



NOTES FOR A SPEECH BY

MS. MONIQUE F. LEROUX
CHAIR OF THE BOARD, PRESIDENT AND CEO
DESJARDINS GROUP

**“WE BELIEVE IN THE COOPERATIVE MODEL
AS A KEY TO SUSTAINABLE PROSPERITY”**

QUÉBEC CITY CONVENTION CENTRE, MARCH 26, 2011
(ACTUAL SPEECH MAY DIFFER FROM THIS TEXT)

Distinguished Guests,
Dear Delegates,
Dear Caisse Members,
Ladies and Gentlemen,

It is my great pleasure to call this Annual General Meeting to order.

For the first time in our history, a portion of our meeting is being broadcast live on the Desjardins.com Web site. This allows us to host our officers, employees and members, as well as the general public.

To all of you joining us online, I would like to extend a very warm welcome.

You are joining the more than 1,500 people gathered here at the Québec City Convention Centre, who are for the most part elected officers and general managers representing their Desjardins caisses as delegates to these meetings.

We are here because we have great interest in Desjardins Group.

Surrounding me here on the stage are my fellow members of the Desjardins Group Board of Directors. The Board members represent you and your caisses. They are from every region in Québec, from Ontario, and from the Group Caisses.

Ladies and gentlemen, thank you for your hard work, your support and your guidance.

All of the people here with us in person are the members of the councils of representatives, who coordinate certain caisse activities and responsibilities at the regional level.

Together, the 255 members of the councils of representatives and myself make up the Assembly of Representatives. This assembly meets several times a year to share insight on major issues facing Desjardins Group and help in the implementation of orientations within the network.

The members of the Desjardins Group Management Committee and the Desjardins Group Coordination Team, made up of senior executives from each of our major Business Sectors, are also here with us today.

Finally, I would like to welcome our Young Intern Officers, whose contribution is greatly appreciated within the boards of directors or boards of supervision of many of our caisses.

As you can see, Desjardins Group is, first and foremost, a great association of people.

We are opening up part of our annual meeting today to all of our members and clients because we are a different kind of financial group.

Desjardins is a cooperative financial group, and each of our caisses is itself a financial services cooperative.

I'd also like to take this opportunity to encourage you to participate in your own caisse's upcoming annual general meeting. You can find more information about your caisse's meeting on Desjardins.com.

We believe in the Desjardins Group cooperative difference.

This morning, I would like to take a quick look back at our collective achievements in 2010.

You will find Desjardins to be a strong, high-performing cooperative financial group. We're taking the required means to meet the evolving needs of our members and clients and to meet head-on the challenges of today's changing world.

I will also discuss our major priorities for 2011 and conclude on the topic of education and cooperation.

A year of major collective achievements

2010 was an outstanding year in terms of overall performance for both the caisse network and for all of our Business Sectors.

We posted record surplus earnings of over \$1.4 billion, up 34% from 2009.

Total earnings for 2010 were \$11.7 billion, an increase of 10% from the previous year.

Combined surplus earnings from Personal Services and Business and Institutional Services were \$840 million, which is 33% higher than in 2009.

The caisse network saw significant progress in business volume, bringing \$674 million in surplus earnings to Desjardins Group, an increase of 26% over 2009.

For Wealth Management and Life and Health Insurance, surplus earnings amounted to \$279 million, up 19% from the previous year.

Property and Casualty Insurance added \$103 million to Desjardins Group's surplus earnings in 2010, an improvement of nearly 10% over the year before.

That brings us to the end of the year 2010 with total assets of \$172 billion, an increase of nearly \$15 billion, or more than 9%, over 2009.

In terms of balance sheet savings, deposits went up by over 6%, or nearly \$7 billion, for a total of \$113 billion.

We also floated several securities issues on the national and international markets, for a combined total of over \$6.5 billion in 2010.

We remain among the leaders in Canada for our Tier 1 capital ratio.

By maintaining excellent levels of capitalization and performance, Desjardins Group is taking the necessary steps to ensure its development and future success. We are also acting in compliance with all new international regulatory requirements.

To do so, we must of course maintain an appropriate balance in allocating surplus earnings toward both member dividends and capital reserves to continue supporting our growth and long-term investments.

According the U.S. publication *Global Finance*, we are the world's 25th safest financial institution, ranking fourth in all of North America.

This is a valuable distinction. The financial strength of Desjardins Group and the Desjardins caisses is a crucial element of your confidence in entrusting us with your assets.

Our capital base protects us against financial shockwaves that can still occur on the markets. It is also indispensable to our growth and development, which are both tied to the credit and savings needs of our members and clients.

In fact, our financial results are a testament to the demand for our products and services and to the vitality of our business activities. Likewise, our market share has continued to grow in many of our key business sectors, both in Québec and across Canada.

Many awards and distinctions

But our performance is not only measured in financial terms.

A number of organizations recognized our achievements in other areas in 2010, as well.

Among them, the British magazine, *The Banker*, named Desjardins "Bank of the Year – Canada" in 2010 based on our overall, financial, and cooperative performance. This is the first time a cooperative financial institution has been given this title in Canada.

We were also named among Canada's 10 Most Admired Corporate Cultures by Waterstone Human Capital for our cooperative, people-oriented business culture.

In addition, Korn/Ferry International and *L'actualité* magazine granted us their Québec Corporate Citizenship Award in the category of Social Responsibility.

Moreover, we were able to raise our member and client satisfaction levels in a number of areas.

We are proud of these collective results, and they give us great confidence for the future. We have all contributed to these results, and I sincerely thank all of our officers, managers and employees for their hard work.

I must also especially thank our members and clients for their confidence and trust.

All of this recognition helped crown Desjardins Group's 110th anniversary. For us, sustainability has proven to be a hallmark of the cooperative model.

A changing world

The world is changing.

A new economic world order is taking shape. Today, growth and economic power is shifting from industrialized nations to emerging countries.

Emerging economies have increasing influence on the global agenda. They have also become fiercely competitive in all markets.

Sovereign debt problems in Europe are now an important concern. The same is true with respect to the United States' sizeable deficits and level of debt.

Today, we see a race for the acquisition of natural resources, energy, basic foods, and increasingly, clean water.

This is giving rise to tension and imbalance.

There is imbalance between rapidly developing countries and countries where progress is slower; between countries that produce and those that consume; between countries with budgetary surpluses and countries overloaded with debt. Imbalance is also caused by countries' varying relationships with democracy.

We are living in a volatile world, where a single event can send shockwaves across the planet and provoke a worldwide crisis.

In this kind of world, nothing can be taken for granted.

That is why our officers and employees are continually working to increase the strength, stability and resilience of this great organization.

We are dedicated to ensuring that Desjardins Group will be able, under any circumstances, to continue to do its part in helping to create sustainable prosperity.

Today, Desjardins Group accounts directly and indirectly for 68,000 jobs. It supports over 8,700 retirees. It serves the 5.8 million members and clients who have entrusted us with their assets. It stands behind 400,000 businesses as a trusted financial partner.

It also includes Développement international Desjardins, which is present in some 30 developing countries and has enabled access to secure financial services to over seven million families.

Desjardins Group returned \$385 million to individuals and communities in 2010.

Today, Desjardins is the leading cooperative financial group in Canada, and we all benefit from its presence and contribution within our communities.

At Desjardins, we have a great collective responsibility toward our society.

In this changing world, we must take steps to ensure that Desjardins continues to develop and strengthen its presence, its impact and its benefit for our members and the community at large, both today and in the future.

In doing so, we must remain true to our mission and values.

The status quo has never been part of our history, and it is not included in our values. Desjardins has been led by thousands of women and men driven by their ability to think, speak, work and move forward together.

Desjardins is cooperation in action.

A collective strategic plan to face the future

Our 2010–2012 Strategic Plan, collectively developed by the officers and managers of Desjardins, is a prime example. This plan resulted from an orientation congress held in 2009, which brought together over 1,700 people.

Few organizations develop their strategic plans by consulting and working with literally thousands of people, as Desjardins has, from every caisse, every region, and every sector of the organization.

At Desjardins, we fervently believe in the active contribution of our caisses, officers and employees in moving our organization forward.

I would like to take the time to share some of our major collective priorities with you here today.

Growth and innovation

The caisse network and every Desjardins Group Business Sector—Personal Services, Business and Institutional Services, Wealth Management and Life and Health Insurance, and Property and Casualty Insurance—have seen substantial business growth in 2010.

Moreover, promising new partnerships have been established that offer significant growth potential.

For example, our closer ties with Promutuel will enable business opportunities to be progressively implemented between our organizations.

Our new partnership with the Caisse de dépôt et placement du Québec will help provide support for the growth and development of small and mid-sized businesses across the province.

As for our Western Financial Group takeover bid, for which regulatory approval is underway, it will enable our Property and Casualty Insurance sector to gain important ground in Western Canada.

Of course, we are also especially open to developing new partnerships with other cooperative groups in Canada and abroad.

For example, our partnership with the Credit Union Central of Canada led to the creation of NEI Investments, one of Canada's current leaders in socially responsible investment.

We are working on certain efforts towards collaboration and cooperation with Cr dit Mutuel, one of the principal cooperative financial groups in France.

We recently announced a partnership agreement with ESN North America, a Cr dit Mutuel subsidiary, which will help us to better support our business members.

I would like to acknowledge the people who are here with us today representing these organizations. Thank you for taking part.

Services to meet all financial needs

As a cooperative financial group, we strive hard to serve the needs of our members and clients.

Here are some specific examples of our recent efforts.

Our subsidiary, Desjardins Financial Security, has redesigned its group pension plan statements to make them easier to understand. The new language and illustrations used to provide information to members and clients are clearer than in the past.

Disnat, the online brokerage division of Desjardins Securities, earned the highest investor satisfaction rating among discount brokers in Canada.

We have launched a number of mobile applications to make certain operations more accessible to our members and clients. Since the launch of these services last September, 6 million transactions have been made.

Speaking of technology, the number of transactions made using our Acc sD Internet service has multiplied by over 2,000% in the past ten years, jumping from 40 million transactions in 2000 to 880 million in 2010.

We want Desjardins to always be able to serve its members and clients well. This means those who use mobile or online services as well as those who wish to come to the caisse in person. This also means those with modest needs as well as those with significant assets to manage and grow.

To provide quality service, we seek to capitalize on all of our professional strengths. We want our experts—whether they be financial planners, mutual fund representatives or investment or financial security advisors—to be able to provide you with a complete range of services.

We are also working on technology that will enable our advisors to become completely mobile and carry out transactions for you right in your home.

We want our experts to be there for you throughout your life, from the time you open your first account and right through your retirement.

Likewise, we are working on a unified range of services for businesses, which includes everything from mortgage financing and banking services to international services and access to development capital and capital markets.

The 400,000 businesses that we serve make up a substantial part of Canada's economic fibre, and we continually seek to support them in their development and help their projects succeed. This includes many businesses in the agri-food sector, for which we have been a long-time partner of choice.

We believe in improving our products, services and methods today for the benefit of our members and clients.

In fact, I encourage those of you with us online to send us any suggestions or comments you may have regarding our services. We will be happy to read them and make use of your observations.

The consolidation of the global financial sector, along with major demographic and technological trends, has opened up new opportunities. At Desjardins, we have everything we need to take advantage of them.

Investing in development, innovation and technology while remaining true to our cooperative values is what will help us to achieve the means to better meet member and client needs and generate concrete benefits for our members and the communities we serve.

For example, our portfolio of investments in technology and the development of products and services for the caisses and our Business Sectors will total at least \$400 million in 2011. Along with enabling us to improve services to members and clients through the use of new tools, it also represents a major contribution within our economy.

At Desjardins, we wish to make these types of investments, but we also wish to remain active and present within our traditional markets and in rural regions, and continue to serve all of our members that have made Desjardins what it is today.

Remaining ready to meet all of our current and potential members' needs and remaining open to changes in technology and society are both integral aspects of our role, our mission and our values.

A business culture based on engagement and personal growth

All of our major objectives and orientations can only be carried out through the contributions of individuals—namely our officers and employees. That is why we know that our human capital is actually our greatest asset.

For this reason, we devote great effort to personal growth and achievement, and to the engagement of all of Desjardins Group's officers, managers and employees.

This explains our desire to support them through periods of change, to regularly measure their level of engagement, and to address their concerns in our communications and in our training and engagement-related activities.

Desjardins Group is the largest private employer in Québec and one of the largest in Canada. We remain faithful to our distinct business culture based on shared cooperative values and widespread participation. That's why we'll be breathing new life into our "corporate university", which I'll be discussing in more detail a little later in my presentation.

We have also adopted new mechanisms for collaboration with elected officers and caisse general managers to allow the caisses to fulfill their role as the driving force of Desjardins Group.

At Desjardins, nearly 6,000 elected officers devote their time and energy to the caisses and the Group, along with another nearly 200 intern officers.

We recently conducted a survey to measure their level of engagement, and the results were very good. This does not mean, however, that we will refrain from going further in planning development and training opportunities to support these officers in their fundamental and essential roles.

Actually, this meeting today is a manifestation of the larger "Desjardins family" and the "Desjardins culture". In a manner of speaking, Desjardins Group has its own soul. Those of us here in this room can feel it. Together we direct a great collective enterprise. We are motivated by common basic values. We hold dear the success of Desjardins Group, for both today and the future.

I highly encourage anyone listening in today who may wish to get involved and become an officer of their caisse and Desjardins Group to do so.

At Desjardins, we welcome your participation.

Education and cooperation

Education and cooperation make up another important priority that I would like to discuss with you.

This subject really drives to the heart of what sets us apart as a cooperative financial group.

Our cooperative difference is felt through the commitment of our officers and employees within their caisses and communities, and through our support for collective and community projects.

On that basis, beginning in 2011, we wish to highlight our social contribution and cooperative difference by strengthening our initiatives in education and cooperation.

Why, you might ask, should we be focusing more on education and cooperation right now? In fact, for a number of reasons.

First, because education and cooperation are part of Desjardins Group's DNA and have been at the very heart of our cooperative model for 110 years.

One of the two components of our organization's mission is, and I quote, "to contribute to [...] educating people [...] about democracy, economics, solidarity, and individual and collective responsibility."

Second, because our members, justifiably, have expectations in this regard, and because we are judged on our overall and cooperative performance.

Lastly, and more generally speaking, education and cooperation, along with entrepreneurship, are important drivers of sustainable prosperity.

Contributing to the promotion of the cooperative model

2012 will be the International Year of Cooperatives, and Desjardins will be a major contributor in celebrations marking this theme for the year.

Desjardins will be hosting a major international summit on cooperation, which will be organized together with the world's leading cooperative associations.

This Summit will bring together leaders from the largest cooperatives in the world, and from a number of major cooperative associations. Together, we will have the opportunity to discuss initiatives to promote the recognition and advancement of the cooperative movement.

This will take place at the convention centres here in Québec City and in Lévis, from October 8 to 11, 2012. It will be a great unifying moment for people from the cooperative movement in Québec, across Canada and around the world.

We already have the support of the International Co-operative Alliance, an organization that unites and represents cooperatives from around the world. We will also be working with other Canadian and European cooperative associations.

From our perspective, 2012 will be an exceptional opportunity to increase the visibility of the cooperative model and attract the recognition it deserves for its contribution to the well-being of people and communities.

This initiative is part of a vast new program in education and cooperation that we are launching in 2011.

At Desjardins, we believe that education and cooperation are drivers for sustainable prosperity.

Fondation Desjardins

Another major component of our program is related to Fondation Desjardins.

In the 40 years since its creation, Fondation Desjardins has provided support for more than 9,300 young people to help finance their studies, university research and the acquisition of new technical and professional skills. Total scholarships awarded have amounted to over \$12 million.

Beginning this year, we will be increasing the resources available to Fondation Desjardins so that it can play an ever greater role in supporting young people and the next generation of workers and leaders.

We would like to boost the capital base of Fondation Desjardins from \$14 million to \$50 million.

To make this possible, we will be opening up the funding of Fondation Desjardins to everyone. We will invite our elected officers, our employees, our members and the public to support Fondation Desjardins just as they would other charitable organizations.

We will also "regionalize" the distribution of scholarships awarded, in collaboration with the caisses and elected officers.

That means that caisses will be able to target specific areas of study to encourage the next generation of workers in line with priorities related to regional development. This will also allow them, of course, to help promote education about finances, economics and cooperation.

Fondation Desjardins will become the spearhead for Desjardins group in supporting education and personal commitment.

At Desjardins, we believe that cooperating to provide better education means ensuring our future prosperity.

The Desjardins Cooperative Institute

Another important project for us is expanding the mission of the Desjardins Cooperative Institute—DCI.

DCI is Desjardins Group's "corporate university". It is our "university of cooperation".

We want DCI to become the hub around which all training and skills development takes place for people within Desjardins, but we also want to progressively make it available to a wider public.

In addition to providing training for our officers, caisse general managers, management staff and employees, DCI will oversee a large internship program.

Agreements with colleges and universities will enable Desjardins to take on interns, who will be able to fine-tune their training and gain valuable experience. We're making the commitment to accept at least 100 interns per year within our organization.

Within this program, priority will be given to young officers already sitting as interns on caisse boards of directors and boards of supervision, and to Fondation Desjardins scholars.

We will also be progressively introducing an inter-cooperative internship program, which will enable our employees to obtain experience working within cooperative partner organizations in Canada and abroad. In turn, we look forward to hosting interns from other cooperative groups.

DCI's programs will focus on leadership, entrepreneurship, innovation and cooperation. We know that our capacity for innovation is reliant upon the people working within Desjardins.

At Desjardins, we believe that skills development is a vital investment for our future.

Savings and responsible credit

Another major component of our program will require us to renew and strengthen our emphasis on savings and responsible credit.

Alphonse Desjardins founded the caisse movement to help men and women from all backgrounds adopt the habit of saving and gain the means to better control their future.

As he wrote in 1907, he saw the caisses as "schools for the working class, where through experience, people learn valuable lessons in economics that greatly contribute to their material wealth and prosperity."

Over a century later, financial education has remained an important social issue.

This is the case because financial products are now more complex. This is also because people are living longer, which requires that they take greater personal responsibility for their retirement planning.

We must help our members in understanding and meeting these challenges. Moreover, the financial crisis has clearly demonstrated the importance of responsible credit management.

We therefore intend to intensify our efforts to promote good financial habits.

We believe that no institution is better suited to provide financial education and to take on this task in the interest of consumers than a financial services cooperative.

In this spirit, we will soon be launching an instalment savings program intended specifically for young people. This program will include a special financial bonus for those who reach their savings goals.

We will also be reviewing the credit and debit cards we offer, introducing cards with an educational spin to reinforce the value of saving.

In order to encourage responsible credit management, we will be raising minimum monthly payment amounts on Desjardins credit cards by 3% to 5%. We will of course provide for a period of adjustment to help our members make this transition.

We also plan on designing various alerts for our members, especially in the context of mobile services. For example, such alerts could notify members that they are close to reaching the limit on their Desjardins credit card.

Youth outreach and community involvement

On another front, we will be revamping both the school and student caisse programs, as well as the technology used to support them. We are also planning to increase support for student co-ops in colleges and universities.

This year is the 10th anniversary of the Desjardins Mutual Assistance Fund, which provides emergency loans to members whose needs do not fit with any of our products or services offered within the caisses.

Nearly 300 caisses participate in this program under which \$2.5 million has been used to finance loans that average a little under \$600 each. We intend to increase our support for this mutual assistance program.

Thanks to a partnership with organizations specializing in budget counselling, follow-up can also be carried out with the borrowers involved.

This is a good example of a process that leads to real personal responsibility and commitment. It is also a great example of the cooperative difference.

At Desjardins, we believe that educated and informed financial decision-making also helps create sustainable prosperity.

So those are the concrete initiatives that we will be working on beginning in 2011 to help our members and communities meet the challenges facing them today.

To conclude on this topic, it is my great pleasure to announce the launch of "Co-opme", the umbrella program for all of these initiatives. As you can see, the logo for this program is inspired by the Desjardins hexagon. "Co-opme" is also a call to action and an invitation for dialogue and participation.

We believe in engagement

At Desjardins, we have inherited a remarkable history. We have inherited the vision and perseverance of Alphonse and Dorimène Desjardins and all of those who followed them and believed in Desjardins Group.

We can be proud of what we have become and what we have achieved, but above all, we must be proud of our collective, financial and cooperative strength. We have 110 years of history in supporting and contributing to the well-being of individuals and communities.

“Two qualities triumph over all: first, the clear knowledge of what needs to be done and how to do it, and second, that wonderful virtue called perseverance, an unshakeable, energetic, self-assured perseverance that can only come from knowing that one is on the right path.”

Those inspirational words were spoken by Alphonse Desjardins in 1910.

Desjardins Group's nature and success are founded upon personal commitment, education and cooperation.

At Desjardins, we are nearly 50,000 committed officers and employees, working to make a difference.

Remaining true to a business model, an organization and a specific set of values that date back over a hundred years does not prevent us from adapting to change. It does not prevent us from serving modern needs, using cutting-edge technology, or being efficient in our business processes.

It does not prevent us from offering personalized financial services to our members based on terms that work for them.

We want Desjardins Group to continue to play an important role in this rapidly changing world.

The future that we seek for Desjardins Group is that of a strong, high-performing cooperative financial group. It is a cooperative group with the ability to invest in new projects. It is a Desjardins with the means to achieve its ambitions and its mission. It is a Desjardins that demonstrates a sense of responsibility and that inspires confidence. A Desjardins that thinks and acts for the long term.

The future that we seek for Desjardins Group is one that inspires the pride and commitment of people.

At Desjardins, we believe that individual commitment strengthens society as a whole.

We believe in the cooperative model as a key to sustainable prosperity.

At Desjardins, we are cooperating in building the future.

* * *