of \$25 million (\$19 million after income taxes) for technological developments were written off.

Specific items as a whole resulted in a total write-off of \$93 million (\$84 million after income taxes) from surplus earnings for the first three months of 2009. Had these items not been included and based on the net cost of financing for ABCP securities, surplus earnings before member dividends would have amounted to \$201 million dollars, versus \$263 million in the first quarter of 2008.

MATERIAL EVENTS*Capital funding*

In the first quarter of 2009, Desjardins Group issued \$500 million in Series E subordinated debt at a rate of 5.756%, maturing in 2019, through Capital Desjardins. This was the first issuance made by Capital Desjardins under a preliminary base shelf prospectus dated June 30, 2008, which provides for securities to be issued for a maximum amount of \$2 billion. This \$500 million issue was successfully completed and Capital Desjardins invested the gross proceeds in subordinated notes to be issued by the caisses in order to strengthen Desjardins Group's capital base and to meet its needs in general.

In January 2009, Caisse centrale Desjardins successfully issued five-year fixed rate notes for €500 million on European markets.

Confirmation of credit ratings

In reports published in April 2009, DBRS and Standard & Poor's confirmed the credit ratings of Caisse centrale Desjardins and Capital Desjardins, which reflect the Desjardins Group's financial soundness. In March 2009, Moody's also announced that it would maintain Caisse centrale Desjardins' credit rating at Aa1 but it nonetheless changed the rating outlook from stable to negative.

Basel II

The Autorité des marchés financiers du Québec (AMF) recently allowed Desjardins Group, under the guideline on adequacy of capital base standards, to use the Advanced Internal Ratings Based approach for credit risk associated with retail loan portfolios (Personal). Other credit exposures and market risk are assessed using a standardized approach, whereas the Basic Indicator approach is used for operational risk. These approaches are used to calculate Desjardins Group's capital ratios, which are still the highest among the best capitalized financial institutions in Canada.

Review of organizational structure

With a view towards consolidating its position in the Canadian financial services market, Desjardins Group has adopted a new, simpler organizational structure designed to optimize overall performance, ensure continued growth and reinforce risk management.

The reorganization is part of a development plan for Desjardins Group announced last fall by the President and CEO. In addition to the attainment of previously announced objectives, management expects the plan to produce greater cohesion and efficiency among the different teams running its components and, ultimately, generate recurring productivity gains of over \$150 million per year.

The reorganization was announced by Desjardins Group in a separate press release on May 14.

Under the 2009 Business Plan which carries forward the financial objectives determined in the 2006-2008 Strategic Plan, Desjardins Group set medium-term financial objectives aimed at achieving profitability reflecting the desired balance between cooperative performance and financial performance. In this context, the table below provides a follow-up on the results at the end of the first three months of 2009 in relation to these objectives. It should be noted that these objectives must be considered more from a longer term perspective.

During this three-month period ended March 31, 2009, economic uncertainty has continued to plague capital markets, affecting the Group's profitability and the achievement of its financial objectives. The specific items described in the preceding section had a direct impact on the return on equity (ROE), member dividends as a percentage of surplus earnings, growth in surplus earnings and the productivity ratio. It should also be noted that balance sheet quality and capital remain on a solid footing.

Important work was begun in 2008 and will continue in 2009 to develop and implement Desjardins Group's strategic planning for 2010-2012. In addition, the Group's 2009 Capitalization Plan was approved by the Board of Directors in January 2009. This plan sets capitalization targets that will ensure Desjardins Group's development and enable it to face the financial challenges that 2009 will bring. Desjardins has a very good level of capitalization, still one of the best in the industry. However, the dreaded effects of the financial crisis have prompted Desjardins Group Management to take a cautious attitude that favours strengthening the capital base, as several Canadian financial institutions have done. Desjardins Group's target total capital ratio was therefore raised to 13%, reflecting the prevailing global environment and taking into account the forthcoming implementation of Basel II. This target was previously 12.5%.

Desjardins Group	2009 Priority Financial Objectives	Results as at March 31, 2009 (unaudited)
Return/profitability		
- Return on equity	Between 12% and 15%	4.8%
Balance sheet quality		
- Gross impaired loans/gross loans	Less than 1.0%	0.44%
Growth		
- Growth in surplus earnings (after income taxes)	Between 5% and 10%	74.6%
Productivity		
- Gap between income growth ⁽¹⁾ and expense growth	Greater than 1.0%	7.2%
Capital		
- Total capital ratio	Greater than or equal to 13.0%	13.67%
- Tier I capital ratio	Greater than or equal to 13.0%	13.67%
Cooperative difference		
- Member dividends (before income taxes)/ surplus earnings (after income taxes)	Limited to 45%	On an annual basis ⁽²⁾

(1) Total income, net of claims and insurance benefits.

(2) Although an accounting provision for member dividends is recorded quarterly for the purposes of preparing Desjardins Group's Combined Financial Statements, the annual amount of member dividends is determined at the beginning of the following year, after each caisse has completed its surplus earnings distribution plan. The ratio would be 55.6% as at March 31, 2009. It should be pointed out that the 2009 provision contains an upward adjustment of \$26 million in regard to 2008 dividends.

Monique F. Leroux, FCA, FCMA
President and Chief Executive Officer of
Desjardins Group

Raymond Laurin, CA
Senior Vice-President, Finance and Treasury
and Chief Financial Officer of
Desjardins Group

May 14, 2009

C **AUTION CONCERNING FORWARD-LOOKING STATEMENTS**

This report may contain forward-looking statements concerning Desjardins Group's activities and strategies. These forward-looking statements are typically identified by such words as "believe," "expect", "anticipate" and "may," words and expressions of similar import, and verbs conjugated in the future and conditional tenses. By their very nature, such statements involve assumptions, uncertainties and risks, both general and specific. It is therefore possible that the predictions, projections or other forward-looking statements may not materialize or may prove to be inaccurate because of a number of factors. Various significant factors could influence the accuracy of the forward-looking statements mentioned in this report, notably legislative or regulatory developments, changes in the economic environment, including the impact of the current volatile capital markets, which are causing a liquidity shortage in some markets, particularly the asset-backed commercial paper market (new notes), fluctuations in interest rates and foreign currencies, monetary and tax policies, consumer spending, the demand for credit, individual savings patterns, the unemployment rate, trade between Québec and the United States, technological changes, the effects of increased competition in a market open to globalization, the ability to design new products and services and bring them to market in a timely fashion, the capacity to gather complete and accurate information from our clients and their counterparties, legal or regulatory procedures, the ability to form and integrate strategic alliances and acquisitions, the effect of possible international conflicts, including terrorism, or natural disasters, the capacity to recruit and retain key managers, and Management's ability to foresee and manage the risks stemming from the preceding factors.

It is important to note that the above-mentioned list of factors that could influence future results is not exhaustive. Other factors could have an adverse effect on results. Although Desjardins Group believes that the expectations expressed in these forward-looking statements are reasonable, it can give no assurance or guarantee that these expectations will prove to be correct. Desjardins Group cautions readers against placing undue reliance on forward-looking statements when making decisions.

Desjardins Group does not undertake to update forward-looking statements, whether verbal or written, that could be made from time to time by or on behalf of Desjardins Group, except as required under applicable securities legislation. The purpose of the forward-looking statements contained in this report is to help members understand Desjardins Group's financial positions as at the dates indicated or for the periods ended on such dates, as well as Desjardins Group's strategic priorities and objectives, and may not be appropriate for other purposes.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This interim Management's Discussion and Analysis (MD&A) provides information about the financial position and operating results of Desjardins Group. It was prepared in accordance with the regulations respecting continuous disclosure obligations of the Canadian Securities Administrators (Ref.: 51-102). It is dated May 14, 2009, and is based on Desjardins Group's Unaudited Interim Combined Financial Statements for the first three months of 2009.

The interim MD&A should be read in conjunction with Desjardins Group's Unaudited Interim Combined Financial Statements, which have been prepared in accordance with Canadian generally accepted accounting principles. All amounts shown in this MD&A are expressed in Canadian dollars, unless otherwise indicated. Prior-period data have been reclassified to reflect the presentation adopted in 2009. Financial results for the first three months of 2009 were affected by the instability of capital markets and by lower interest rates, which also impacted results for the first three months of 2009. There were no unusual items that had an impact on the results of the first three months of 2009 and 2008, other than those mentioned in the Message from Senior Management under "Specific Items". During these periods, no business acquisitions were completed.

Additional information about Desjardins Group and its components is available on the SEDAR Web site at www.sedar.com (under the Capital Desjardins inc. profile) or on the Desjardins Web site at www.desjardins.com.

GENERAL REVIEW OF DESJARDINS GROUP

OVERVIEW

Selected Financial Data of Desjardins Group⁽¹⁾

(unaudited)

(in millions of dollars and as a percentage)

	For the three months ended March 31	
	2009	2008
Operating results		
Total income	\$2,245	\$2,182
Provisions for credit losses	60	44
Claims, benefits, annuities and changes in insurance provisions	789	823
Non-interest expense	1,221	1,222
Surplus earnings after income taxes and before member dividends	117	67
Provision for member dividends	65	122
Key ratios		
Return on equity	4.8%	2.9%
Group's productivity ratio ⁽²⁾	83.9	89.9
Member dividends/Surplus earnings ⁽⁴⁾	55.6	182.1
Tier I capital ratio – BIS ⁽³⁾	13.67	14.04
Total capital ratio – BIS ⁽³⁾	13.67	13.25
Financial position	March 31, 2009	December 31, 2008
Total assets	\$159,734	\$152,298
Average assets	156,016	149,676
Loans	105,530	104,462
Average equity	9,964	9,569
Deposits and subordinated debentures	103,553	102,184

(1) Excluding the caisses and the federations of Manitoba and New Brunswick.

(2) The productivity ratio is Desjardins Group's non-interest expense to total income, net of expenses related to claims and insurance benefits.

(3) Bank for International Settlements.

(4) On an annual basis. It should be pointed out that the 2009 provision for member dividends included a \$26 million upward adjustment for 2008 dividends. Had it not been for this adjustment, the ratio would have been 33.3%.

Presentation of Financial Information

Desjardins Group presents its segmented information according to four main business segments in addition to another category labelled "Other", which includes the consolidation adjustments attributable to all components and which presents, since the first quarter of 2009, companies specifically created to hold the ABCP securities purchased by Desjardins Group. These companies are grouped together under the parent company of ABCPCO, 9186-8034 Québec inc., which was previously included in the Personal and Commercial segment. Prior quarter figures have been reclassified to conform to this new presentation.

Personal and Commercial: This segment comprises mainly the Québec and Ontario caisse network, Caisse centrale Desjardins, the Fonds de sécurité Desjardins, Capital Desjardins inc., Desjardins Trust, MM Trust I, MM Trust II, the Fédération des caisses populaires de l'Ontario and the Fédération des caisses Desjardins du Québec (FCDQ). As mentioned in the previous paragraph, the parent company of ABCPCO, 9186-8034 Québec inc., has been presented under "Other" since the first quarter of 2009.

Life and Health Insurance: This segment comprises the activities of Desjardins Financial Security.

General Insurance: This segment presents the activities of Desjardins General Insurance Group.

Securities Brokerage, Asset Management and Venture Capital: This segment comprises the activities of Desjardins Securities, Desjardins Asset Management and Desjardins Venture Capital.

Contribution to Combined Surplus Earnings by Business Segment

For the three-month periods ended March 31 (unaudited)
(in millions of dollars)

	2009	2008
Personal and Commercial	\$126	\$181
Life and Health Insurance ⁽¹⁾	30	35
General Insurance	7	(2)
Securities Brokerage, Asset Management and Venture Capital	3	(4)
Other	(49)	(143)
Surplus earnings after income taxes and before member dividends	\$117	\$67

(1) This contribution differs from the results of the subsidiary itself, as it includes consolidation adjustments.

(2) Since the first quarter of 2009, the financial results of the "Other" segment also include companies specifically created to hold ABCP securities purchased by Desjardins Group, which were previously included in the Personal and Commercial segment. Prior quarter figures have been reclassified to conform to this new presentation.

Information about each segment is provided in Note 13 to Desjardins Group's Unaudited Interim Combined Financial Statements.

ANALYSIS OF COMBINED RESULTS

Comparison between the first quarters of 2009 and 2008

For the first quarter of 2009, Desjardins Group reported combined surplus earnings before member dividends of \$117 million, for a \$50 million increase from the year-earlier period. Return on equity, i.e. surplus earnings before member dividends to average equity, was 4.8% for the first three months of 2009, versus 2.9% on a year-over-year basis.

Despite a substantial increase in business volume, particularly in financing activities, and strict operating expense management, surplus earnings for the first three months of 2009 were affected by the decline in the fair value of the ABCP restructured note portfolio and the write-off of an ABCP security excluded from the moratorium period under the Montréal Accord, totalling \$88 million before taxes whereas a write-down of \$220 million before taxes had been recognized in the first quarter of 2008. Surplus earnings before member dividends for the Personal and Commercial segment amounted to \$126 million for the first three months of 2009, versus \$181 million for the same period a year earlier. Before the income tax adjustment for 2007 and 2008, the caisse network saw its surplus earnings shrink to \$94 million for the first quarter of 2009, down approximately 47% from the first quarter of 2008, primarily because of lower interest rates, which put pressure on caisses' net interest income, and of increased provisions and loans losses.

The general insurance subsidiary posted a solid performance for the first quarter of 2009, which was chiefly attributable to outstanding loss experience in automobile insurance.

As for the life and health subsidiary, its financial results were slightly lower than those for the first quarter of 2008. This component saw a 3.2% increase in loan premium volume and a sharp rise in insurance sales. However, its profitability declined because of the decline in the fair value of the ABCP restructured note portfolio, the write-off of an ABCP security excluded from the moratorium period of the Montréal Accord and reduced investment income for the first three months of 2009.

Finally, despite the uncertainty on capital markets, securities brokerage operations reported an improvement in financial performance compared to the first three months of 2008. In addition, the profitability of Desjardins investment funds managed by the venture capital subsidiary held steady, although it was slightly affected by the decline in fair value of certain investments in public companies due to the change in their quoted market prices.

Every quarter, Desjardins Group establishes the most accurate possible estimate of the amount to be recognized for payment of caisse member dividends at the end of the fiscal year. Therefore, a \$65 million provision for member dividends was recorded for the first three months of 2009, versus \$122 million a year earlier. It should be noted that the 2009 provision included a \$26 million upward adjustment in connection with 2008 dividends.

As for income, net interest income stood at \$795 million for the first quarter of 2009, down \$14 million or 1.7% from the same quarter in the previous year. The caisse network reported solid growth in its business volume, favourably impacting net interest income, which however was offset by a decline resulting from the impact of interest rates. Net premiums grew by \$10 million or 1.0% because of brisk growth in insurance premiums, especially life and health insurance premiums.

Other income, however, was affected by a decline in the fair value of the ABCP restructured notes portfolio, the write-off of an ABCP security excluded from the moratorium period of the Montréal Accord and a drop in the life and health insurance subsidiary's investment income, of which a corresponding amount affected expenses related to claims, benefits, annuities and changes in insurance provisions of the life and health insurance subsidiary. Income from brokerage, investment fund and trust services was also affected by the uncertainty on markets and fell by \$43 million or 25.7%.

Overall, Desjardins Group's total income rose to \$2,245 million for the first quarter of 2009, up \$63 million or 2.9% on a year-over-year basis.

The provision for credit losses charged to income for the three months ended March 31, 2009 amounted to \$60 million, up \$16 million or 36.4% from the same quarter in 2008. Despite the upward trend, Desjardins continues to enjoy a high-quality loan portfolio with a ratio of gross impaired loans to the gross loan portfolio of 0.44%.

Expenses related to claims, benefits, annuities and changes in insurance provisions totalled \$789 million for the first quarter of 2009, down \$34 million or 4.1% on a year-over-year basis. A large part of this decrease was due to an equivalent drop in the life and health insurance subsidiary's investment income, as previously mentioned.

Non-interest expense amounted to \$1,221 million for the first quarter of 2009, relatively unchanged from the corresponding quarter of 2008. It should be noted that non-interest expense for 2008 included a \$25 million write-off of deferred charges relating to technological developments. Had this specific item not been included, non-interest expense would have increased by \$24 million or 2.0% in relation to the first quarter of 2008. This controlled increase shows the strict management of operating expenses.

The productivity ratio, i.e., Desjardins Group's non-interest expense to total income, net of expenses related to claims and insurance benefits, was 83.9% for the first quarter of 2009, compared to 89.9% for the corresponding quarter a year earlier.

B BUSINESS SEGMENTS

PERSONAL AND COMMERCIAL

Surplus earnings before member dividends for the Personal and Commercial segment totalled \$126 million for the first quarter of 2008, down \$55 million or 30.4% from the same quarter in 2008.

Since the first quarter of 2009, companies specifically created to hold ABCP securities purchased by Desjardins Group and previously included in the Personal and Commercial segment, are now presented in the "Other" segment. Prior quarter figures have been reclassified to conform to this new presentation.

As previously explained, the financial results for this segment were affected by the declining profitability of the caisse network in the first three months of 2009. This was compounded by the decrease in the fair value of the ABCP restructured note portfolio and the write-off of an ABCP security excluded from the moratorium period under the Montréal Accord. Note, however, the enhanced profitability of Caisse centrale Desjardins, whose net income grew by more than \$21 million compared to the first quarter of 2008, chiefly because of sound treasury management.

Total income for the Personal and Commercial segment was \$1,200 million for the first three months of 2009, down \$22 million or 1.8% from a year earlier. Net interest income totalled \$802 million, down \$24 million or 2.9%. The caisse network reported solid growth in business volume, favourably affecting net interest income, which however was offset by a reduction arising from the impact of interest rates.

Other income stood at \$398 million for the first quarter of 2009, relatively unchanged from the same quarter the previous year. It was boosted by a \$5 million or 16.2% increase in income from securitization activities and by a \$6 million or 6.4% rise in income from credit card activities. Growth in other income was, however, reduced by the \$24 million or 26.4% drop in income from brokerage, investment fund and trust services.

The provisions for credit losses charged to income for the first three months of 2009 totalled \$60 million, up \$16 million on a year-over-year basis.

Non-interest expense totalled \$945 million for the first three months of 2009, up \$13 million from the same period in 2008. If the \$25 million write-off of deferred charges related to technological development recognized in the first quarter of 2008 had been excluded, non-interest expense would have increased by \$38 million or 4.2% from the corresponding quarter in 2008.

In addition, the net income of Caisse centrale Desjardins (CCD) totalled \$39.5 million in the first quarter of 2009, up \$21.3 million from 2008. A very large percentage of this growth was attributable to the Desjardins Group Treasury segment, which generated 86% higher income for the first three months of the year, compared to the same period in 2008. Desjardins Group Treasury was able to correctly anticipate the decline in interest rates during the quarter. CCD contributed \$36 million to the Personal and Commercial segment, versus \$18 million in 2008.

LIFE AND HEALTH INSURANCE

The Life and Health Insurance segment comprises the activities of Desjardins Financial Security (DFS). For the first quarter of 2009, net earnings amounted to \$30.5 million, versus \$36.3 million for the same period in 2008. Return on shareholder's equity was 17.5%, compared to 21.5% in 2008. Insurance premium income rose to \$669.2 million, up 3.2% from a year earlier, and annuity premiums totalled \$54.6 million, versus \$62.7 million. Investment income and other income amounted to \$57.7 million. Insurance sales were \$65.1 million for the quarter, up 10.5%. Assets under management and under administration stood at \$19.5 billion.

For the period ended March 31, 2009, the contribution of DFS to Desjardins Group's combined results was \$30.3 million, compared to \$35.0 million in 2008.

DFS's profitability has been affected by the ongoing economic crisis, but its financial solidity has remained intact. Its capitalization is still excellent despite the upheavals on international capital markets. Core insurance operations are still very profitable.

In group insurance, group and business insurance premiums amounted to \$402.6 million, versus \$392.8 million for the corresponding period in 2008. Group and business insurance sales rose by \$5.2 million to \$54.3 million. Premiums related to plans offered through financial institutions, including Desjardins caisses, and more specifically credit insurance, amounted to \$140.8 million.

In individual insurance, new sales through the network of SFL financial centres, the Desjardins Financial Security Independent Network, and Financial Security Advisors assigned to the Desjardins caisses totalled \$10.8 million. Individual insurance premiums rose to \$125.8 million, for an increase of \$5.6 million on a year-over-year basis.

In Savings, aggregate sales of \$354.6 million were up \$41.7 million from the previous year. In individual savings, total sales amounted to \$221.6 million, up \$127.5 million from the first three months of 2008. In group retirement savings, sales totalled \$44.4 million, for a decrease of \$11.0 million. Mutual fund sales stood at \$88.6 million, down \$74.8 million or 45.8% from their year-earlier level.

GENERAL INSURANCE

Desjardins General Insurance Group (DGIG) contributed \$6.8 million to Desjardins Group's results in the first quarter of 2009, versus a negative contribution of \$2.2 million for the same quarter in 2008. Return on shareholder's equity was 5.9% as opposed to -2.0% the previous year.

This solid performance was mainly attributable to the outstanding loss experience in automobile insurance due to mild weather conditions in the first quarter, resulting in a favourable automobile insurance loss ratio. Gross premiums written were relatively stable at \$349.3 million in relation to those written for the first three months of 2008, totalling \$348.1 million, within a lacklustre market where there was little change in the premiums written in the industry.

Despite the global financial crisis, the investment portfolio performed well, generating income of \$23.0 million, although it was down marginally from the first quarter of 2008. In fact, a slight restructuring of the investment portfolio generated gains on disposal, whereas interest income declined because of the drop in rates on global markets.

The operating expense ratio, expressed as a percentage of premiums, compared favourably to that of the industry, but was up slightly as a result, in particular, of premiums marked by rate declines in Québec.

SECURITIES BROKERAGE, ASSET MANAGEMENT, VENTURE CAPITAL AND OTHER

The Securities Brokerage, Asset Management and Venture Capital segment posted overall net earnings of \$3 million for the first quarter of 2009, as against a net loss of \$4 million for the same quarter in 2008. This is a good performance considering the uncertainty on capital markets. Particularly noteworthy is the increase in profitability at the securities brokerage subsidiary, which capitalized on excellent showings from the Fixed Income Group and the Online Brokerage sector. Although profitability was higher compared to the first quarter of 2008, this sector was nonetheless affected by the volatility of capital markets and fluctuations in the value of certain investments in public companies because of changes in their quoted market prices.

Desjardins Securities posted net earnings of \$3 million for the first quarter of 2009, versus a net loss of \$6 million a year earlier. Its financial results are very satisfactory given the continuing uncertainty on the markets. These good results are attributable chiefly to the excellent performance of the Fixed Income Group, which earned \$25 million in income in the first quarter of 2009, as well as the good results from the Online Brokerage sector. Income from the Full-Service Brokerage sector was lower in the first quarter of 2009 than in the same quarter of 2008, but it still constituted a good performance for this sector due to the situation on capital markets. The stagnation of new issues in the equity capital market dealt a blow to the institutional sector, but on the other hand this sector is still very active in preferred share issues by financial institutions. In income terms, Desjardins Securities outperformed other same-sized securities brokerage firms as well as the industry in general.

Desjardins Asset Management continued to be affected by the highly volatile capital markets. The full impact of the decline in assets under management during the second half of 2008, related to bad performances on capital markets as well as disinvestment in the underlying investments for the structured products managed by the subsidiary, was felt in the first quarter of 2009. In this context, Desjardins Asset Management nevertheless posted breakeven results for the first three months of 2009, compared to net earnings of \$3.6 million for the corresponding period in 2008.

Desjardins Venture Capital (DVC) reported net earnings of \$1 million for the first quarter of 2009, compared to net earnings of \$2 million for the corresponding quarter of 2008. The lower earnings are primarily a result of the lower rate for management fees collected on assets managed on behalf of Capital régional et coopératif Desjardins (CRCD), as provided for in the management agreement. An increase in assets under management for CRCD partially offset the reduction.

Desjardins Group investment funds managed by DVC recorded a net loss of \$1 million for the first quarter of 2009, compared to a net loss of \$3 million for the corresponding quarter of 2008. These results stem from significant fluctuations in the value of certain investments in public companies because of changes in their quoted market prices, as well as the revaluation of certain files.

OTHER

Finally, as mentioned earlier, since the first quarter of 2009, the "Other" category has also included the deficit of companies specifically created to hold ABCP securities purchased by Desjardins Group, and which were formerly included in the Personal and Commercial segment. This segment reported a \$49 million net loss in the first quarter of 2009, versus a net loss of \$143 million a year earlier. It should be noted that these results were affected mainly by a decline in the fair value of the ABCP restructured note portfolio and the write-off of an ABCP security excluded from the moratorium period under the Montréal Accord.

Furthermore, the Group's combined results also include various consolidation adjustments not reflected in the results of the business segments, including, in particular, the adjustment to the employee future benefits expense, which was up \$8 million after income taxes compared to the first quarter of 2008, primarily due to the update of certain actuarial assumptions.

ANALYSIS OF THE COMBINED FINANCIAL STATEMENTS

CREDIT QUALITY

As at March 31, 2009, gross impaired loans outstanding stood at \$466 million, up by \$44 million since December 31, 2008. The gross impaired loans ratio, as a percentage of the total gross loan portfolio, was 0.44% as at March 31, 2009, compared to 0.40% as at December 31, 2008. Specific allowances totalling \$136 million provided a specific coverage ratio of 29.2%, versus 30.8% as at December 31, 2008. The general allowance amounted to \$709 million as at March 31, 2009, versus \$696 million as at December 31, 2008.

Information on credit risk management is presented in "Risk Management" below.

IMPAIRED LOANS BY CATEGORY OF BORROWER

(unaudited)	As at March 31, 2009				As at December 31, 2008
	Gross loans	Gross impaired loans	Specific allowances for credit losses	Net impaired loans	Net impaired loans
<i>(in millions of dollars and as a percentage)</i>					
Residential mortgages	\$61,035	\$127	\$13	\$114	\$96
Consumer, credit card and other personal loans	18,583	90	35	55	52
Business and government	26,757	249	88	161	144
Total	\$106,375	\$466	\$136	\$330	\$292
As a percentage of gross loans		0.44%		0.31%	0.28%
Specific coverage ratio ⁽¹⁾					
Broken down as follows:					
Residential mortgages				10.2%	10.3%
Consumer, credit card and other personal loans				38.9	38.1
Business and government				35.3	37.7
Total specific coverage ratio				29.2%	30.8%

(1) The specific coverage ratio is the sum of the specific allowances for each impaired loan, divided by the total balance of gross impaired loans.

BALANCE SHEET MANAGEMENT

Total assets: As at March 31, 2009, Desjardins Group's total assets stood at \$159.7 billion, up 4.9% or \$7.4 billion from the end of 2008. In spite of the deterioration in economic conditions, Desjardins Group continued to record sustained growth during the first quarter of 2009. Its substantial involvement in financing residential mortgages in Québec and its solid recruitment of personal savings both contributed to these good results.

Cash and securities: As at March 31, 2009, Desjardins Group's total cash and securities amounted to \$32.7 billion, compared to \$30.7 billion as at December 31, 2008, for an increase of 6.5% or \$2.0 billion. For further information on the change in the Group's liquidities, refer to "Cash Position and Sources of Financing" below.

Financing activities: At the end of the first quarter of 2009, Desjardins Group posted excellent results in its credit activities, despite an economic climate that was less favourable for business development. It continued to play a very active role in financing the economy, especially in Québec. The loan portfolio outstanding, net of the allowance for credit losses, totalled \$105.5 billion as at March 31, 2009, for a growth of 1.0% or \$1.1 billion since year-end 2008. Desjardins stood out in both consumer loans and loans to business and government.

In the area of residential mortgages, Desjardins Group is a leading player, especially in Québec. As at March 31, 2009, home mortgage loans, which accounted for 57.4% of the total credit portfolio, amounted to \$61.0 billion, down only 0.1% or \$46 million from December 31, 2008. The reduction was due to the securitization of \$364 million of these loans, since the housing sector in Québec and Ontario stayed relatively dynamic, in spite of the drop in new construction and home resale transactions. As a result of this performance, Desjardins Group was able to maintain its market share in these two provinces at about 39.2% and 1.1%, respectively, at the end of the first quarter.

Furthermore, the Group also did well in consumer, credit card and other personal loans. Personal loans outstanding amounted to \$18.6 billion as at March 31, 2009, for a growth of 2.5% or \$462 million since December 31, 2008. The popularity of the Versatile Line of Credit and programs offered through the Desjardins Visa card accounted for a large share of these excellent results. In loans to business and government, Desjardins posted an increase of 2.6% or \$671 million as at the same date, to total \$26.8 billion.

LOANS BY CATEGORY OF BORROWER				
(unaudited)				
	As at March 31, 2009		As at December 31, 2008	
<i>(in millions of dollars and as a percentage)</i>				
Residential mortgages	\$61,035	57.4%	\$61,081	58.0%
Consumer, credit card and other personal loans	18,583	17.5	18,121	17.2
Loans to businesses	26,757	25.1	26,086	24.8
	\$106,375	100.0%	\$105,288	100.0%
Allowance for credit losses	(845)	-	(826)	-
	\$105,530	-	\$104,462	-
Loans guaranteed by governments and other public and parapublic institutions included above	\$27,398	-	\$27,211	-

Deposits: As at March 31, 2009, Desjardins Group's outstanding deposits amounted to \$102.8 billion, up 1.3% or \$1.3 billion since year-end 2008. Personal savings were by far the Group's main source of financing its growth. For instance, deposits from individuals represented 70.9% of its total savings portfolio as at March 31, 2009, for a volume of \$72.9 billion, an increase of 1.3% or \$912 million during the first quarter. In Québec, Desjardins outstripped the other financial institutions in this highly competitive field with a market share estimated at about 43.4% at the end of the first quarter.

Deposits by business and government at Desjardins Group fell by 3.3% or \$700 million since year-end 2008, to total \$20.8 billion as at March 31, 2009. Deposits made by deposit-taking institutions and other entities, such as securities issues on capital markets, jumped by 13.9% or \$1.1 billion during the first quarter of the year, to total \$9.1 billion as at March 31, 2009. These two deposit categories accounted for 20.3% and 8.8% respectively of Desjardins' total savings portfolio .

DEPOSITS				
(unaudited)				
	As at March 31, 2009		As at December 31, 2008	
<i>(in millions of dollars and as a percentage)</i>				
Individuals	\$72,870	70.9%	\$71,958	70.9%
Business and government	20,812	20.3	21,512	21.2
Deposit-taking institutions and other	9,075	8.8	7,966	7.9
	\$102,757	100.0%	\$101,436	100.0%

Off-balance sheet savings products: Apart from the 7.4% jump recorded in March 2009, the Canadian stock market stayed very volatile during the first quarter of 2009 with another decline in the S&P/TSX index of 3.0% compared to December 31, 2008. In spite of this somewhat difficult environment, Desjardins nonetheless performed rather well in the area of off-balance sheet savings products, such as investment funds and securities brokerage. Assets under administration or under management for its investment funds and securities dipped by only 0.6% or \$176 million compared to December 31, 2008, to stand at \$31.3 billion as at March 31, 2009.

CAPITAL MANAGEMENT AND CREDIT RATINGS

Desjardins Group's capital ratios are calculated according to the guideline on adequacy of capital base standards applicable to financial services cooperatives, issued by the AMF. This new regulatory framework, which applies as of this quarter, is largely based on the revised framework for international convergence of capital measurement and capital standards (Basel II) issued by the Bank for International Settlements (BIS). In this regard, the AMF recently allowed Desjardins Group to use the Advanced Internal Ratings Based approach for credit risk related to retail loan portfolios (Personal). Other credit exposures and market risk are assessed according to a standardized approach, while operational risk is calculated based on the basic indicator approach. The AMF's minimum requirement has been set at a total capital ratio of 11.5%. The new methods have mainly affected the calculation of risk-weighted assets. The calculation of capital, however, has not been significantly changed.

The goal of capital management at Desjardins Group is to ensure that a sufficient level of high-quality capital is maintained in order to provide flexibility for its development, keep a favourable credit rating and maintain the confidence of depositors and capital markets.

At the beginning of the year, the financial goal for the Group's total capital ratio was set at 13%, at Desjardins' initiative, to take into account the prevailing global economic context and the implementation, effective in the first quarter of 2009, of the new framework established by the AMF guideline on adequacy of capital base standards. Previously, this target was established at 12.5%.

Desjardins ranks among the best capitalized financial institutions in Canada: its Tier 1 and total capital ratios, evaluated under the new regulatory framework (Basel II), both stood at 13.67% as at March 31, 2009. As at March 31, 2008, these ratios, evaluated under the previous regulatory framework (Basel I) stood at 14.04% and 13.25% respectively. Desjardins Group therefore still enjoys an excellent capital base, with a Tier I capital ratio above its 13% objective, at a level approximately 400 basis points higher than the median of the major Canadian banks.

On March 17, 2009, Desjardins Group redeemed \$450 million of Series D subordinated debentures. On March 30, 2009, it made a \$500 million issue of Series E subordinated debentures.

CAPITAL AND CAPITAL RATIOS**(unaudited)***(in millions of dollars and as a percentage)*

As at March 31, 2009

Tier 1 capital	
Eligible capital stock	\$929
Reserves	8,306
Undistributed surplus earnings (deficit)	(99)
Non-controlling interests	42
Goodwill	(122)
Unrealized cumulative losses on available-for-sale securities (net of income taxes)	----
Other deductions ⁽¹⁾	(601)
Total Tier 1 capital	8,455
Tier 2 capital	
Subordinated debentures	800
Eligible general allowance	396
Other eligible securities	71
Other deductions ⁽¹⁾	(1,267)
Total Tier 2 capital	----
Total capital	\$8,455
Capital ratios	
Tier 1 capital ratio	13.67%
Total capital ratio	13.67%

(1) Includes the provision deficit related to the IRB approach as well as investments in unconsolidated subsidiaries and in affiliated companies.

During the first three months of 2009, the three rating agencies (DBRS, Moody's and S&P) confirmed the credit ratings of Caisse centrale Desjardins and Capital Desjardins, reflecting the financial soundness of Desjardins Group and its caisse network. The credit ratings have not changed from those provided on page 85 of Desjardins Group's 2008 Annual Report. However, on March 3, 2009, the rating agency Moody's informed Desjardins Group Management that it was lowering its rating outlook for Caisse centrale Desjardins from "Stable" to "Negative" while maintaining its rating of Aa1. This announcement is part of a North American trend resulting from the crisis prevailing in the financial sector. In their recent annual reports, the agencies once again all recognized Desjardins Group's excellent capital base, its substantial Québec market shares, the diversification of its activities and its low risk profile.

Risk-weighted assets were down by approximately \$5 billion from the previous quarter, mainly because of the adoption of the Basel II advanced approach for retail loan portfolios (Personal), which represented about 55% of credit exposures. The impact of the use of new approaches to measuring credit risk was mitigated by new regulatory charges related to market and operational risk and by the application of a transitional adjustment based on a 100% floor as prescribed by the AMF.

RISK-WEIGHTED ASSETS

As at March 31, 2009 (unaudited)	Internal Ratings-Based approach		Standardized approach		Total		
	Exposures ⁽¹⁾	Risk-weighted assets	Exposures ⁽¹⁾	Risk-weighted assets	Exposures ⁽¹⁾	Risk-weighted assets	Average risk-weighting rate (%)
<i>(in millions of dollars and as a percentage)</i>							
Sovereign borrowers	\$---	\$---	\$8,649	\$---	\$8,649	\$---	0%
Financial institutions	---	---	10,539	2,111	10,539	2,111	20
Businesses	---	---	30,335	22,771	30,335	22,771	75
Mortgage loans	38,730	4,481	1,558	293	40,288	4,774	12
Revolving exposures for eligible retail clients	21,281	5,485	---	---	21,281	5,485	26
Other retail client exposures	26,715	3,682	5,056	3,314	31,771	6,996	22
Securitization	---	---	1,539	611	1,539	611	40
Equities	---	---	389	389	389	389	100
Trading portfolio	---	---	3,069	638	3,069	638	21
Other assets ⁽²⁾	---	---	---	---	11,109	2,284	21
Scaling factor ⁽³⁾	---	819	---	---	---	819	---
Total credit risk	\$86,726	\$14,467	\$61,134	\$30,127	\$158,969	\$46,878	
Market risk				2,746		2,746	
Operational risk ⁽⁴⁾						9,420	
Transitional adjustment for floor ⁽⁵⁾						2,823	
Total risk-weighted assets	\$86,726	\$14,467	\$61,134	\$32,873	\$158,969	\$61,867	

(1) Net exposure, after credit risk mitigation (net of specific allowances under the standardized approach but not under the advanced approach, in accordance with the AMF guideline).

(2) Other assets are valued using a method other than the standardized approach or the Internal Ratings-Based approach.

(3) The scaling factor is a 6% calibration of risk assets assessed using the advanced approach for credit exposures in accordance with section 1.3 of the AMF guideline on adequacy of capital base standards.

(4) The Basic Indicator approach was used to assess operational risk.

(5) As prescribed in section 1.6 of the AMF guideline.

CASH POSITION AND SOURCES OF FINANCING

Desjardins Group's cash position and sources of financing are addressed on page 88 of the 2008 Annual Report.

Cash and securities totalled \$32.7 billion, or \$2.0 billion more than at the end of 2008. The ratio of cash and securities to total assets therefore stood at 20.5% at the end of March 2009, versus 20.2% at the end of December 2008. Liquidities, it should be remembered, are comprised of the aggregate of securities, and cash and deposits with financial institutions. Securities consist largely of instruments issued by governments and public bodies.

While vain hopes were entertained that the financial crisis triggered, among other things, by ABCP in 2007 would be absorbed, it in fact worsened in 2008 to become a deep crisis with international ramifications. This financial crisis turned into a global recession in 2009 and it will probably not be until 2010 that there is some improvement in the situation. The monetary policy in place means that short-term rates are very low. Furthermore, with the quantitative easing programs, long-term rates remain low with the avowed intent of increasing credit. This low rate environment may well continue until 2010. For the moment, fiscal policy is clearly expansionist, thereby creating major deficits around the globe. Direct government intervention in corporations and regulation will be part of the economic picture for the next few years.

Several years ago, Caisse centrale Desjardins decided to adopt an institutional strategy that would be less dependent on short-term methods of raising funds, in anticipation of the day that it might face liquidity problems. This strategy included continuing its securitization program for mortgage loans guaranteed by the federal government and the issuance of medium-term debt securities on European markets. Rigorous application of this program has allowed Desjardins Group to securely raise funds and has once again demonstrated the relevance and effectiveness of its policy of lengthening the average maturity in its institutional funding.

The significant decline in interest rates that began in 2008, combined with members' extensive use of variable-rate loans during this same period, created a large mismatch. Adjustments were made at the end of the first quarter of 2009 in order to stabilize the situation. Desjardins Group's net interest income also contracted during this period, and efforts to stabilize it are being implemented.

In accordance with its policy to lengthen maturities in institutional financing, Caisse centrale Desjardins continued its securitization operations, although to a smaller degree in the first quarter of 2009. A smaller amount of mortgage loans was securitized during the quarter, i.e. \$130 million versus the usual \$500 million. This reduction was on account of fewer sales from the network and increasing needs for reinvestment. However, Management anticipates that Desjardins Group will be much more active in the second quarter. The Government of Canada's auction program is still in effect, but is attracting less interest from financial institutions, reflective of a less precarious liquidity position. It is also important to remember that although Desjardins Group is eligible for the Canadian government facility for large lenders, it has never had to resort to it.

Also in line with its policy of lengthening institutional financing and its mission as Desjardins Group's treasurer, Caisse centrale issued five-year fixed rate notes for €500 million in January. The issue was very well received and attests to Desjardins Group's international reputation for financial soundness. During the first quarter, Capital Desjardins also issued 10-year senior notes for \$500 million.

Desjardins Group has a diversified, high-quality investment portfolio that includes several asset classes. Greater deterioration in global stock markets and a prolonged recession could translate into cases of default or lower credit ratings, which could have a negative impact in the form of realized or unrealized losses on the Group's investment portfolios, notably in the equities, commercial mortgage loans, real estate and certain investment portfolio securities (collateralized debt obligations and asset-backed commercial paper) classes. Additional information concerning exposure to certain risks, based on recommendations from the Financial Stability Forum (FSF), is presented later in this Management's Discussion and Analysis.

Among other things, certain guaranteed-capital structured products are exposed to stock market and hedge fund returns. On account of market volatility and in accordance with Desjardins Group's risk management protocol, an extensive divestment program targeting hedge funds held directly and indirectly by the Group has been in effect since August 2007. The last divestments orders were sent in September and October 2008. Thus, exposure to hedge funds fell from US \$1.6 billion as at December 31, 2008 to less than US \$700 million as at March 31, 2009.

COMBINED CASH FLOWS

Comparison between the first quarters of 2009 and 2008

During the quarter ended March 31, 2009, cash flows used in operating activities totalled \$1,416 million compared to \$862 million a year earlier. This \$554 million decline stems mainly from a decline of \$1,864 million in securities held for trading, partially offset by positive variations of \$954 million in changes in fair value of derivative financial instruments, and \$456 million in "Other".

Cash flows from financing activities were \$6,749 million for the first quarter of 2009, compared to \$3,788 million a year earlier. This \$2,961 million increase was chiefly attributable to positive variances of \$3,212 million arising from commitments related to securities lent or sold under repurchase agreements and \$528 million arising from the net change in commitments related to securities sold short, partially offset by negative variances of \$359 million arising from the net change in non-controlling interests and \$329 million arising from the net change in deposits.

Cash flows used in investing activities totalled \$(5,610) million for the first quarter of 2009, compared to \$(3,145) million for the first quarter of 2008. This \$(2,465) million difference was mainly attributable to increases of \$3,737 million in securities borrowed or purchased under reverse repurchase agreements and \$1,338 million from the net change in purchases of available-for-sale securities, mitigated by reductions of \$1,205 million from the net change in proceeds from disposals of available-for-sale securities, \$851 million from the net change in loans and \$792 million from the net change in proceeds from maturities of available-for-sale securities.

OFF-BALANCE SHEET ITEMS

In the normal course of its operations, Desjardins Group makes various off-balance sheet commitments. These include assets under administration and under management for members and clients, credit instruments, securitization, contractual obligations and financial assets received as collateral, which are described on pages 89 to 91 of the 2008 Annual Report. There were no material changes to these off-balance sheet items as at March 31, 2009, apart from securitization transactions involving mortgage loans of \$364 million guaranteed by Canada Mortgage and Housing Corporation during the first three months of 2009.

RISK MANAGEMENT

Desjardins Group is exposed to different types of risks in the normal course of business, including credit risk, liquidity risk and market risk. Desjardins Group's objective in risk management is to optimize the risk-return trade-off, within set limits, by applying integrated risk management and control strategies, policies and procedures throughout the organization's functions. During the first three months of 2009, Desjardins Group's risk management policies and practices did not change from those stated on pages 91 to 97 of the 2008 Annual Report.

Desjardins Group's risk management approach is based on principles promoting the accountability of entities and units with respect to combined results and risk management quality and the major role played by the Board of Directors of all Desjardins Group subsidiaries in risk and result monitoring. Many committees support the Board of Directors and Management of each subsidiary in discharging their risk management responsibilities.

Counterparty and issuer risk

Of the securities held in all securities portfolios by Desjardins, over 60% are issued or guaranteed by public or parapublic entities. The portfolios are mainly concentrated with Canadian issuers and counterparties of very high quality.

The Integrated Risk Management Executive Division of Desjardins Group sets the maximum exposure for each counterparty and issuer based on quantitative and qualitative criteria. These limits are then approved by the Desjardins Group Finance and Risk Management Committee and allocated to components based on their investment needs.

Market risk

Market risk refers to the risk of changes in the fair value of financial instruments resulting from fluctuations in the parameters affecting this value, in particular, interest rates, exchange rates and their volatility.

Desjardins Group is exposed to market risk through the interest rate risk related to its traditional financing and savings recruitment activities. It is also exposed to market risk through its trading activities. Desjardins Group and its components have adopted policies that set out the principles, limits and procedures to use in managing market risk.

Interest rate risk management

Desjardins Group is exposed to interest rate risk, which represents the potential impact of interest rate fluctuations on net interest income and on the economic value of equity.

Dynamic and prudent management is applied to achieve the objective of optimizing net interest income while minimizing the negative impact of interest rate movements. Desjardins Group's policies describe the principles, limits and mechanisms used to manage this risk. Simulations are run to measure the impact of different variables on net interest income and the economic value of equity. The assumptions used in the simulations are based on an analysis of historical data and the impact of different interest rate conditions on the data, and concern changes in the structure of the Combined Balance Sheets, member behaviour and pricing by Desjardins Group's asset and liability management committee (the Asset/Liability Committee), which is responsible for analyzing and adopting the global matching strategy while respecting the parameters defined in interest rate risk management policies.

The following table presents the potential impact on the non-trading portfolio of a sudden and sustained 100-basis-point increase or decrease in interest rates on the economic value of equity.

Interest rate sensitivity (before income taxes)

As at March 31, 2009

(unaudited)

(in millions of dollars)

Impact on the economic value of equity of a 100-basis-point increase in interest rates	\$(5)
Impact on the economic value of equity of a 100-basis-point decrease in interest rates	36

The extent of the interest rate risk depends on the gap between cash flows from assets, liabilities and off-balance sheet instruments. The position presented reflects the position as at that date, and may change depending on members' behaviour, the interest rate environment and the strategies adopted by the Asset/Liability Committee.

Management of market risk related to trading activities – Value-at-Risk

Market risk management for trading portfolios is done on a daily basis and is governed by a specific policy.

The main tool used to measure the market risk of trading portfolios is the "Value-at-Risk" (VaR), which represents an estimate of the potential loss for a certain period of time at a given confidence level.

A Monte Carlo VaR is calculated daily, using a 99% confidence level, on the trading portfolios for a holding horizon of one day. It is therefore reasonable to expect a loss exceeding the VaR figure once every 100 days. The calculation of VaR is based on historical data for a one-year interval.

The following table presents the aggregate VaR of the trading activities of Desjardins Group by risk category as well as the diversification effect, which represents the difference between aggregate VaR and the sum of VaR for the different risk categories. Equity, interest rate and foreign exchange risks are the three risk categories to which Desjardins Group is exposed. The definition of trading portfolio meets the various criteria set out in the Basel Accord.

VaR by risk category (Trading portfolio)

(unaudited)

(in millions of dollars)

	As at March 31, 2009	For the quarter ended March 31, 2009			As at December 31, 2008	For the quarter ended December 31, 2008
		Average	High	Low		Average
Equity	\$0.6	\$0.8	\$1.2	\$0.6	\$0.7	\$1.3
Foreign exchange	0.1	0.2	0.3	---	0.2	0.1
Interest rate	4.3	4.1	6.0	3.2	3.2	2.9
Diversification effect ⁽¹⁾	(0.9)	(1.2)	N/A ⁽²⁾	N/A ⁽²⁾	(1.0)	(1.5)
Aggregate VaR	\$4.1	\$3.9	\$5.4	\$3.1	\$3.1	\$2.8

(1) Risk reduction related to diversification, namely the difference between the sum of the VaR for the various market risks and the aggregate VaR.

(2) Not applicable; the highs and lows of the various market risk categories can refer to different dates.

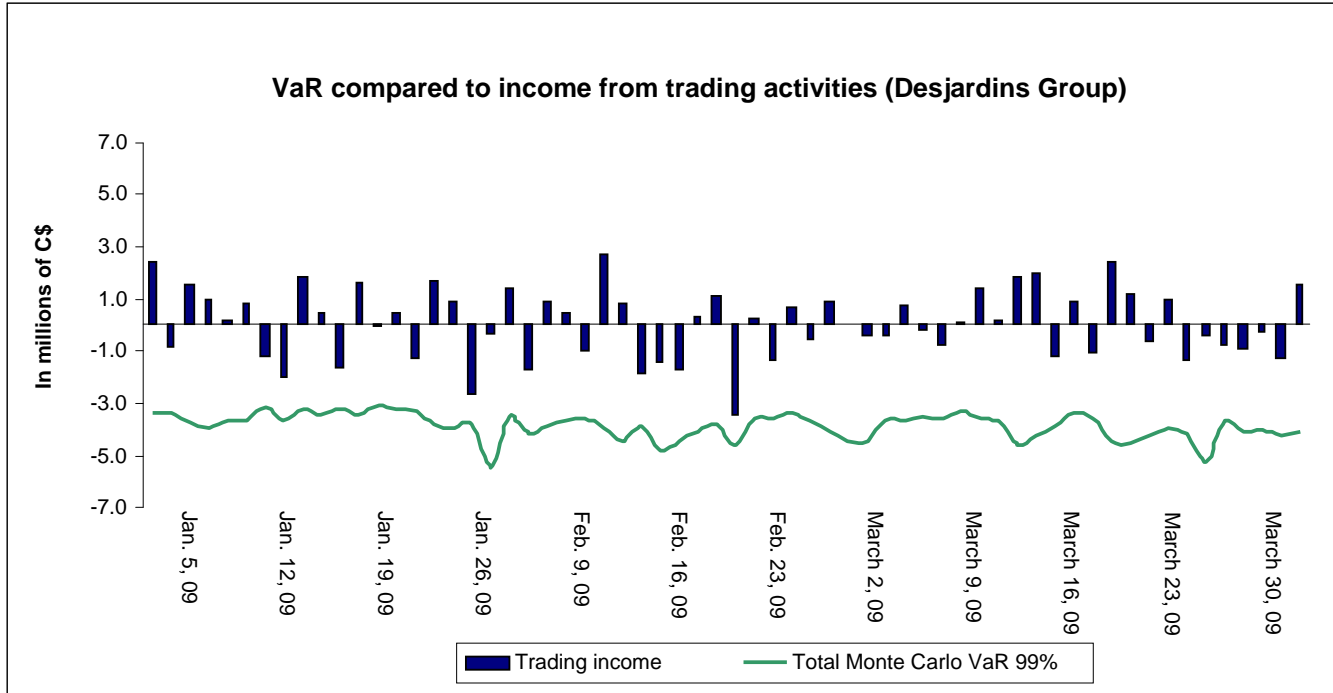
As at March 31, 2009, aggregate VaR was \$4.1 million, the interest rate VaR being the largest component. The aggregate VaR was higher than its quarterly average of \$3.9 million and its level of \$3.1 million as at December 31, 2008. The risk mitigation related to diversification amounted to \$0.9 million as at March 31, 2009.

Back testing

Back testing is conducted to validate the VaR model used by comparing the VaR daily with profits or losses (P&L) on Desjardins Group portfolios.

Desjardins Group carries out back testing daily, applying a hypothetical P&L on its trading portfolios. The hypothetical P&L is calculated by determining the difference in value resulting from changes in market conditions between two consecutive days. The portfolio mix between these two days remains static.

The following chart presents changes in VaR for trading activities as well as income related to these activities. During the past quarter, losses never exceeded VaR.



ADDITIONAL INFORMATION RELATED TO EXPOSURE TO CERTAIN RISKS

To give external users a better idea of Desjardins Group's exposure to risk related to current market events, the Group decided to use the best practices promoted by the Financial Stability Forum (FSF) as a guideline. It should be mentioned that in April 2008, a report was issued by the FSF in response to a request from G7 ministers and central bank governors.

These best practices include enhanced disclosure of risks related to financial instruments which markets consider to be higher risk. Some of these disclosures are already included in this Management's Discussion and Analysis under "Risk Management" and "Off-Balance Sheet Items".

Desjardins Group used these recommendations as a guideline in making the disclosures below as at March 31, 2009:

Exposure to subprime residential and Alt-A mortgage loans

As part of its operations, Desjardins Group is exposed to credit risks related to subprime residential mortgage loans (defined as loans to borrowers with a high credit risk profile) and Alt-A mortgage loans (defined as loans to borrowers with non-standard income documentation). However, Desjardins Group's exposure to subprime residential mortgage loans was less than \$2 million, and its exposure to Alt-A mortgage loans was \$82 million. Subprime residential and Alt-A mortgage loans are recorded on the Combined Balance Sheets as loans measured at amortized cost. As at March 31, 2009, total subprime residential mortgage loans and Alt-A mortgage loans represented less than 0.1% of Desjardins Group's total assets.

Leveraged finance loans

Exposure to leveraged finance loans (defined as loans to large corporations and finance companies whose credit rating is between BB+ and D and whose level of debt is very high compared to other companies in the same industry) was \$145 million, and is in the form of disbursed and undisbursed commitments. Leveraged finance is generally used to achieve a specific objective, such as making an acquisition, or effecting a takeover or share buy-back. Leveraged finance loans are recorded on the Combined Balance Sheets as loans and receivables and represented less than 0.1% of Desjardins Group's total assets.

Collateralized debt obligations

The positive fair value of collateralized debt obligations was \$152 million (notional amount: \$294 million). None of the securities held is directly backed by subprime residential mortgages. Collateralized debt obligations are presented in the Combined Balance Sheets as available-for-sale securities.

Commercial mortgage-backed securities

For commercial mortgage-backed securities, the fair value and principal amount were \$326 million and \$354 million respectively. These securities are presented in the Combined Balance Sheets as trading securities.

Financial asset-backed securities

For financial asset-backed securities, the fair value and notional amount were \$252 million and \$277 million respectively. These securities are presented in the Combined Balance Sheets as available-for-sale securities and trading securities.

Credit default swap portfolio

First-to-default credit default swaps and credit default swaps (collateralized debt obligations) were entered into with counterparties. As at March 31, 2009, the negative fair value of these credit default swaps amounted to \$128 million (notional amount: \$189 million). These swaps are presented in the Combined Balance Sheets as derivative financial instruments.

Total return swap portfolio

The positive and negative fair values of total return swaps, excluding those carried out in connection with securitization activities, were less than \$1 million and \$10 million respectively (notional amount: \$375 million). Total return swaps are presented in the Combined Balance Sheets as derivative financial instruments.

Assets under administration and under management

Desjardins Group is one of the leading wealth managers and trustees in Canada. Assets under administration and under management are essentially comprised of financial assets in the form of investment funds held mainly by individuals, and securities in custody and assets accumulated by pension funds; they therefore do not belong to Desjardins Group, but to its members and clients. These assets are described in detail under "Off-Balance Sheet Items".

Securitization

Desjardins Group participates in the Canada Mortgage-Backed Securities Program under the National Housing Act. Transactions involve the use of off-balance sheet arrangements with special purpose entities. The special purpose entity used by Desjardins Group is Canada Housing Trust, set up by the Canada Mortgage and Housing Corporation under the Canada Mortgage Bonds Program. These arrangements are described under "Off-Balance Sheet Items" and in Note 7 to the Quarterly Combined Financial Statements.

Special purpose entities

In the normal course of business, Desjardins Group enters into various financial transactions with special purpose entities, or SPEs. The entities are usually created for a unique and distinct purpose—they often have a limited life—and are used to legally isolate the financial assets they hold from the transferring organization, which could be one of its clients or the organization itself. SPEs are not operating entities and generally have no employees. In accordance with generally accepted accounting principles, special purpose entities can be recognized or not recognized on the Combined Balance Sheets.

Details concerning significant exposure to SPEs are provided in the table below:

Significant exposure to special purpose entities

As at March 31, 2009

Unaudited

(in millions of dollars)

	Exposure of Desjardins Group	Total assets of special purpose entities ⁽¹⁾
Unconsolidated special purpose entities		
Master Asset Vehicles 1 and 3 relative to the new notes issued following the restructuring of ABCP ⁽²⁾	\$2,508	\$18,224
Other trusts for bank and non-bank asset-backed commercial paper	11	4,603
Private investment funds related to guaranteed-capital products and other activities ⁽³⁾	141	376
Consolidated special purpose entities		
Private hedge funds related to guaranteed-capital products and other activities ⁽³⁾	185	330
Desjardins Credit Union Inc.	175	1,482

⁽¹⁾ The total assets of special purpose entities disclosed correspond to the most recent data available to Desjardins Group. For the investment funds and hedge funds related to guaranteed-capital structured products, the amount presented corresponds to the structure's net assets.

⁽²⁾ See "Specific Items - Impact of asset-backed commercial paper (ABCP) – new notes" in this Management's Discussion and Analysis. The amount indicated comprises the margin funding facility of \$1,193 million and the fair value of the new notes of \$1,315 million.

⁽³⁾ For presentation purposes, cross-investments between investment funds and hedge funds have not been eliminated.

ADDITIONAL INFORMATION

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The significant accounting policies used by Desjardins Group are described in Note 1 to the 2008 Annual Report, on pages 124 to 126 or, where possible, in the notes to the financial statements to enable the reader to understand these policies. Some of these policies are of particular importance to the presentation of Desjardins Group's financial position and operating results since they require Management to make assumptions and estimates, some of which may involve uncertainties. Pages 101 to 103 of the 2008 Annual Report summarize these accounting policies. No significant changes were made to these assumptions and estimates during the first three months of 2009.

CHANGES IN ACCOUNTING POLICIES

A description of the new accounting standards adopted in 2009 and future changes in accounting policies may be found in Notes 2 and 3 to the Unaudited Interim Combined Financial Statements of Desjardins Group.

Furthermore, in February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises will be required to apply International Financial Reporting Standards (IFRS) in 2011. Desjardins Group and its entities, which are publicly accountable enterprises, will therefore adopt IFRS on January 1, 2011.

During the first quarter of 2009, Desjardins Group continued to analyze the accounting impact of the conversion to IFRS and its repercussions on its business activities, information systems, processes and change management activities.

At this stage, it is still too soon for Desjardins Group to pronounce on the anticipated financial impact of the transition to standards on its balance sheet and its current operating results since changes to accounting standards are expected to take place between now and the transition to IFRS.

Between now and the transition, Desjardins Group will monitor changes made to the IFRS standards and will adjust its transition plan accordingly. The progress made to date is in line with the timetable established.

The reader is referred to page 103 of Desjardins Group's 2008 Annual Report for a list of the key elements in its transition plan.

ECONOMIC ENVIRONMENT

Government and monetary authorities are well aware that it will take some time yet to pick up the pieces from the burst real estate bubble and the financial crisis. Key interest rates are virtually zero everywhere in the world, and a number of countries are now at the stage of increasing the money supply in order to further facilitate access to credit for participants in the economic process. The Bank of Canada recently announced that the 0.25% target rate for financing was at its floor and that it intended to keep it there until the end of the second quarter of 2010.

However, the recent rally on stock markets around the globe offers a ray of hope. The latest quarterly results from certain U.S. financial institutions (Citigroup, Wells Fargo, Bank of America) were certainly a factor in this rally. The S&P 500 and the S&P/TSX have risen more than 25% since their mid-March low. Since stock market trends generally lead economic trends by about six months, there is reason to believe that a timid recovery could emerge in late 2009 or early 2010.

Data from the labour market clearly show the present difficulties besetting the Canadian economy. The 0.7% drop in real GDP in January led to a slight downward revision in our forecast for the first quarter to an annualized rate of -7.0%, the worst performance since this indicator was first published in 1961. For 2009, production will therefore be down 3% in Canada.

The economic accounts for the last quarter underscore the contrast between Québec and Ontario, where GDP declined by -1.4% and -5.6% respectively. All the Canadian provinces will be in recession in 2009. Alberta, Saskatchewan and Newfoundland are suffering the effects of falling oil prices, while the other provinces are mainly reeling from hits to the manufacturing and construction industries.

SUMMARY OF DESJARDINS GROUP QUARTERLY RESULTS

Combined results

(unaudited, by quarter, in millions of dollars and as a percentage)

	2009	2008				2007		
	Q1	Q4 ⁽¹⁾	Q3 ⁽¹⁾	Q2 ⁽¹⁾	Q1 ⁽¹⁾	Q4 ⁽¹⁾	Q3 ⁽¹⁾	Q2 ⁽¹⁾
Total income	\$2,245	\$1,729	\$2,010	\$2,452	\$2,182	\$2,699	\$2,384	\$2,219
Surplus earnings before member dividends	117	(476)	149	338	67	273	248	315
Provision for member dividends, net of income taxes	39	(63)	7	123	86	124	92	125
Surplus earnings for the period after member dividends (excess of provision for member dividends over surplus earnings for the period)	\$78	\$(413)	\$142	\$215	\$(19)	\$149	\$156	\$190
Return on equity	4.8%	(19.3%)	6.2%	14.3%	2.9%	11.8%	11.0%	14.3%
Total assets	\$159,734	\$152,298	\$150,321	\$151,940	\$149,760	\$144,059	\$146,911	\$143,000
Tier 1 capital ratio	13.67%	13.39%	14.15%	13.98%	14.04%	14.17%	14.02%	14.44%
Total capital ratio	13.67%	12.85%	13.45%	13.17%	13.25%	13.59%	13.48%	13.41%

(1) Data restated to reflect the presentation adopted as at March 31, 2009.

COMBINED STATEMENTS OF INCOME**(unaudited)****For the three months ended March 31***(in millions of dollars)*

	2009	2008
Interest income		
Loans	\$1,236	\$1,411
Securities	127	105
	1,363	1,516
Interest expense		
Deposits	559	696
Subordinated debentures and borrowings	9	11
	568	707
Net interest income	795	809
Net premiums	1,006	996
Other income		
Deposit and payment service charges	119	121
Lending fees and credit card service revenues	99	93
Brokerage, investment fund and trust services	124	167
Income (loss) on available-for-sale securities	13	(114)
Trading loss <i>(Note 8)</i>	(82)	(58)
Other investment income	64	61
Other	107	107
	444	377
Total income	2,245	2,182
Provisions for credit losses	60	44
Claims, benefits, annuities and changes in insurance provisions	789	823
Non-interest expense		
Salaries and fringe benefits	610	592
Premises, equipment and furniture, including amortization	104	95
Outsourcing of processing services	79	80
Communications	60	58
Other	368	397
	1,221	1,222
Operating surplus earnings	175	93
Income taxes on surplus earnings	56	25
Surplus earnings before non-controlling interests and member dividends	119	68
Non-controlling interests	2	1
Surplus earnings before member dividends	117	67
Provision for member dividends	65	122
Tax recovery on provision for member dividends	(26)	(36)
Surplus earnings (deficit) for the period after member dividends	\$78	\$(19)

The accompanying notes are an integral part of the Quarterly Combined Financial Statements.

COMBINED BALANCE SHEETS

(unaudited)

(in millions of dollars)

	March 31, 2009	December 31, 2008
ASSETS		
Cash and deposits with financial institutions	\$1,212	\$1,489
Securities (Note 5)		
Available-for-sale securities	10,516	11,338
Securities held for trading	20,857	17,765
Equity method securities	117	119
	31,490	29,222
Securities borrowed or purchased under reverse repurchase agreements	10,674	6,130
Loans (Note 6)		
Residential mortgages	61,035	61,081
Consumer, credit card and other personal loans	18,583	18,121
Business and government	26,757	26,086
	106,375	105,288
Allowance for credit losses	(845)	(826)
	105,530	104,462
Other assets		
Land, buildings and equipment	1,020	1,025
Interest receivable	553	520
Derivative financial instruments (Note 9)	4,391	4,588
Clients' liability under acceptances	353	428
Amounts receivable from clients, brokers and financial institutions	900	614
Other	3,611	3,820
	10,828	10,995
Total assets	\$159,734	\$152,298
LIABILITIES AND EQUITY		
LIABILITIES		
Deposits		
Individuals	\$72,870	\$71,958
Business and government	20,812	21,512
Deposit-taking and other institutions	9,075	7,966
	102,757	101,436
Other liabilities		
Actuarial and related liabilities	12,812	12,874
Borrowings	90	338
Interest payable	900	916
Derivative financial instruments (Note 9)	2,580	2,773
Acceptances	353	428
Commitments related to securities lent or sold under repurchase agreements	15,972	11,905
Commitments related to securities sold short	6,012	4,112
Amounts payable to clients, brokers and financial institutions	1,688	899
Other	5,281	5,220
	45,688	39,465
Subordinated debentures	796	748
Non-controlling interests	439	776
EQUITY		
Capital stock	962	955
Share capital	67	67
Deficit	(101)	(96)
Accumulated other comprehensive income (Note 10)	788	685
Reserves	8,338	8,262
	10,054	9,873
Total liabilities and equity	\$159,734	\$152,298

The accompanying notes are an integral part of the Quarterly Combined Financial Statements.

On behalf of the Board of Directors of the Fédération des caisses Desjardins du Québec,

Monique F. Leroux
Chair of the Board

Denis Paré
Vice-Chair of the Board

COMBINED STATEMENTS OF CHANGES IN EQUITY**(unaudited)****For the three months ended March 31***(in millions of dollars)*

	2009	2008
Capital stock		
Balance at beginning of period	\$955	\$894
Net change during the period	7	14
Balance at end of period	\$962	\$908
Share capital		
Balance at beginning and end of period	\$67	\$67
Undistributed surplus earnings (deficit)⁽¹⁾		
Balance at beginning of period	\$(96)	\$795
Surplus earnings (deficit) for the period after member dividends	78	(19)
Remuneration on permanent shares, net of income tax recovery	(6)	(7)
Dividends on preferred shares	(1)	(1)
Transfer from the reserve for future member dividends	30	---
Transfer to the general reserve	(106)	(34)
Balance at end of period	\$(101)	\$734
Accumulated other comprehensive income⁽¹⁾		
Balance at beginning of period	\$685	\$50
Other comprehensive income for the period	103	136
Balance at end of period <i>(Note 10)</i>	\$788	\$186
Reserves		
Stabilization reserve		
Balance at beginning and end of period	\$278	\$275
Reserve for future member dividends		
Balance at beginning of period	\$350	\$209
Transfer to undistributed surplus earnings	(30)	---
Balance at end of period	\$320	\$209
General reserve		
Balance at beginning of period	\$7,634	\$6,992
Transfer from undistributed surplus earnings	106	34
Balance at end of period	\$7,740	\$7,026
Total reserves	\$8,338	\$7,510
Total equity	\$10,054	\$9,405

The accompanying notes are an integral part of the Quarterly Combined Financial Statements.

⁽¹⁾ The sum of undistributed surplus earnings and accumulated other comprehensive income is \$687 million (\$920 million in 2008).

COMBINED STATEMENTS OF COMPREHENSIVE INCOME**(unaudited)****For the three months ended March 31***(in millions of dollars)*

	2009	2008
Surplus earnings (deficit) for the period after member dividends	\$78	\$(19)
Other comprehensive income, net of income taxes		
Net unrealized gains (losses) on available-for-sale securities ⁽¹⁾	76	(7)
Reclassification to the Combined Statements of Income of losses (gains) on available-for-sale securities ⁽²⁾	2	(6)
	78	(13)
Gains on derivative financial instruments designated as cash flow hedges ⁽³⁾	34	148
Reclassification to the Combined Statements of Income of losses (gains) on derivative financial instruments designated as cash flow hedges ⁽⁴⁾	(10)	3
	24	151
Net unrealized exchange gain (loss) on the translation of the financial statements of self-sustaining foreign operations, net of hedging transactions	1	(2)
Total other comprehensive income	103	136
Comprehensive income	\$181	\$117

The accompanying notes are an integral part of the Quarterly Combined Financial Statements.

⁽¹⁾ Net of income tax expense of \$18 million and of an income tax benefit of \$1 million for the three-month periods ended March 31, 2009 and 2008, respectively.

⁽²⁾ Net of income tax benefit of \$1 million and of an income tax expense of \$2 million for the three-month periods ended March 31, 2009 and 2008, respectively.

⁽³⁾ Net of income tax expense of \$11 million and of \$55 million for the three-month periods ended March 31, 2009 and 2008, respectively.

⁽⁴⁾ Net of income tax expense of \$3 million and of an income tax benefit of \$1 million for the three-month periods ended March 31, 2009 and 2008, respectively.

COMBINED STATEMENTS OF CASH FLOWS

(unaudited)

For the three months ended March 31

(in millions of dollars)

	2009	2008
Cash flows from (used in) operating activities		
Surplus earnings (deficit) for the period after member dividends	\$78	\$(19)
Adjustments for:		
Amortization of buildings and equipment	38	35
Amortization of intangible assets with finite useful lives	8	9
Write-down of venture capital investments	1	8
Net change in actuarial and related liabilities	(62)	2
Future income taxes	(24)	(104)
Provisions for credit losses	60	44
Write-off of deferred charges	---	25
Non-controlling interests	2	1
Net losses realized on available-for-sale securities	6	147
Change in operating assets and liabilities		
Interest receivable	(33)	(32)
Interest payable	(16)	45
Securities held for trading	(2,324)	(460)
Net change in equity method securities	2	(1)
Net change in fair value of derivative financial instruments	49	(905)
Other	799	343
	(1,416)	(862)
Cash flows from (used in) financing activities		
Net change in deposits	1,321	1,650
Issuance of debt securities and subordinated debentures	500	---
Repayment of debt securities and subordinated debentures	(700)	(111)
Net change in capital stock	7	9
Net change in non-controlling interests	(339)	20
Remuneration on permanent shares, net of income tax recovery	(6)	(7)
Dividends on preferred shares	(1)	---
Commitments related to securities lent or sold under repurchase agreements	4,067	855
Net change in commitments related to securities sold short	1,900	1,372
	6,749	3,788
Cash flows from (used in) investing activities		
Net change in loans	(1,423)	(2,274)
Proceeds from securitization of mortgage loans	295	537
Purchase of available-for-sale securities	(5,927)	(4,589)
Proceeds from disposals of available-for-sale securities	4,456	3,251
Proceeds from maturities of available-for-sale securities	1,566	774
Securities borrowed or purchased under reverse repurchase agreements	(4,544)	(807)
Net acquisitions of land, buildings and equipment	(33)	(37)
	(5,610)	(3,145)
Net decrease in cash and cash equivalents	(277)	(219)
Cash and cash equivalents at beginning of period	1,489	1,499
Cash and cash equivalents at end of period	\$1,212	\$1,280
Composition of cash and cash equivalents		
Cash	\$760	\$739
Deposits with financial institutions and the Bank of Canada	152	127
Cheques and other items in transit (net amount)	300	414
	\$1,212	\$1,280
Supplemental cash flow information		
Interest paid during the period	\$584	\$662
Income taxes on surplus earnings paid during the period	47	85

The accompanying notes are an integral part of the Quarterly Combined Financial Statements.

NOTES TO THE QUARTERLY COMBINED FINANCIAL STATEMENTS**(unaudited)****As at March 31, 2009****1. ACCOUNTING POLICIES**

The Unaudited Quarterly Combined Financial Statements of Desjardins Group have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and the accounting requirements of the Autorité des marchés financiers (AMF), which do not differ from GAAP, applied in the same manner as in the most recent audited financial statements, except for the accounting changes described in Note 2. These Unaudited Quarterly Combined Financial Statements should be read in conjunction with the Audited Combined Financial Statements for the year ended December 31, 2008.

The preparation of unaudited quarterly combined financial statements requires Management to make certain estimates and assumptions that have an impact on assets and liabilities and the disclosures of contingent assets and liabilities in the unaudited quarterly combined financial statements, as well as income and expenses for the reporting periods. In the opinion of Management, the necessary adjustments have been made to these Unaudited Quarterly Combined Financial Statements to ensure that they present fairly the results of the periods presented.

Actual results may differ from those estimates, and the results of the quarterly periods presented are not necessarily representative of anticipated results for the full year.

Certain comparative figures have been reclassified to conform to the presentation adopted for Fiscal 2009.

2. NEW ACCOUNTING POLICIES**GOODWILL AND INTANGIBLE ASSETS**

On January 1, 2009, Desjardins Group retroactively adopted the new accounting standard of the Canadian Institute of Chartered Accountants (CICA) entitled "Goodwill and Intangible Assets" (Section 3064).

This standard reinforces an approach based on principles and criteria to recognize costs as assets and clarifies the application of the matching principle in order to eliminate the practice of recognizing as assets items that do not meet the definition of an asset nor the criteria for asset recognition. The adoption of this standard had no impact on the Combined Financial Statements.

CREDIT RISK AND THE FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

On January 1, 2009, Desjardins Group retroactively adopted the new abstract issued by the Emerging Issues Committee (EIC) entitled "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities" (EIC-173).

This new EIC states that an entity's own credit risk and the credit risk of the counterparty must be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. The adoption of this EIC had no significant impact on the valuation models used to determine the fair value of Desjardins Group's financial instruments and on the results and financial position of Desjardins Group.

3. FUTURE ACCOUNTING CHANGES**INTERNATIONAL FINANCIAL REPORTING STANDARDS**

On February 13, 2008, the Canadian Accounting Standards Board issued a news release confirming that publicly accountable enterprises will be required to apply International Financial Reporting Standards (IFRS) in 2011. Desjardins Group therefore initiated its IFRS conversion project in the summer of 2007.

Since Desjardins Group will adopt IFRS on January 1, 2011, new Canadian GAAP standards that will be effective on or after January 1, 2011 are not disclosed as future accounting changes because they will never be applied by Desjardins Group.

4. CARRYING VALUE OF FINANCIAL INSTRUMENTS

The following tables present the carrying value of all financial assets and liabilities according to their classification in the categories defined in the financial instrument standards.

As at March 31, 2009

<i>(in millions of dollars)</i>	Held for trading	Designated as held for trading under the fair value option	Available-for-sale	Loans and receivables, and financial liabilities other than held for trading	Total
FINANCIAL ASSETS					
Cash and deposits with financial institutions	\$1,212	\$---	\$---	\$---	\$1,212
Securities					
Available-for-sale securities	---	---	10,516	---	10,516
Securities held for trading	11,591	9,266	---	---	20,857
Securities borrowed or purchased under reverse repurchase agreements	---	---	---	10,674	10,674
Loans	---	---	---	105,530	105,530
Other financial assets					
Interest receivable	---	---	---	553	553
Derivative financial instruments ⁽¹⁾	4,391	---	---	---	4,391
Clients' liability under acceptances	---	---	---	353	353
Amounts receivable from clients, brokers and financial institutions	---	---	---	900	900
Other	---	---	14	1,324	1,338
TOTAL FINANCIAL ASSETS	\$17,194	\$9,266	\$10,530	\$119,334	\$156,324
FINANCIAL LIABILITIES					
Deposits	\$---	\$---	\$---	\$102,757	\$102,757
Other financial liabilities					
Borrowings	---	---	---	90	90
Interest payable	---	---	---	900	900
Derivative financial instruments ⁽¹⁾	2,580	---	---	---	2,580
Acceptances	---	---	---	353	353
Commitments related to securities lent or sold under repurchase agreements	---	---	---	15,972	15,972
Commitments related to securities sold short	6,012	---	---	---	6,012
Amounts payable to clients, brokers and financial institutions	---	---	---	1,688	1,688
Other	---	---	---	4,456	4,456
Subordinated debentures	---	---	---	796	796
TOTAL FINANCIAL LIABILITIES	\$8,592	\$---	\$---	\$127,012	\$135,604

⁽¹⁾ Include derivative financial instruments related to fair value and cash flow hedging activities amounting to \$2,349 million in assets and \$153 million in liabilities.

4. CARRYING VALUE OF FINANCIAL INSTRUMENTS (continued)

As at December 31, 2008

<i>(in millions of dollars)</i>	Held for trading	Designated as held for trading under the fair value option	Available-for-sale	Loans and receivables, and financial liabilities other than held for trading	Total
FINANCIAL ASSETS					
Cash and deposits with financial institutions	\$1,489	\$---	\$---	\$---	\$1,489
Securities					
Available-for-sale securities	---	---	11,338	---	11,338
Securities held for trading	10,001	7,764	---	---	17,765
Securities borrowed or purchased under reverse repurchase agreements	---	---	---	6,130	6,130
Loans	---	---	---	104,462	104,462
Other financial assets					
Interest receivable	---	---	---	520	520
Derivative financial instruments ⁽¹⁾	4,588	---	---	---	4,588
Clients' liability under acceptances	---	---	---	428	428
Amounts receivable from clients, brokers and financial institutions				614	614
Other	---	---	15	1,570	1,585
TOTAL FINANCIAL ASSETS	\$16,078	\$7,764	\$11,353	\$113,724	\$148,919
FINANCIAL LIABILITIES					
Deposits	\$---	\$---	\$---	\$101,436	\$101,436
Other financial liabilities					
Borrowings	---	---	---	338	338
Interest payable	---	---	---	916	916
Derivative financial instruments ⁽¹⁾	2,773	---	---	---	2,773
Acceptances	---	---	---	428	428
Commitments related to securities lent or sold under repurchase agreements	---	---	---	11,905	11,905
Commitments related to securities sold short	4,112	---	---	---	4,112
Amounts payable to clients, brokers and financial institutions				899	899
Other	---	---	---	4,555	4,555
Subordinated debentures	---	---	---	748	748
TOTAL FINANCIAL LIABILITIES	\$6,885	\$---	\$---	\$121,225	\$128,110

⁽¹⁾ Include derivative financial instruments related to fair value and cash flow hedging activities amounting to \$2,436 million in assets and \$174 million in liabilities.

5. SECURITIES

UNREALIZED GAINS AND LOSSES ON AVAILABLE-FOR-SALE SECURITIES

(in millions of dollars)

As at March 31, 2009

	Amortized cost ⁽¹⁾	Unrealized gross gains	Unrealized gross losses	Carrying value ⁽¹⁾
SECURITIES ISSUED OR GUARANTEED BY				
Canada	\$2,647	\$105	\$---	\$2,752
Provinces and municipal corporations in Canada	3,235	84	24	3,295
School or public corporations in Canada	26	---	---	26
Foreign public administrations	10	---	--	10
OTHER SECURITIES IN CANADA				
Financial institutions	3,365	68	15	3,418
Other issuers	499	2	33	468
Shares	415	1	94	322
SECURITIES FROM FOREIGN ISSUERS				
Shares	302	26	103	225
	\$10,499	\$286	\$269	\$10,516

(in millions of dollars)

As at December 31, 2008

	Amortized cost ⁽¹⁾	Unrealized gross gains	Unrealized gross losses	Carrying value ⁽¹⁾
SECURITIES ISSUED OR GUARANTEED BY				
Canada	\$2,286	\$98	\$6	\$2,378
Provinces and municipal corporations in Canada	3,496	87	39	3,544
School or public corporations in Canada	4	---	---	4
Foreign public administrations	12	---	1	11
OTHER SECURITIES IN CANADA				
Financial institutions	3,425	33	47	3,411
Other issuers	1,478	6	54	1,430
Shares	407	1	87	321
SECURITIES FROM FOREIGN ISSUERS				
Financial institutions	4	---	---	4
Shares	298	---	63	235
	\$11,410	\$225	\$297	\$11,338

⁽¹⁾ Desjardins Group holds available-for-sale securities accounted for at cost since they are not quoted on an active market. Available-for-sale securities recorded at cost on the Combined Balance Sheets total \$41 million (\$40 million as at December 31, 2008), and that cost is presented in the "Carrying value" column in the table above. The fair value of some of these securities can be estimated and represents an immaterial loss.

As at March 31, 2009, the gross unrealized losses on available-for-sale securities resulted from wider credit spreads due to recent disruptions on capital markets and fluctuations in market interest rates. Declines in value of available-for-sale securities are monitored daily by Management. Desjardins Group has the ability and intent to hold these securities for a period of time sufficient to allow for recovery in fair value. It determined that the gross unrealized losses are temporary in nature.

5. SECURITIES (continued)

SECURITIES – ASSET-BACKED COMMERCIAL PAPER / NEW NOTES

As at December 31, 2008, Desjardins Group held investments on the non-bank asset-backed commercial paper (ABCP) market, although it had never issued this type of financial product to its clients. It should be noted that to safeguard its members and clients, Desjardins Group had repurchased in September 2007 and, to a lesser extent, in 2008, ABCP assets in the money market mutual funds it managed and in the securities lending operations of Desjardins Trust clients for which it had not originally assumed the risk. For more information on the restructuring, please refer to the “Asset-backed commercial paper” section of Note 4, “Securities”, to the Combined Financial Statements for the year ended December 31, 2008.

The implementation of the ABCP restructuring plan was completed on January 21, 2009. This restructuring plan aimed to replace ABCP by new longer-term floating rate notes having a maturity similar to that of the underlying assets.

The features of the restructuring plan are as follows:

- Creation of three new trusts, called “Master Asset Vehicles” (MAV):
 - ✓ MAV 1 and MAV 2 are comprised exclusively of synthetic asset transactions, being a combination of assets pledged as collateral and credit default swap contracts, or of hybrid asset transactions, being a combination of synthetic assets and traditional assets. They also include the so-called ineligible (subprime and other) assets of these series;
 - ✓ MAV 3 is comprised of exclusively ineligible (subprime) asset and traditional asset transactions;
- Creation of five classes of notes for MAV 1 and MAV 2 (A-1, A-2, B, C and IA) and of two classes of notes for MAV 3 (IA and TA). The IA and TA notes are divided into multiple series of tracking notes that reflect the cash flows of the original underlying assets;
- Establishment of funding facilities in support of MAV 1 and MAV 2 to fund collateral calls that may occur with respect to underlying credit default swaps;
- Establishment of an initial 18-month moratorium period during which no additional collateral calls may be made for the vast majority of underlying credit default swaps;
- Widening of certain “spread-loss” triggers, which will apply again at the expiration of the moratorium period, thereby reducing the likelihood of additional collateral calls.

Desjardins Group participates in the MAV 1 and MAV 3 trusts.

In addition to the assets already pledged as collateral by the trusts for credit default swaps, the plan stipulates that MAV 1 and MAV 2 must each have a margin funding facility (MFF) intended to cover any potential collateral calls from swap counterparties. Desjardins Group has chosen to self-finance its share of the margin funding facility, which explains its participation in MAV 1.

Desjardins Group's share in this credit commitment, totalling \$1,193 million, ranks equal to the other participants in the MFF and matures in July 2017 or earlier if all credit default swap transactions have been settled. Desjardins Group will not receive any fees for this MAV 1 credit commitment. Advances made under this funding facility will bear interest at a rate based on the bankers' acceptance rate or prime rate. Any advance under the margin funding facility will rank senior to amounts payable under the notes issued by MAV 1. Should Desjardins Group fail to honour its commitment to provide funds for its share of the margin funding facility, a proportionate share of the MAV 1 notes held by Desjardins will be subordinated to the notes held by the other participants. Caisse centrale Desjardins, as the MFF signatory for Desjardins Group, must maintain a credit rating equivalent to A (low) with at least two of the four credit rating agencies (DBRS, S&P, Fitch and Moody's), failing which it must provide collateral or another form of credit support to MAV 1 or have another entity with a sufficiently high credit rating assume its obligations. As at March 31, 2009, no amount had been drawn on the MFF.

Under a separate agreement, Desjardins Group purchased a \$400 million protection for its MFF commitments from one of the participants in MAV 1 in exchange for an annual commitment fee of 1.2%, which is the same rate as the third-party institutions that have contributed to the equivalent MFF of MAV 2. This participation will automatically end upon the maturity of MAV 1's MFF.

In the event that the MAV 1 margin funding facility and the equivalent MAV 2 facility are not sufficient to meet the collateral calls on the vehicle in question, a senior funding facility has been put in place to provide access to additional liquidities. This funding facility has been provided by the governments of Canada and Québec and by one of the MAV 1 participants. This Master Asset Vehicle can draw on an amount of \$1,772 million under this facility.

Upon the restructuring, on January 21, 2009, Desjardins Group derecognized the carrying value of its ABCP holdings and recognized the new notes at fair value. These new notes were classified as “designated as held for trading under the fair value option”.

5. SECURITIES (continued)

SECURITIES – ASSET-BACKED COMMERCIAL PAPER / NEW NOTES (continued)

As at March 31, 2009, Desjardins Group held new notes of which the face value is allocated among the various following vehicles:

As at March 31, 2009	Face value	Fair value
MAV 1		
Class A-1	\$876	\$584
Class A-2	789	452
Class B	135	54
Class C	56	---
Class IA – Ineligible (subprime) assets	166	---
Class IA – Ineligible (other) assets	29	11
Total MAV 1	2,051	1,101
MAV 3		
Class IA – Ineligible (subprime) assets	68	---
Class TA – Traditional assets	248	214
Total MAV 3	316	214
Total MAV 1 and MAV 3	\$2,367	\$1,315

As at December 31, 2008, ABCP securities held were broken down as follows:

2008	Amortized cost	Cumulative write-down	Fair value
ABCP			
Synthetic and hybrid assets	\$1,962	\$772	\$1,190
Traditional assets	255	11	244
Ineligible (subprime) assets	229	227	2
Total	\$2,446	\$1,010	\$1,436

2008	Amortized cost	Cumulative write-down		Fair value
		Income	Deposit liabilities and actuarial liabilities	
Available-for-sale securities	\$1,257	\$506	\$---	\$751
Securities held for trading	1,189	243	261	685
Total	\$2,446	\$749	\$261	\$1,436

Valuation methodology

Since there is no active market for ABCP securities, Desjardins Group's Management estimated the fair value of its holdings and the resulting changes in value by using a valuation technique.

The fair value of ABCP restructured in the form of A-1, A-2, B and C notes in MAV 1, i.e. synthetic and hybrid assets, is based on a financial model incorporating uncertainties regarding return, credit spreads, the nature and credit risk of underlying assets, the amounts and timing of cash inflows, the maturity dates and the liquidity restrictions of the new notes in order to provide a fair value reflecting market conditions as at March 31, 2009. Anticipated cash flows from the new notes were discounted using the bankers' acceptance rate plus a premium ranging from 889 to 3,425 basis points over periods ranging from five to eight years.

The fair value of tracking notes backed by traditional and ineligible (other) assets was determined using benchmark indices selected based on the assets underlying each tracking note since the cash flows generated by these notes stem directly from the cash flows generated by the underlying assets. As for tracking notes comprised exclusively of ineligible (subprime) assets, given the nature of the underlying assets and their marked deterioration in the current economic environment, their fair value was determined to be nil as at March 31, 2009.

Assumptions used are based as much as possible on observable market data such as interest rates, credit spreads and benchmark indices for similar assets. They also reflect, if necessary, any specific features of the restructuring and are partially based on assumptions not supported by observable market prices or rates for similar assets. Discount rates used take into account the maturity, the credit rating and the market and liquidity risks of each note.

5. SECURITIES (continued)**SECURITIES – ASSET-BACKED COMMERCIAL PAPER / NEW NOTES (continued)****Impact on income**

The restructuring of ABCP securities into new notes and the revaluation of these securities and the related MFF had a negative impact of \$88 million on Desjardins Group's combined income before taxes for the three-month period ended March 31, 2009. The revaluation loss was due to the deterioration in credit spreads and other benchmark indices, and to the write-off of a security excluded from the moratorium period under the Montréal Accord. The impact of this write-off amounted to \$34 million. The reclassification of accrued interest on ABCP holdings and of the MFF, which were previously recorded in securities, had no impact on combined income.

For the quarter ended March 31, 2008, a net decline in value of \$220 million had been charged to Desjardins Group's combined income. Of this amount, \$157 million was due, among other factors, to a decline in value considered to be, in accordance with accounting standards, other than temporary for available-for-sale securities. In addition, a portion of the ABCP was still held as part of investment operations associated with certain guaranteed-capital savings products. The decline in value attributable to these ABCP securities was \$86 million for the quarter ended March 31 and was offset by an equivalent reduction in deposit liabilities and actuarial liabilities. Consequently, it did not affect Desjardins Group's combined income for the first quarter of 2008.

The above estimated fair value may not be indicative of the ultimate net realizable value or the future fair value. While Management believes that its valuation technique is appropriate in the circumstances, changes in significant assumptions, especially those relating to the determination of the return, the credit risk spreads for the underlying assets, and the quality of assets given as collateral by the trusts, which are integrated into the discount rate, could significantly affect the value ascribed to the replacement notes in the future. A 1% increase in the estimated discount rates could reduce the estimated fair value of the replacement note portfolio now held by Desjardins Group by approximately \$54 million, which would reduce Tier 1 capital by \$28 million or 0.3% as at March 31, 2009. However, a 1% decrease in the estimated discount rates could increase the estimated fair value of Desjardins Group's current replacement note portfolio by approximately \$57 million, which would increase Tier 1 capital by \$30 million or 0.4% as at March 31, 2009. For more information on capital, please refer to Note 28, "Capital management", to the most recent Annual Combined Financial Statements of Desjardins Group.

Some uncertainties remain regarding the value of underlying assets, the amount and timing of cash flows, the development of a secondary market for the replacement notes and the liquidity of this market, which could further change the value of Desjardins Group's investment in replacement notes. Economic conditions resulted in a decrease in the floating interest rates of the underlying assets. Therefore, the mismatch between the floating interest rates and payment dates of the underlying assets and the cost of the senior funding facility and the interest payment period of MAV 1 leads to measurement uncertainties. The prospect of a major prolonged slowdown in the North American economy could also have a negative impact on the fair value of the replacement notes.

An amount of \$66 million, net of Desjardins Group's estimated share of the \$19 million in restructuring fees assumed by the Pan-Canadian Committee, was paid to Desjardins Group as accrued interest on ABCP holdings for the period from August 20, 2007 to August 31, 2008 during the first quarter of 2009. Desjardins Group estimated the accrued interest on ABCP holdings for the period from September 1, 2008 to January 21, 2009, which was recorded in Other assets. As a result of measurement uncertainties, Desjardins Group recorded interest income only on the MAV 1 A-1 and A-2 notes that rank senior to other notes with respect to interest and principal. For the year ended December 31, 2008, Desjardins Group had recognized the net interest income on ABCP holdings in the fair value of the securities.

At the time these financial statements were prepared, no active market existed yet for the various restructured notes. In addition, the trading of MAV 1 notes is subject to considerable restrictions, since MAV 1 A-1, A-2, B and C noteholders may only transfer the notes to a third party if such transfer is made on a prorata basis of each of the classes held by the seller and if the buyer assumes an equivalent share of the commitments related to the MFF, either directly or through another entity, as long as the party assuming the share of the MFF has a sufficiently high credit rating.

Variable interest entities (VIEs)

Desjardins Group participates in MAV 1, which is a VIE with assets totalling approximately \$15,483 million and no equity and is comprised mainly of synthetic asset transactions for which investors are committed to contribute to a margin funding facility. Since Desjardins Group does not absorb a majority of MAV 1's expected losses and does not receive a majority of its expected residual returns, it is not required to consolidate MAV 1. Furthermore, Desjardins Group holds significant interests in this vehicle, namely the margin funding facility of \$1,193 million and the investment in MAV 1 new notes having a fair value of \$1,090 million, the total of which represents the maximum risk of loss for Desjardins Group.

6. LOANS AND ALLOWANCE FOR CREDIT LOSSES

LOANS AND IMPAIRED LOANS

<i>(in millions of dollars)</i>	As at March 31, 2009						As at December 31, 2008
	Gross loans neither past due nor impaired	Gross loans past due but not impaired	Gross impaired loans	Specific allowances	General allowance	Net impaired loans	Net impaired loans
Residential mortgages	\$60,644	\$264	\$127	\$13	\$---	\$114	\$96
Consumer, credit card and other personal loans	16,733	1,760	90	35	---	55	52
Business and government	26,016	492	249	88	---	161	144
General allowance	---	---	---	---	709	(709)	(696)
	\$103,393	\$2,516	\$466	\$136	\$709	\$(379)	\$(404)

Past due loans are loans on which the counterparty has failed to make a payment when contractually due.

When a portion of an impaired loan is written-off and the balance is restructured, interest is recorded again using the accrual method when there is no reasonable doubt as to the collection of principal and interest and payments have not been past due for 90 days.

The carrying value of loans that would otherwise be past due or impaired, but whose terms have been renegotiated during the three-month period ended March 31, 2009 amounted to \$59 million.

GROSS LOANS PAST DUE BUT NOT IMPAIRED

As at March 31, 2009

(in millions of dollars)

	1 to 29 days	30 to 59 days	60 to 89 days	90 days and more	Total
Residential mortgages	\$217	\$32	\$10	\$5	\$264
Consumer, credit card and other personal loans	1,325	239	90	106	1,760
Business and government	294	95	34	69	492
	\$1,836	\$366	\$134	\$180	\$2,516

As at December 31, 2008

(in millions of dollars)

	1 to 29 days	30 to 59 days	60 to 89 days	90 days and more	Total
Residential mortgages	\$150	\$21	\$10	\$7	\$188
Consumer, credit card and other personal loans	1,369	219	91	99	1,778
Business and government	244	55	41	71	411
	\$1,763	\$295	\$142	\$177	\$2,377

6. LOANS AND ALLOWANCE FOR CREDIT LOSSES (continued)

ALLOWANCE FOR CREDIT LOSSES

<i>(in millions of dollars)</i>	As at March 31, 2009				As at December 31, 2008
	Balance at beginning of period	Provision for credit losses	Write-offs and recoveries	Balance at end of period	Balance at end of period
Residential mortgages	\$11	\$3	\$(1)	\$13	\$11
Consumer, credit card and other personal loans	32	5	(2)	35	32
Business and government	87	5	(4)	88	87
General allowance	696	47	(34)	709	696
	\$826	\$60	\$(41)	\$845	\$826

7. SECURITIZATION OF MORTGAGE LOANS

Under the *National Housing Act* Mortgage-Backed Securities Programme of Canada, Desjardins Group securitized residential mortgage loans guaranteed by the Canada Mortgage and Housing Corporation through the creation of NHA-MBSs. The following table summarizes the impact of its new mortgage loan securitization activities during the three-month periods ended March 31.

<i>(in millions of dollars)</i>	For the three-month periods ended March 31	
	2009	2008
Mortgage loans securitized	\$364	\$503
Net cash proceeds received	295	537
Retained interests	16	33
Assumed servicing liabilities	2	5
Gain on sale, net of transaction expenses	18	37

As at March 31, 2009, Desjardins Group had recorded retained interests of \$171 million (\$170 million as at December 31, 2008) and assumed servicing liabilities of \$29 million (\$30 million as at December 31, 2008) on its Combined Balance Sheets. In 2009, cash flows from retained interests were \$17 million (\$9 million in 2008). In addition, the impact of the amortization of servicing liabilities on the Combined Statements of Income was \$3 million (\$2 million in 2008). An amount of \$276 million (\$202 million as at December 31, 2008) representing mortgage-backed securities created and retained was recorded in securities held for trading as at March 31, 2009.

Total mortgage loans securitized outstanding amounted to \$4,220 million (\$4,074 million as at December 31, 2008).

The key assumptions used in determining the initial fair value of the retained interests as at the date of sale are as follows:

	For the three-month periods ended March 31	
	2009	2008
Discount rate	2.02%	3.61%
Prepayment rate for fixed rate and floating rate mortgages, respectively	15 and 25%	15 and 25%
Weighted average life of loans	28 months	33 months

No credit losses are expected because the mortgage loans transferred are guaranteed.

8. TRADING INCOME**Income from financial instruments required to be classified as held for trading**

<i>(in millions of dollars)</i>	For the three-month periods ended March 31	
	2009	2008
Income		
Net interest income	\$17	\$12
Trading income (loss)	19	(81)

Income from instruments designated as held for trading under the fair value option

<i>(in millions of dollars)</i>	For the three-month periods ended March 31	
	2009	2008
Income		
Net interest income	\$5	\$2
Trading income (loss)	(101)	23

Financial instruments designated as held for trading under the fair value option

Financial instruments designated as held for trading under the fair value option are composed of: (i) certain investments in derivative instruments not designated in hedging relationships, thereby significantly reducing accounting disparities; (ii) securities whose underlying security is composed of hedge funds that are managed using a supported investment strategy aimed at taking advantage of short-term market volatility; (iii) securities backing actuarial liabilities in life and health insurance for life insurance and other contracts, as well as provisions for general insurance claims for which the option is used to significantly reduce a recording disparity that would otherwise occur, because assets or liabilities would be recorded differently; (iv) securities including embedded derivatives for which Desjardins Group is unable to measure the fair value of the embedded derivative separately either at acquisition or at a subsequent date; (v) securities that do not include embedded securities and managed under the fair value option using a supported investment strategy that is communicated to the key officers, and whose portfolio performance portfolio is measured based on fair value to more adequately reflect its substance.

9. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

As at March 31, 2009 <i>(in millions of dollars)</i>	Carrying value		
	Notional amount	Positive	Negative
Fair value hedges	\$13,074	\$1,187	\$42
Cash flow hedges	19,959	1,162	111

For the three-month period, a gain of \$7 million related to the ineffectiveness of fair value hedging activities was recorded under "Trading income" in the Combined Statement of Income.

With respect to cash flow hedge relationships, a net gain of \$32 million from the Combined Statement of Comprehensive Income as at March 31, 2009 will be reclassified to the Combined Statement of Income in the next twelve months. The remaining balance of accumulated other comprehensive income related to cash flow hedges will be reclassified to the Combined Statement of Income over the next seven years.

10. ACCUMULATED OTHER COMPREHENSIVE INCOME

The following table presents the main components of accumulated other comprehensive income (net of taxes).

<i>(in millions of dollars)</i>	As at March 31, 2009	As at December 31, 2008
Unrealized losses on available-for-sale securities	\$(9)	\$(87)
Gains on derivative financial instruments designated as cash flow hedges	794	770
Net unrealized exchange gains on the translation of the financial statements of a self-sustaining foreign operation	3	2
Accumulated other comprehensive income	\$788	\$685

11. EMPLOYEE FUTURE BENEFIT PLANS

<i>(in millions of dollars)</i>	For the three-month periods ended March 31	
	2009	2008
Pension plans expense	\$29	\$35
Other plans expense	5	9

12. CAPITAL MANAGEMENT

Desjardins Group's capital ratios are calculated according to the guideline on adequacy of capital base standards applicable to financial services cooperatives, issued by the AMF. This new regulatory framework, which applies as of this quarter, is largely based on the revised framework for international convergence of capital measurement and capital standards (Basel II) issued by the Bank for International Settlements (BIS). In this regard, the AMF recently allowed Desjardins Group to use the Advanced Internal Ratings Based approach for credit risk related to retail loan portfolios (Personal). Other credit exposures and market risk are assessed according to a standardized approach, while operational risk is calculated based on the basic indicator approach. The AMF's minimum requirement has been set at a total capital ratio of 11.5%. The new methods have mainly affected the calculation of risk-weighted assets. The calculation of capital, however, has not been significantly changed.

The goal of capital management at Desjardins Group is to ensure that a sufficient level of high-quality capital is maintained in order to provide flexibility for its development, keep a favourable credit rating and maintain the confidence of depositors and capital markets.

At the beginning of the year, the financial goal for the Group's total capital ratio was set at 13%, at Desjardins' initiative, to take into account the prevailing global economic context and the implementation, effective in the first quarter of 2009, of the new framework established by the AMF guideline on adequacy of capital base standards. Previously, this target was established at 12.5%.

On March 17, 2009, Desjardins Group called the Senior Series D bonds for a face value of \$450 million. Pursuant to a purchase and resale agreement entered into on March 30, 2009, Desjardins Group agreed to issue for a consideration of \$500 million (carrying value of \$498 million as at March 31, 2009) Senior Series E bonds maturing in April 2019. These bonds bear interest at an annual rate of 5.756% for the first five years, and for the following five years, at an annual rate equal to the 90-day bankers' acceptance rate plus 4.970%, and are redeemable at the option of Desjardins Group.

13. SEGMENTED INFORMATION

Desjardins Group is a cooperative financial group. Under the authority of the Board of Directors of the FCDQ, the President of Desjardins Group manages the components operating in the Personal and Commercial segment as well as the subsidiaries.

The Personal and Commercial segment is comprised of all activities related to financial intermediation, investment funds and trust services. The network of subsidiaries is comprised of activities related to the Life and Health Insurance segment, the General Insurance segment and the Securities Brokerage, Asset Management and Venture Capital segment. The last segment, labelled Other, includes different consolidation adjustments attributable to all of Desjardins Group's subsidiaries.

Since the first quarter of 2009, the activities related to 9186-8034 Québec inc., a subsidiary, and its own subsidiaries, which hold ABCP assets repurchased in the money market mutual funds and in the securities lending operations of Desjardins Trust clients for which it had not assumed the risk, have been transferred from the Personal and Commercial segment to the Other segment for segmented information purposes. Prior period figures were revised to reflect this reclassification.

The activities of the Personal and Commercial segment and those of the subsidiaries complement each other. Intersegment transactions are carried out in the normal course of business and are valued at the exchange amount, which corresponds to the amount of consideration established and agreed to by the partners. The results of the main segments reflect internal financial reporting systems and are consistent with the rules used in preparing the Combined Financial Statements of Desjardins Group.

13. SEGMENTED INFORMATION (continued)

The following table provides a summary of Desjardins Group's financial results by business segment for the three-month periods ended March 31.

SEGMENTED INFORMATION												
(unaudited)												
For the three-month periods ended March 31	Personal and Commercial		Life and Health Insurance		General Insurance		Securities Brokerage, Asset Management and Venture Capital		Other		Combined⁽¹⁾	
<i>(in millions of dollars)</i>	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Net interest income	\$802	\$826	\$--	\$--	\$--	\$--	\$--	\$--	\$--	\$1	\$795	\$809
Net premiums	---	---	693	681	357	349	---	---	---	---	1,006	996
Income (loss) on available-for-sale securities	(11)	(1)	14	2	10	1	---	---	---	(117)	13	(114)
Trading income (loss)	13	(28)	(53)	(10)	12	25	29	14	(80)	(59)	(82)	(58)
Other investment income (loss)	(6)	(1)	77	69	(1)	---	(3)	(4)	(3)	(10)	64	61
Other income	402	426	26	29	(1)	(1)	73	86	6	6	449	488
Total income	1,200	1,222	757	771	377	374	99	96	(77)	(179)	2,245	2,182
Provisions for credit losses	(60)	(44)	---	---	---	---	---	---	---	---	(60)	(44)
Claims, benefits, annuities and changes in insurance provisions	---	---	(508)	(529)	(282)	(294)	---	---	---	---	(789)	(823)
Non-interest expense	(945)	(932)	(210)	(196)	(88)	(85)	(96)	(101)	8	(10)	(1,221)	(1,222)
Operating surplus earnings (deficit)	195	246	39	46	7	(5)	3	(5)	(69)	(189)	175	93
Income tax (expense) recovery on surplus earnings	(68)	(65)	(9)	(10)	1	3	---	1	20	46	(56)	(25)
Non-controlling interests	(1)	---	---	(1)	(1)	---	---	---	---	---	(2)	(1)
Surplus earnings (deficit) before member dividends	126	181	30	35	7	(2)	3	(4)	(49)	(143)	117	67
Provision for member dividends, net of income taxes	(39)	(86)	---	---	---	---	---	---	---	---	(39)	(86)
Surplus earnings (deficit) for the period after member dividends	\$87	\$95	\$30	\$35	\$7	\$(2)	\$3	\$(4)	\$(49)	\$(143)	\$78	\$(19)
Segment assets	\$124,327	\$115,260	\$13,308	\$14,532	\$2,826	\$3,239	\$17,592	\$15,264	\$1,681	\$1,465	\$159,734	\$149,760

⁽¹⁾ The differences between "Combined" results and the sum of the results of the business segments, shown above, are due to intersegment transactions.

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