



NOTES FOR A SPEECH BY

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**DESJARDINS GROUP**

**“Desjardins: A Leader in a Changing World”**

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(ACTUAL SPEECH MAY DIFFER FROM THIS TEXT)

Distinguished Guests and Honorary Members,  
Dear Delegates,  
Dear Caisse Members and Employees who are here as our Guests,  
Ladies and  
Gentlemen,

It is with great pride that, this morning, I would like to report to you on the year 2009, a very eventful year for Desjardins Group. 2009 was, for us, a pivotal year, a year of development, a year of major achievements.

And today, it is with confidence and a great desire to take action that we are looking towards the future.

### **Proactive leadership in a troubled economy**

In the environment of world financial crisis that still prevailed in early 2009, Desjardins Group took the lead and focused on the relationship of trust with its members and clients.

Throughout the network, caisse personnel advised and reassured members and clients, as markets fluctuated wildly, especially in the first half of the year.

A strong partnership was created between the caisses, the FCDQ and the subsidiaries, making it possible for us to efficiently guide our members in a particularly demanding financial context.

Here, I would like to thank each and every one of you for the work we accomplished together in 2009.

### **Results higher than expectations**

#### ***In terms of business development***

Our unfailing presence and support for our members and clients had a positive impact on our business growth. Through our efforts, we were able to maintain our market share in areas where we already hold a leading position, such as in residential mortgage credit, farm credit and personal savings recruitment, where we hold 40 to 45% of the market.

In addition, we achieved further gains in areas where there is still potential for growth, such as commercial and industrial credit, mutual funds and securities brokerage.

Beyond its progress in the past year, Desjardins group remains a leader. We are a leader in Quebec in terms of overall business volume. We are the leading life and health insurer in Québec and the leading direct property and casualty insurer on the individual market. We are the leading issuer of credit and debit cards in Québec.

And it is this position—being a leader—that we want to maintain and even strengthen in our various sectors of activity.

### ***In terms of finances***

We were also able to take advantage, in 2009, of the market and economic recovery to, once again, achieve surplus earnings before member dividends in the neighbourhood of 1 billion dollars, or 1 billion 77 million dollars, to be more precise. This major increase in profitability over the previous year is a clear demonstration that the results for 2008 were, indeed, an exception.

Yesterday, we saw that all of our sectors of activity outperformed expectations in terms of our Financial Plan. Overall, the contribution of the caisse network to surplus earnings for Desjardins Group amounted to \$516 million in 2009 and the contribution of all other components—\$561 million.

The provision for member dividends was \$311 million compared to \$215 million in 2008. To this sum, we add some \$73 million paid as sponsorships, donations and scholarships, thereby bringing the provision for individual and community dividends to more than \$384 million.

### ***In terms of capitalization***

In the past year, we also achieved remarkable progress with respect to capitalization of the caisses and Desjardins Group. First, surplus earnings, net of the provision for member dividends, will now add to our reserves.

Secondly, we had, in 2009, carried out two issues on the securities market for a total of \$1 billion as well as an issue of permanent shares for \$654 million, which was a resounding success with caisse members. The positive response from members led us to extend this permanent share issue in 2010.

A few days ago, we were up to \$925 million in permanent shares purchased by caisse members from just this issue. We will have added over a billion dollars to our Tier 1 capital by the deadline for this issue.

The sum of all these efforts means that, as at December 31, 2009, our Tier 1 capital ratio was 15.86%, compared to 13.39% in 2008. The level and quality of our capital, which is a little over \$11 billion—73.1% of which is from the reserves—contributed to maintaining our excellent credit ratings.

We are therefore positioning ourselves favourably with respect to our peers in the industry. This is important, because in the wake of the 2008-2009 financial crisis, the regulatory authorities remain watchful and their requirements are becoming increasingly strict. Proposals for amendments to the Basel II agreement affecting capital and liquid assets were tabled at the end of 2009.

We are actively working on these issues and will soon have the opportunity to make representations in 2010 regarding them in Canada and internationally.

Solidity of capital is, today, a decisive factor in terms of the confidence granted to financial institutions. Desjardins, as the leading cooperative financial group in Canada, and as a player on global markets, must show discipline in this respect.

We must show our financial solidity through our strong capitalization. This, in fact, is the orientation that we adopted at the Congress.

For us, the more natural and least expensive way to increase our capitalization will always be the payment of surplus earnings to the reserve. That is why we believe it is wise and prudent to design the distribution of our surplus earnings in three parts:

- One third paid out in member dividends
- One third for development
- And the other third to the reserve to ensure the longevity of Desjardins Group

### **Many awards and distinctions**

Aside from those business and financial results, I also want to point out that several of our achievements were recognized through awards and distinctions from external organizations in 2009.

This proves that not only can we accomplish many things, but also that what we do is done well.

I'm thinking here of the fact that we were, for example, once again included on the list of the 50 Best Corporate Citizens in Canada, established by Corporate Knights, an organization that promotes socially responsible entrepreneurship.

I am also thinking of the induction of Desjardins into the *Panthéon des entreprises québécoises* by the *Fédération des chambres de commerce du Québec*.

I'm also thinking of the fact that the Canadian magazine *Strategy* recognized Desjardins as one of the four major brands of the year in Canada.

I'm also thinking of Disnat, Desjardins Securities' online brokerage division that obtained the best results in terms of client satisfaction in its sector.

I'm thinking of our contact centres for AccèsD services, which received COPC (Customer Operation Performance Center) certification for the sixth consecutive year.

I'm thinking of the *Prix d'excellence* that was awarded to Développement international Desjardins by *Forum Africa* in recognition of that component's exceptional job in Africa over the last 40 years.

And many Desjardins caisses have been honoured as well, in the areas of human resources, member satisfaction and contributions to the community.

These are just a few examples, and I could continue to give you more. All of this shows the extent of the efforts made by everyone throughout Desjardins Group. All of this shows the great quality of the work that is done here. The least we can say is that, everywhere in the caisses and components, you have stood up to be counted in 2009: proactive, attentive to members and clients, resolutely committed to implementing our business plans.

Together, we have worked very hard, and all of our efforts have been productive. I thank you for this. We can be proud of ourselves!

### **Leadership based on confidence in the future**

Desjardins Group's leadership was also demonstrated in 2009 by our ability to continue implementing our Development Plan with determination. This plan is the means that we have given ourselves to achieve the major convictions that I promised to place at the heart of my mandate as President.

Where others might have waited for the return of a more stable economic and financial climate before undertaking any large-scale projects, we had enough confidence in our foundations and in our strengths to forge resolutely ahead.

This is why, in 2009, we went forth with a major reorganization of the entire support structure for the caisses made up of the Fédération des caisses Desjardins du Québec, the subsidiaries and Desjardins Group business units.

We have simplified our overall management structure so as to increase cohesiveness within Desjardins Group, as well as improve proximity with the caisses. We will now be able to adapt more efficiently and more rapidly to the changing needs of members and clients as well as to changes on the market.

The new structure put in place in 2009 encourages the pooling of expertise within the various Desjardins components. By doing so, this new structure has already made it possible to simplify our methods, eliminate many redundancies, and achieve efficiency and productivity gains. We will continue on this path, which goes hand in hand with a culture of continuous improvement and teamwork.

In 2009, the first part of the Collaboration, Participation and Connection with the Caisse Network project made it possible to optimize methods for exchange and discussion involving the caisses and the general managers and to create new communication and collaboration tools.

Through the use of these new tools and approaches, the process to define and implement Desjardins Group's operational strategies will be supported by all of the knowledge held by the caisse general managers concerning caisse operations, members and their communities. These tools will also promote better understanding of the issues and greater buy-in for the chosen solutions.

As we saw yesterday, we are undertaking, in 2010, the second part of this major Desjardins-wide project, a vast reflection process relative to the role of the elected officers. Here again, the idea is to ensure that officers contribute more to Desjardins Group's development. We also want to promote engagement and recognition for elected officers, as well as create more interest and attraction for the caisse officer function. I consider this project very important, as our democratic structure, with more than 6,000 elected officers, is one of Desjardins Group's distinctive cooperative elements.

Desjardins Group leadership was also manifest in 2009 through our ability to project ourselves in the future.

At the end of a strategic reflection process undertaken in the fall of 2008, three major orientation themes were submitted for deliberation and an orientation vote at the 20th Congress of Elected Officers held in November. This very special part of Desjardins Group's democracy brought together more than 1,700 caisse and Desjardins Group representatives.

The delegates made clear and inspiring choices with respect to the future and to Desjardins Group's continuity.

The orientations chosen at the Congress then enabled us to complete the Desjardins Group 2010-2012 Strategic Plan, that we will have the opportunity to present to the caisse delegates this afternoon.

We have certainly come a long way in the last year. We have efficiently managed short-term difficulties related to market fluctuations while handling certain operational issues. We also achieved our business plans, worked on the major transformation of our organization and successfully concluded a thorough reflection process about our future.

### **A vision of the future, adapted to our challenges and our ambitions**

Today, we are ready for the future. During the preparatory process leading up to our Strategic Plan we updated our vision, defined our strategies, and clarified our ambitions.

Our vision is, of course, anchored in our mission and our values. Our fundamental identity is not negotiable. Desjardins Group is a treasure in the history of cooperatives in Québec, across Canada and all over the world. Like you, I intend to see Desjardins Group remain a treasure in this part of history that we have yet to write together. Our mission and our values are of a permanent nature. They were, they are, and they will be central to our identity. They will always remain alive through the men and women who make up Desjardins.

This morning, I would like to re-read with you the mission of Desjardins Group, since it remains in my eyes as vital and current as ever:

#### **To contribute to improving the economic and social well-being of people and communities within the compatible limits of its field of activity:**

- **By continually developing an integrated cooperative network of secure and profitable financial services, owned and administered by the members, as well as a network of complementary financial organizations with competitive returns, controlled by the members;**
- **by educating people, particularly members, officers and employees, about democracy, economics, solidarity, and individual and collective responsibility.**

In the context of the world economic crisis that we have just been through, our mission and our values take on an even greater relevance.

It is therefore on these foundations that we wanted to define just where exactly we see Desjardins Group by the mid-point of the coming decade. It's also in light of the wishes that you expressed in writing at the Congress, and in light of the many testimonials we received from our members and following the discussions with the Board of Directors and management, that we drew up a vision statement that seems to be aligned with the aspirations of a great number of people.

Following the Congress and in the framework of the Strategic Plan, we gave ourselves a vision that is a meaningful and promising for the future, and I quote:

**Desjardins,  
the leading cooperative financial group in Canada,  
inspires trust around the world  
through the commitment of its people,  
its financial strength and  
its contribution to sustainable prosperity.**

This means that we want to be in a leading position. We want to be the leading cooperative financial group in terms of the vitality of our cooperative and democratic culture. We want to be the leading cooperative financial group in the hearts and minds of our members and clients and in terms of the collective pride that we inspire in them. We want to also be the leading cooperative financial partner in the communities we serve. Finally, we want to be the leading cooperative financial group in terms of our assets and our financial strength.

We also want to inspire confidence through the commitment of the people who give life to Desjardins Group. You, the elected officers, devote a great part of yourselves to this commitment to your caisses and to your community. You, the managers, devote, with discipline and integrity, a great part of your professional life to it.

Through our commitment within Desjardins, we make a concrete contribution to the well-being of individuals and communities. Our heartfelt commitment, along with our convictions and values, form the basis of our members' confidence in Desjardins.

We also must inspire confidence through our financial strength. In this regard, our choices have been very clear since Desjardins was founded. We understand that, when Alphonse Desjardins dreamed of the future of the movement that he was starting up by speaking of the creation of an "unshakeable foundation," it is the financial strength and high quality of capital that are important components of that foundation.

Finally, through our mission, we want to be creators of sustainable prosperity. We know that real prosperity must be part of a long-term view and in this regard, involving both economic and social aspects; it raises the standard of living through education and democracy.

We know that sustainable prosperity is achieved both through productivity based on a culture of innovation and through valuing entrepreneurial capacity, while respecting people and the environment.

It is to all the above that we wish to contribute, towards a prosperity that will be also available to future generations.



## **Meaningful strategic orientations**

Our vision includes five major strategic orientations. We will have the opportunity, this afternoon, to see that each of these orientations is supported by a certain number of key strategies and initiatives for the caisses, the components, and all of Desjardins Group.

### ***1) Cooperation and involvement***

As a first orientation, we plan to capitalize on the cooperative values and social responsibility to differentiate Desjardins and increase its brand power and the loyalty of our members and clients.

We are convinced that our values and our democracy constitute a veritable competitive advantage. In a world that has been somewhat shaken by the crisis, where we sometimes lack sign posts, we have to offer strong values that respect people, values that can play a decisive role in business practices and in management. We also make it possible for people to get actively involved in their communities through their caisse.

We exercise our social responsibility in numerous ways: by the financial education of our members, encouraging savings, supporting education through Fondation Desjardins, by granting microcredit, by our involvement in the community, by encouraging sustainable development. Therefore, at Desjardins, we do not have to invent a new conscience to be able to display our difference in this regard. We only have to be ourselves, to be loyal to our heritage, and to take pride in our values.

### ***2) Member/client experience***

Our second strategic orientation is to implement a member- and client-based approach throughout Desjardins Group. At the Congress in November, we saw very strong support for this approach. While we have existed as the caisses and as a cooperative group for a very long time, we still exist to serve our members, and now continue to do so by putting the entire strength of Desjardins Group at their service.

Here, I would like to tell the members that we are going to work to make our service offer more fluid and more unified. We are going to do what is necessary so that you can be recognized and fully served, no matter which Desjardins door you knock on. And we will work together with your caisse to make sure that it continues to play a central role in providing you an excellent experience with Desjardins.

### ***3) Growth and innovation***

Our third orientation encourages us to achieve sustained and profitable growth by emphasizing openness, innovation and agility. This was another one of the themes brought up at our Congress. The decision left no doubt: we plan to go forward towards new avenues for growth, towards the segments of members and markets where we are less present, where we still have significant space to penetrate, while remaining active in areas where we already operate.

Young people, members of cultural communities, mass affluent and wealthy clientele, the Greater Montréal region, as well as Ontario and the rest of Canada will retain our attention. We could summarize our ambition in this regard by saying that we wanted to continue to better serve a growing number of individuals and business members. And to do so while remaining active and present, in the regions and among all members who are at the basis of the success of Desjardins Group.

To achieve sustained and profitable growth in the future, we must show our openness and remain ready to change our approach as needed, to adapt to different needs and show flexibility. As such, advances in technology and in virtual tools, too, will be integrated into our growth and development strategies.

Still from a perspective of openness and growth, our competitive edge could be enhanced through partnership agreements, especially with Canadian and international cooperatives, with which we share values and objectives.

In this regard, it's my pleasure to announce that we have signed a partnership agreement with Groupe Promutuel. This business partnership will, among other things, deal with the distribution of financial products such as mortgage loans, savings products, and eventually other types of services.

By agreeing to support each other, Desjardins and Promutuel will, together, contribute to strengthening the Québec mutual and cooperative sector. I say to our new partners, who are here with us this morning, that at Desjardins, we are very happy with this development.

#### **4) Profitability and financial stability**

Our fourth strategic orientation will lead us to optimize our overall productivity and performance and reinforce our financial strength. Once again, this is an orientation that was ratified by overwhelming majority at the Congress. It's an orientation that will require constant efforts on our part, since we have some work to do to catch up with regard to productivity. The rate of progress of our competitors in this area is, in itself, already very demanding since their efforts are constant and significant. We must, in addition, close the gap that has continued to grow in recent years. Using the most basic foresight and trusting our values of discipline and integrity, it's clear we need to improve productivity, while not losing sight of our mission.

We will therefore have to optimize the use of all of our human, physical and technological resources. We must also examine our distribution networks and our methods, in order to offer our members and clients efficient products and services, through the distribution channels that they wish to use and do all of this at the best possible cost.

We need the flexibility and agility necessary to stay with our members and to adapt to their culture in a world where cell phones and the Internet have radically changed our relationships.

While being more efficient and by improving our business processes, we will accomplish more than just lowering our costs. We will also increase the quality of the experience of our members when they do business with us. Their expectations are high, we all know that. We must measure up.

#### **5) Leadership and mobilization**

As fifth orientation, we plan to count on the leadership and the mobilization of officers and employees to maintain and support Desjardins Group's development. In order to back this leadership, we need a shared tool—a model of performance—that enables us to see whether we are advancing in achieving our ambitions.

This model, which will replace our performance triangle, takes a shape that we know well: the Desjardins hexagon. It's more complete and more adapted to the realities and issues that are before us today. And the hexagon, after all, is the shape of the Desjardins logo!

Growth and innovation, profitability and productivity, financial stability and risk management, leadership and mobilization of human capital, member/client experience as well as cooperation and involvement: all of these aspects are part of our performance model. All of these aspects will be at the basis of a performance dialogue that will bring us—officers, managers and employees—to work on improving ourselves on a continuous basis. This performance model will be used on a Desjardins-wide scale by all the caisses and all the components. It will enable us to recognize the contribution and leadership of individuals, in line with our strategic and financial objectives.

## **Importance of individuals**

To achieve our collective ambitions, we will need to focus on leadership and on the mobilization of officers and employees. Beyond the plans and models, beyond the structures, processes and technology, there are individuals. Individuals who bring our values of discipline and integrity to life in our enterprise. Let's not forget that it's people who fundamentally make the difference.

Nearly 50,000 individuals, officers, managers and employees of the caisses and components driven by the same values and serving the same mission, today devote their talents to the vibrancy and vitality of Desjardins Group and to always serving its 5.8 million members and clients.

These 50,000 people, who will build the future of Desjardins Group, will succeed even better together as they will be able to trust one another and act in solidarity and cooperation.

I personally felt a tremendous amount of pride and engagement during our 20th Congress. I'm certain that this was also the case for many of the people who were present there. We had a wonderful show of confidence: confidence in ourselves, confidence in our abilities and means, and also confidence in each other.

## **Confidence, central to the development of Desjardins**

We do difficult work, where confidence and accountability are at the foundation of our relationship with our members and clients. Trust cannot be bought – it is something that is built each day as a result of our ability to align our actions with our words and our promises. It forms the basis of our reputation.

The history of Desjardins is marked by this pride and confidence in ourselves, confidence that has enabled us, along with our members, to undertake and innovate and in doing so, advance society of which we are a part. We must continue in this pursuit since the Québec and Canadian societies now, more than ever, need the mobilizing effect of the leadership of Desjardins.

We are a movement of individuals with democratic governance that gives us all a voice to be heard. Our major decisions are the end result of a process in which propositions submitted for discussion may be enriched by their movement through our decision making bodies.

What I would like to do now, after having actively exercised our power to discuss and our power to decide, is to resolutely take action. To exercise our power to act together with pride and confidence. To have passion for the kind of action that creates movement. In order to achieve our vision of Desjardins, the leading cooperative financial group in Canada, that inspires trust around the world.

With the pride of Desjardins that we all share, let us take action!

### **Reasons to be proud**

#### ***A 110th year of existence***

We have more than one reason to be proud. Caisse populaire de Lévis was founded on December 6, 1900, and Desjardins Group is today in its 110th year of existence. This shows our ability to endure and pursue our mission throughout history, our mission which has not lost any of its relevance.

In 2009, people from all the cooperative sectors of Canada designated Alphonse Desjardins, our founder, as the greatest Canadian co-operator. This national recognition is granted to our founder due to his personal contribution. But also because Desjardins Group is a symbol of pride for all Canadian co-operators.

This year is also a year where we celebrate 40 years of existence of two of Desjardins Group components that are a big part of our reach and each of which have a mission that is just as important. Those are Développement international Desjardins and Fondation Desjardins.

#### ***40 years of international cooperation***

Forty years ago, Desjardins Group created Développement international Desjardins (DID) in order to assist and outfit populations in less fortunate countries by sharing expertise developed here at Desjardins Group. The actions of DID today extend to more than 20 countries and four continents. DID has become a world-class player in the promotion of the proximity financing sector.

The support granted by DID to extend and consolidate the action of financial cooperatives in developing countries is still very relevant today. We were able to see this just a few moments ago with the role that DID played in Haiti.

Shortly after the earthquake, many of you made a donation to help organizations such as the International Red Cross in order to help with the emergency. By including our members' donations, some \$2.3 million was transited for that purpose by our caisse network. I thank you for that.

But that is not all: after the first aid sprint, the marathon of reconstruction has now just begun in Haiti. That's why we launched a new fundraising campaign in Desjardins Group so that DID can support the federation of Haitian financial cooperatives, *Le Levier*, in its efforts to aid the population. Here, I would like to take advantage of this opportunity to salute Mr. St-Jean and assure him of our solidarity.

Over \$620,000 was collected up to now for this campaign. I would like to ask you to continue your efforts so that our individual and institutional donations, added to our expertise in the field, once again make a difference in the world.

### ***40 years of support for education***

This year, we are also celebrating the 40th anniversary of Fondation Desjardins. In the course of the past 40 years, the Fondation encouraged more than 9,000 young people from all regions in their studies, university research and the acquisition of new technical and professional skills. It distributed scholarships worth a total of more than \$11.5 million which makes it the private foundation that distributes the most university scholarships in Québec.

Like many of you, it is my opinion that education needs to be a priority in our society. Education is what makes it possible to have healthy democracy, to create wealth and prosperity—in the broad sense—and to ensure balanced growth and development of a country or a nation.

With its mission to support education, Fondation Desjardins has a structuring effect on our communities. Its contribution is complementary to that of Desjardins Group. In the framework of our 2010-2012 Strategic Plan, I intend, in conjunction with the Board of Directors and the governors of the Fondation, to strengthen the respective roles of Fondation Desjardins and the school caisse program to make them important catalysts within Desjardins Group in the creation of sustainable prosperity for our members and our communities.

DID and Fondation Desjardins, of which we are very proud, will be central to a number of our interventions in the future.

### **Cooperation, a leverage tool to create a better future**

The world has changed. The financial crisis disrupted the balance across the world and exposed the limits of the market economies. The worst was avoided, thanks to governments and central banks. As such, I firmly believe that the cooperatives must take their rightful place.

I would even say that the world has never been in such great need of cooperatives in general. It is no coincidence that the UN declared 2012 the International Year of

Cooperatives. It did so because in today's world, we want to encourage people to get organized, become responsible, and take charge, in a spirit of solidarity. We want to incite governments all over the world to implement policies and regulations that will facilitate the creation and development of cooperatives. We also would like the worldwide cooperative network and its role to be better understood in terms of social unity, democracy, and contribution to economic development.

Desjardins Group is proud to be part of the great world network of cooperatives. Here, we are often seen as a model for democracy and commitment.

But in the eyes of the general public, the cooperative world is not yet well known. We must make the public aware that the cooperative world has long since adopted behaviours that should be seen at work in the business world as a whole. I am thinking, for example, of the commitment of people, democracy and taking the long term into account in our decisions and our actions.

On a Canada-wide scale, the approximately 10,000 cooperatives and mutuals in operation also bring an important element of stability and continuity due to the fact that their life span is historically longer than that of other companies. 150,000 jobs depend on this sector, as well as numerous services that are essential for the individuals and communities that receive them.

To help make these realities better known, I suggest that we take advantage of the International Year of Cooperatives in 2012 to organize in Québec a World Summit for the major cooperatives of the planet. According to figures published by the International Co-operative Alliance in 2008, the 300 largest cooperatives on the planet (all activity sectors combined) together generated revenues of \$1,100 billion—i.e. about the equivalent of the entire Canadian economy. Their economic weight is therefore very significant.

Such a summit would also be an opportunity to bring together major influencers who impact today's world, as well as tomorrow's. It would provide great exposure in the media with respect to the mode of operations and achievements of cooperatives, as well as to the overall issues concerning them, such as regulatory matters, democratic aspects of activities, capitalization and growth. This type of summit would also help to reinforce the worldwide cooperative movement.

### **Leadership with solidarity that inspires confidence**

Called upon by the challenges confronting Québec and the rest of Canada today, Desjardins Group must continue, now more than ever, to contribute to creating prosperity on solid and sustainable bases, for the benefit of current and future generations.

During the coming year, the 110th in our history, we will have to build the foundations of our major projects for the future so as to achieve our ambitions and consolidate our performance. We will focus on openness and innovation as our guides. We will also focus on our commitment, both personal and collective. We will focus on our values of integrity, discipline and cooperation so that Desjardins Group will exercise, more than ever, leadership with confidence and solidarity in a changing world.

Cooperation that excels. Cooperation that performs. Cooperation that innovates. This is the cooperation of the future. Our future and the future of our children.

At Desjardins, we put money to work for people!

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