

2008 ANNUAL REPORT

# WORKING TOGETHER TO SHAPE OUR DESTINY



Money working for people

PROUD TO BE PART OF THE LARGEST COOPERATIVE FINANCIAL GROUP IN CANADA

# WORKING TOGETHER TO SHAPE OUR DESTINY

For over a hundred years, cooperation has been at the heart and soul of Desjardins, the largest cooperative financial group in Canada, and serving members has been its driving force. Steadfast towards the future, Desjardins is changing through active cooperation, maintaining its values and drawing on every talent to further its development.

Like Desjardins Group, the cooperative nature of Desjardins Credit Union is demonstrated through democratic governance, accessibility and openness to all people, regardless of their financial means.

As always, the fundamental strength of Desjardins Credit Union is found in the richness of its human capital: more than 53,000 members, 80 Delegates and 256 employees. Also, Desjardins Credit Union and its staff contributed time and money to more than 310 community activities and supported more than 100 organizations and charities this year.

Desjardins Credit Union offers a complete line of products and services: loans, mortgages and personal lines of credit, ATMs, Internet banking and investment products. It has 32 points of service (including 7 satellite offices) and 28 ATMs located in four geographic areas: Toronto, South/West, Central and North/East.

This is where cooperation is at its best. This is where the ever growing collective strength of Desjardins Group drives itself to reach greater heights and to make Desjardins the most admired financial institution in Canada as well as the most respected in terms of its mission, its cooperative values and the close ties that exist between its caisses, credit union and their communities.

## HEAD OFFICE

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## DESJARDINS CREDIT UNION'S MISSION

Desjardins Credit Union aims to be a leading provider of high quality member service and diversified financial products.

By embracing co-operative principles, we contribute to the well being of people and the economic and social development of our communities.

Desjardins Credit Union is an Ontario-based financial service cooperative, constituted under the Ontario *Credit Union and Caisses Populaires Act (1994)*. As such, Desjardins Credit Union is governed and regulated by the statutes of the Province of Ontario and its regulator is the Superintendent of Financial Services appointed under the Financial Services Commission of Ontario. Desjardins Credit Union is owned by its members, who are Ontario residents, and has its head office in Whitby, Ontario.

While an independent credit union, Desjardins Credit Union is associated with the Desjardins Group, the largest cooperative financial group in Canada. Through affiliated Desjardins companies, credit union members have access to a vast array of financial products and services such as mutual funds, life and casualty insurance as well as full-service and discount brokerage.

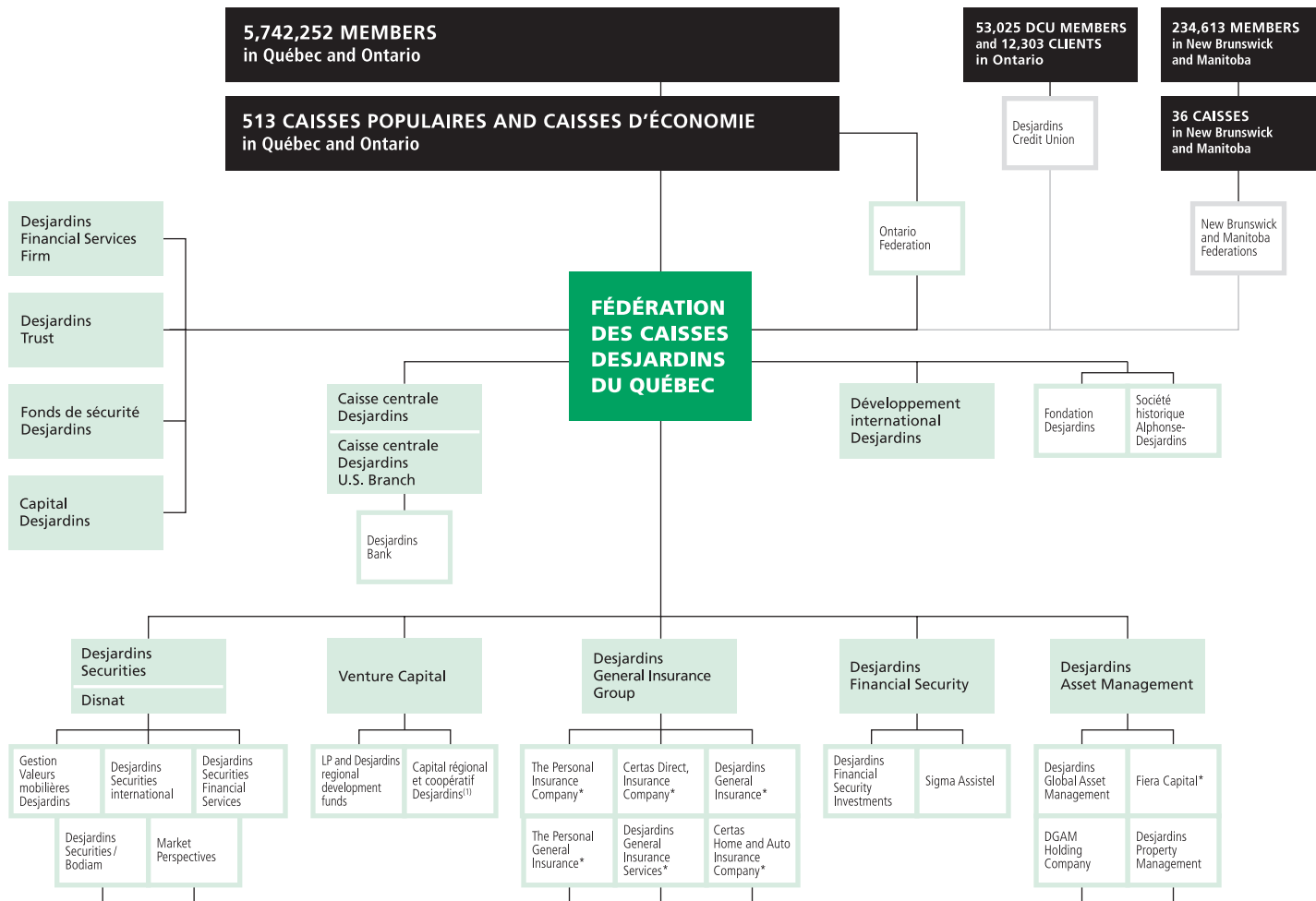
With the strength of the Desjardins Group supporting Desjardins Credit Union we are well on our way to achieving our vision of going beyond banking; enriching the lives of our members.

## TABLE OF CONTENTS

<b>Organization Chart</b>	<b>2</b>
<b>Products and Services</b>	<b>3</b>
<b>Management's message</b>	<b>4</b>
<b>Community Involvement in 2008</b>	<b>6</b>
<b>Compensation, Governance and Nominating Committee Report</b>	<b>8</b>
<b>Lending Report</b>	<b>9</b>
<b>2008 Financial Statements</b>	<b>11</b>
Audit Committee's Annual Report	12
Management's Responsibility for Financial Reporting	13
Auditor's Report	14
Financial Statements	15
Notes to the Financial Statements	19
<b>Mandates and Composition of the Board of Directors and Committees of Desjardins Credit Union</b>	<b>50</b>
<b>Elected Delegates</b>	<b>53</b>
<b>Locations</b>	<b>54</b>

# THE EXTENT OF THE DESJARDINS GROUP NETWORK

ORGANIZATION CHART



<sup>(1)</sup> Venture capital, public fund managed by Desjardins Venture Capital.

As at December 31, 2008

Note: Chart does not reflect the legal ownership structure.

DESJARDINS CREDIT UNION

## OTHER INFORMATION

As at December 31, 2008

	2008		2007	
	Desjardins Group <sup>(1)</sup>	Manitoba and Nouveau-Brunswick <sup>(2)</sup>	Desjardins Group <sup>(1)</sup>	Manitoba and Nouveau-Brunswick <sup>(2)</sup>
Number of employees <sup>(3)</sup>	41,921	1,436	40,345	1,425
Number of members	5,795,277 <sup>(4)</sup>	234,613	5,796,312 <sup>(4)</sup>	239,116
Number of elected officers	6,299	355	6,545	380
Number of member caisses	513	36	536	39
Number of service centres	915	77	919	75
Number of automated teller machines	2,764	142	2,769	141

<sup>(1)</sup> Including Desjardins Credit Union (DCU) data. DCU service centres are included in the Number of service centres line.

<sup>(2)</sup> Federations and caisses of Manitoba and New Brunswick.

<sup>(3)</sup> Includes employees working for subsidiaries that operate outside Québec.

<sup>(4)</sup> Total members in every caisse in Québec and Ontario, in addition to DCU members.

# PRODUCTS AND SERVICES

## PERSONAL SERVICES

### Savings and Investments

- CAD Savings and Chequing Accounts
- USD Savings and Chequing Accounts
- Regular Savings Accounts
- Youth and Student Accounts
- Registered Regular Savings Accounts
- Locked In Retirement Accounts
- Registered Retirement Saving Plans
- Registered Retirement Income Funds
- Life Income Funds
- Tax Free Savings Accounts
- Term Savings & GICs in CAD and USD
- Market Linked Guaranteed Investments
- Mutual Funds
- Canada & Ontario Saving Bonds

### Financing

- Mortgages
- Mortgage Lines of Credit
- Car loans
- Recreational Vehicle Loans
- Personal Loans
- Personal Lines of Credit
- RRSP Loans
- Student Lines of Credit

### Ancillary Services

- Foreign Currency/Exchange
- Desjardins VISA Card
- Travelers Cheques
- Personalized Cheques
- Safety Deposit Boxes
- Discount Brokerage
- Full Service Brokerage
- Wealth Management
- Accord D Financing
- Fixed Fee Monthly Packages (Individual and Business)
- Drafts and Money Orders
- Fund Transfers
- Inter-Branch Banking
- Weekly/monthly/virtual statements
- Quick Transfer

### Automated Services

- AccèsD Telephone & Internet Banking
- Virtual Statements
- Debit Card (Direct Payments)
- Direct Deposit & Pre-Authorized Payments
- ATMs
- Bill Payments
- Automated Transfers

### Insurance

- Loan Insurance (Life & Disability)
- Savings Insurance (Life)
- Travel Insurance
- Lines of Credit Insurance

## BUSINESS SERVICES

### Financing

- Term Loans (Business, Agricultural, Commercial, Real Estate)
- Mortgages
- Small and Medium Business Loans
- Business Freedom Solutions
- VISA
- Operating Lines of Credit

### Investments

- CAD Savings and Chequing Accounts
- USD Savings and Chequing Accounts
- Term Savings & GICs in CAD and USD
- Lawyers Trust Account
- Market Linked Guaranteed Investments
- Mutual Funds
- Full Service Brokerage
- Discount Brokerage
- Accord D Financing

### Automated Services

- AccèsD Affaires Business
- Telephone and Internet Banking
- VISA Business Freedom Solutions

### Insurance

- Loan Insurance
- Mortgage
- Savings Insurance (Life)
- Lines of Credit Insurance

### Other

- Foreign Exchange Services
- Letters of Credit
- Fund Transfers
- Payroll Services
- Weekly/monthly/virtual statements
- International Services

# MANAGEMENT'S MESSAGE

Like most financial institutions, Desjardins Credit Union was not immune to the global financial crisis of 2008. After meeting most of our targets in the first half of the year, we were hit by events beyond our control that adversely affected our year-end financial results. In the second half of the year, volatile market conditions, lack of consumer confidence in the economy as well as very tight credit markets all caused financial institutions to pay more for deposits while the prime rate was falling rapidly. Consequently, our profit margins were dramatically affected.

As a result of the difficult economic environment, a great deal of uncertainty with respect to the valuation of certain assets arose and write downs were deemed required. The investment in non bank asset-backed commercial paper ( ABCP ) was further written down by \$7.9 million and the derivatives portfolio recorded a fair value loss of \$2.4 million.

A goodwill and intangible impairment loss of \$32.4 million was recorded and an impairment loss of \$2.8 million was recorded on capital assets. These two charges did not result in a cash outflow or negatively effect the Tier 1 or total regulatory capital ratios or the liquidity position as of December 31, 2008.

Excluding the goodwill, intangible and capital assets non-cash charge, the ABCP write down and derivative losses, the net loss for your credit union would have been \$13.2 million versus \$58.7 million recorded.

Even so, our balance sheet remains strong, thanks to the continuous support of Desjardins Group. In 2008, we repaid a total of \$31 million of subordinated debt to Caisse centrale Desjardins<sup>1</sup>, combined with an injection of \$45 million in Tier 1 capital from Desjardins Group. The result of these two transactions increased our capital base and liquidity by \$14 million and reduced our future fixed interest costs.

Despite a very challenging year, your credit union succeeded in becoming a more efficient, more professional, full-service financial institution.

We improved our operational efficiency on May 1, when we switched our clearing agent to Desjardins Group from the Royal Bank of Canada, a transition that was smoothly executed, thanks to the close collaboration of all parties involved. This change will keep the cost for Desjardins Credit Union at a competitive level.

In keeping with our long-term commitment to support the professional growth of our staff, we invested more in training programs as we strive "to be a leading provider of high quality member service and diversified financial products." The biggest component was training for mutual funds, introduced last year to respond to members' needs throughout their entire financial life cycle. Most branches now have two to three employees licensed to sell mutual funds and every branch has at least one licensed employee.

With Desjardins Group's technology infrastructure in place and our staff better trained in its wide range of state-of-the-art services and market-driven products, we can now provide virtually everything our individual and business members need — all at extremely competitive rates. This year, we introduced a high-yield savings account and, in late fall, the new Tax Free Savings Account (TFSA) in anticipation of its effective date on January 1, 2009.

We also attracted close to 5800 new members, bringing our total to over 53,000. This attests to the attractiveness of our cooperative model, where members democratically govern their financial institution through branch member meetings, elected delegates and an Annual General meeting.

## Solid financial backing, a reassuring brand

The fact that we are backed by the largest integrated cooperative financial group in Canada, with assets of over \$152 billion and a credit rating equivalent or higher than Canada's chartered banks and a century-long record of sound management, should help us attract more members as people seek a safe haven for their money in these troubled times.

Desjardins Group's backing has been more than symbolic. Desjardins Group has injected \$175 million into Desjardins Credit Union to date; \$14 million (net) in 2008 alone. No other credit union in Canada can boast such unwavering support.

Desjardins Group is firmly committed to the success of your credit union, in good times and bad. That is why some of its top executives serve on our Board of Directors. The depth and breadth of their expertise provides valuable guidance to management.

In July 2008, when two vacancies appeared on our Board, Mr. Raymond Laurin, Chief Financial Officer of Desjardins Group, and Mr. Pierre Moran, Senior Vice-president, Consumer Markets Executive Division of Desjardins Group, stepped in as interim directors and have played key roles in supporting management and your credit union during a difficult period. Their knowledge, experience and support have been invaluable during a very critical and difficult year.

Even though the Desjardins brand carries considerable market recognition in Québec, it is still not a well known name in Ontario. This year, we launched several successful campaigns to increase brand recognition as a way to attract new members. We increased our advertising and local sponsorships, used inexpensive referral coupons, and launched radio ads for the first time. These efforts succeeded in increasing our membership and undoubtedly raised our profile. In a recession, advertising and marketing dollars have to work even harder and smarter. In 2009, we will continue to increase awareness of Desjardins Credit Union and what it has to offer members and their communities.

<sup>1</sup> Caisse centrale Desjardins acts as treasurer for the Desjardins Group and as its financial agent on Canadian and international markets.

### **Beyond banking, investing in the community**

Despite financial turbulence, we remain true to our vision to “go beyond banking, enriching the lives of our members” by supporting community organizations and events and by giving back to the communities in which we operate. This year, Desjardins Credit Union and its staff contributed time and money to more than 310 community activities. They also supported more than 100 organizations and charities: from food banks to women’s shelters; from Meals on Wheels to music festivals; from medical research to hospital equipment.

### **Strategy for 2009**

In 2009, we have set our sights on returning your credit union to profitability. This will involve cutting costs, improving operational efficiencies and increasing sales. Cost cutting measures will include the selling or closing of four branches in the first half of the year.

To streamline our operations, we will look to centralize most branch administrative functions at Head Office or within the Desjardins Group. After thoroughly analyzing these functions, we will implement changes in the second half of the year.

In the first six months of 2009, we will also restructure managerial roles in our six Greater Toronto Area branches. This will enhance the sales effort by encouraging a team approach across branches. Once we’ve gained some experience with this new structure, we will implement this structure to other branches in the second half of the year.

We expect all of these measures will return your credit union to profitability in 2009.

We sincerely thank our staff, delegates, our Board of Directors and our members for their dedication and unfailing commitment during an unsettling year. Together, we can weather the financial storm and continue to develop the kind of financial cooperative that invests in its community and remains true to its guiding principles.

#### **Paul E. Garfinkel**

Chairman of the Board  
Desjardins Credit Union

#### **Alfred Pfeiffer**

President and Chief Operating Officer  
Desjardins Credit Union

# COMMUNITY INVOLVEMENT IN 2008

## CHILDREN AND YOUTH

- Big Brothers and Big Sisters
- Boys and Girls' clubs
- Bring our Kids to Work Day
- Brownies
- Children's Safety Village
- Christmas Toy drives at several branches
- Cubs and Scouts
- Fundraisers for several schools
- Library and recreation boards
- Ontario Student Co-Operation Association
- Renfrew County Child Poverty Action Network
- Special Olympics for Kids
- Sudbury Action Centre for Youth
- Teen Life Choices

## COMMUNITY DEVELOPMENT GROUPS

- Staff are members or directors on several Chamber of Commerce groups.
- Several branches participated in local trade and home shows.
- Beta Sigma Phi
- Brockton Economical Development Committee
- CARP
- Club Richelieu
- Community Earth Day Clean-Up
- Kinsmen Club
- Kiwanis
- Optimist Club
- Ottawa Humane Society
- Red Hat Society
- Rotary Club
- Royal Canadian Legion
- Shrine Club
- Walkerton Image Committee

## COOPERATIVE AFFAIRS

- Guelph Co-op Council

## ELDERLY

- Branch staff visit a retirement home in Guelph and Walkerton every month to provide them with banking services.
- Donations to local seniors' clubs and homes



1. On April 6th the Walkerton branch staff participated in the annual Big Brothers Big Sisters Bowl for Kids. With the support of other DCU branches, the team was able to raise \$988 towards a total of over \$41,000. The DCU team won the FI Challenge, being the financial institution with the most dollars pledged.
2. The Aylmer Branch supported the St. Thomas Elgin General Hospital Foundation by participating in the "Today I'm Working for My Hospital" fundraiser. The purpose of the fundraiser was to help the community raise money for new equipment. The funds were directed to the "Tools for Treatments" for a Digital Mammography Unit and a 100 Watt Laser.
3. The Woodstock branch gathered with friends and family for the Relay for Life for cancer. The walk started at 7:00 pm and continued through to approximately 7:00 am. The whole Woodstock office helped make this year a success, participating and promoting, casual days, work involved in a Silent Auction, as well as 3 hot dog days to raise money. Team members gathered over \$3,000 in pledges and donations.

## FAMILY

- Columbus House
- Family and Child Services
- Fireman's Association
- Fogular Furlan Women's Association
- Friends of the Disabled
- Meals on Wheels
- NOVA VITA
- Parents' Council
- Participated in Santa Claus parades
- Participated in winter carnivals
- Renfrew County Crisis Centre
- Salvation Army
- Toronto Child Abuse Centre
- Toronto Intergenerational Partnership
- Toronto Professional Fire Fighters Association
- Various church groups
- Volunteered at and donated to various church functions
- Walkerton and District Community Living
- Walkerton Day Care

## FOOD BANK

- Christmas Food Drives in various branches
- Staff volunteered to help serve Christmas dinner for the homeless
- Scott Mission
- Street Haven

## HEALTH

- Alzheimer Society
- Canadian Breast Cancer Foundation
- Canadian Cancer Society
- Canadian Diabetes Association
- Canadian Wheelchair Sports Association
- Cancer Recovery Foundation
- Cerebral Palsy
- Canadian Red Cross and blood donor clinics
- CNIB
- Community Mental Health
- Cure Foundation
- Heart and Stroke Foundation
- Jesse's Journey
- The Lung Association
- Lupus Ontario
- Mental Health Foundation
- Multiple Sclerosis Society
- Northern Cancer Research Foundation
- Ontario Blind Sports Association
- Organ Donation and Transplant Association
- Parkinson Society Canada
- The United Way

## HOSPITALS

- Brockton Medical Clinic
- Guelph Community Health Care
- Hospital for Sick Kids
- Killarney Health Centre
- Pembroke Regional Hospital
- Petawawa Health Centre
- St Joseph's Health Centre Foundation
- St Thomas/Elgin General Hospital
- Walkerton and District Hospital Foundation

## SPORTS AND RECREATION

- Canadian Wheelchair Basketball Association
- Grey Bruce Singers
- Guelph Jazz Festival
- Guelph Little Theatre
- Orientation week activities at the University of Western Ontario
- Pembroke Annual Snow Spree Curling Bonspiel
- Pembroke's Waterfront Festival
- Sponsor community sports teams such as baseball, soccer, hockey and basketball teams. Staff also volunteer time to organize tournaments and raise funds.
- Sponsored music festivals and concerts

## SUPPORT TO AGRICULTURAL ACTIVITIES

- Aylmer Annual Fair
- Ducks Unlimited
- Formosa Farm Toy Show
- Home and Garden Shows
- Walkerton Little Royal Fair

- Once again this year, 36 Toronto Area staff members volunteered their services at the Scott Mission in Toronto. The staff members spent time, not only helping the staff at the Scott Mission set the tables, serve food to the needy and less fortunate in our society and then clean up afterwards; but also helped to sort the large amounts of clothing donated to the Mission. The staff at the Scott Mission appreciated the help so much that they have already asked us to book time for volunteering next year. All staff members involved had a wonderful time and are proud to show Desjardins Credit Union's continued commitment to helping the community.
- Karyn Silliker, Branch Manager, on behalf of Desjardins Credit Union in Aylmer presented a \$500 donation to Ted Williamson, representing East Elgin Secondary School's «Lights On» fundraising campaign. So far, \$90,000 has been raised towards the \$150,000 cost of installing lighting for EESS's athletic field.
- GTA branches participated in their 3rd «Heatwave Beach Volleyball» annual fund-raiser in support of Sick Kids Hospital's «James Fund». This year was the best yet with \$2,200 in donations raised. Branches held bake sales, pancake breakfast and collected donations for this worthy cause. Team Desjardins won 2 out of their 5 games and had the loudest cheerleading section.



# COMPENSATION, GOVERNANCE AND NOMINATING COMMITTEE REPORT

The Compensation, Governance and Nominating Committee of Desjardins Credit Union is a sub committee of the Board of Directors. As per its terms of reference, the committee must meet on a quarterly basis. In 2008, the Compensation, Governance and Nominating Committee met five times.

The committee members are: Thomas Blais (Chair), Paul E. Garfinkel and David J. B. Stock, Q.C.

The Board of Directors has adopted a mandate, which covers all duties to be performed by a Compensation Committee, a Governance Committee and Nominating Committee.

The Committee is pleased to report that it has received the full support and cooperation of the Board of Directors and management and that it met its duties and responsibilities, among which:

- Ensuring compliance with the Governance Policy;
- Recommending the appointment of individuals to fill two vacancies;
- Reviewing the 2009 Board election process:

Following the resignation of the directors, the Nominating Committee worked intensively on the 2009 election process. The Committee produced a guide on Board election process covering the selection and the eligibility criteria of potential candidates and the election process itself. A communication plan and timeline supporting each phase of the process was also presented. As a result of this thorough process, the Nominating Committee received 3 applications from interested members and, after conducting interviews, due to the unique requirements to ensure the continuation of DCU and its future success, the Nominating Committee concluded that only two candidates meet the criteria needed to serve on the DCU Board. The two candidates nominated to serve on the DCU Board of Directors for the remaining term of the resigned Board members are Mr. Pierre Moran and Mr. Raymond Laurin;

- Establishing and coordinating performance evaluation process for the Board and Committees;
- Establishing and coordinating self-assessment of the members of the Board.

The Committee reports to the Board of Directors on all matters prescribed.

This report is respectively submitted by this Committee.

Thomas Blais  
Chair of the Compensation, Governance and Nominating Committee  
Desjardins Credit Union

Toronto, March 20, 2009

# LENDING REPORT

One of the Chief Lending Officer's roles is to support the Board of Directors in its oversight function. Pursuant to his duties, the Chief Lending Officer oversees all lending products and services offered by Desjardins Credit Union. The Chief Lending Officer's primary responsibilities are to monitor the dynamic nature of individual and commercial portfolio credit risk. He also ensures compliance with relevant credit policies and procedures as well as compliance with various lending and regulatory authorities.

To this end, the Chief Lending Officer is supported by an internal Credit Transaction Committee made up of the President and Chief Operating Officer, the Vice President Operations and the Senior Commercial Loan Manager of Desjardins Credit Union. It is the Credit Transaction Committee and the Chief Lending Officer's duty to examine all loan proposals that exceed delegated levels of authority provided to Management. The Chief Lending Officer must report to the Board of Directors on a quarterly basis on the status of the lending portfolio, according to the credit policies established by Desjardins Credit Union, which are in accordance with the Credit Union and Caisses Populaires Act (Ontario), 1994 (the «Act») and regulations.

The Board of Directors, through the lending reports, ensures the quality of ongoing lending activities performed by designated lending officers. It also reviews individual guarantees provided to third parties, restricted party loans, large loans and aggregate loans to connected parties and assesses the adequacy of general and specific provisions for impaired and restructured loans.

During the period under review 5 loans were written – off for a total of \$132.

Pursuant to subsection 120(2) of the Act and as prescribed by Ontario Regulation 76/95 made under the Act, the following is included for the information of the members.

Table 1 **LOAN STATISTICS**

	<b>2008</b>	2007
Applications received	<b>5,819</b>	7,745
Applications denied	<b>2,154</b>	1,755

Table 2 **LOANS GRANTED AND IMPAIRED LOANS**

		<b>Residential Mortgages</b>		<b>Personal Loans</b>		<b>Commercial Loans</b>	
(in thousands of dollars)		<b>2008</b>	2007	<b>2008</b>	2007	<b>2008</b>	2007
Loans granted	#	<b>1,208</b>	1,673	<b>104</b>	457	<b>18</b>	22
	\$	<b>296,061</b>	361,459	<b>5,073</b>	12,123	<b>19,684</b>	31,241
Impaired Loans	#	<b>16</b>	13	<b>8</b>	11	<b>2</b>	2
(90 days in arrears)	\$	<b>3,363</b>	3,063	<b>412</b>	490	<b>1,178</b>	2,302

**Alfred Pfeiffer**  
President and Chief Operating Officer  
Desjardins Credit Union

**Anthony Matrondola**  
Chief Lending Officer  
Desjardins Credit Union

Toronto, February 5, 2009

# CONGRATULATIONS TO OUR CHAIRMAN

In December, Dr. Paul E. Garfinkel was named an Officer of the Order of Canada, our country's highest civilian honour, in recognition of his lifetime of outstanding achievement, his dedication to the community, and his service to the nation and to humanity.

Desjardins Credit Union's Chairman is a nationally and internationally renowned psychiatrist, researcher, academic leader, hospital administrator and humanitarian. He is the founding president and current CEO of the Centre for Addiction and Mental Health (CAMH), the largest academic health sciences centre devoted to mental illness and addictions. His leadership, advocacy and visionary work in these fields continues to improve the lives of people suffering from these afflictions.

We are privileged to have Dr. Garfinkel on our Board, where he has served with distinction since our inception five years ago. Desjardins Credit Union extends its warmest congratulations to our Chairman on his appointment as an O.O.C., a prestigious honour for a worthy recipient.

## 2008 FINANCIAL STATEMENTS

Audit Committee's Annual Report	12
Management's Responsibility for Financial Reporting	13
Auditor's Report	14
Financial Statements	15
Notes to the Financial Statements	19

## AUDIT COMMITTEE'S ANNUAL REPORT

The Audit Committee (the "Committee") of Desjardins Credit Union is a committee of the Board of Directors operating pursuant to section 125 of the Credit Unions and Caisses Populaires Act (Ontario), 1994 (the "Act"). The Audit Committee met seven times in fiscal 2008 and was composed of four directors namely Paul E. Garfinkel, Heather A. Nicol, Michael C. Howlett and Marvin G. Ryder (nominated to the committee on August 21, 2008 by the Board of Directors).

The Committee has adopted a mandate, which covers all of the duties specified to be performed by audit committees in the regulations of the Act.

The Committee is pleased to report that it has received the full support and cooperation of the Board of Directors and management and that it met its duties and responsibilities, which included:

- serve as liaison between the Board of Directors and the external auditors;
- review the annual audited financial statements and make recommendations to the Board of Directors;
- review and make recommendations to the Board of Directors about the terms of the engagement letter and the remuneration of the external auditors;
- review and approve the external auditor's scope and plan of audit;
- recommend to the Board of Directors arrangements to safeguard the assets, to ensure the timeliness, accuracy and reliability of accounting data, to maintain adherence to the lending and investment policies and procedures and to provide for other matters concerning the financial policies of Desjardins Credit Union;
- review the organization and assess the degree of independence of Desjardins Credit Union's internal auditor including its goals, work plans, audit plan and findings;
- review any recommendations of the internal auditor that were considered significant and review the response by management;
- review the disaster recovery plans;
- review the policies and procedures governing the way in which Desjardins Credit Union meets the requirements under the Act about liquidity, capital adequacy and interest rate risk management; and
- monitor the adherence of the directors, officers and employees to its code of conduct.

It is the considered opinion of this Committee that the affairs of Desjardins Credit Union are being conducted in a satisfactory manner and that the Act, regulations and appropriate policies are being carried out.

This report is respectively submitted by the Committee.

Heather A. Nicol  
Chair of the Audit Committee  
Desjardins Credit Union

Toronto, February 26, 2009

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for preparing the financial statements and for ensuring their accuracy, completeness and integrity. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. When required to make estimates, management did so to the best of its knowledge.

The reporting procedures and related systems of internal controls are designed to provide reasonable assurance that the financial records are complete and accurate so as to safeguard the assets of Desjardins Credit Union. These procedures include standards of business conduct throughout the organization to provide assurance that all transactions are authorized and proper records are maintained. These standards include procedures in hiring and training employees, an organizational structure with clearly defined lines of responsibility, written and updated policies and procedures, planning and follow-up of projects and budget controls. Internal audit provides management with the ability to assess the adequacy of these controls. The Internal Auditor reports quarterly to the Audit Committee.

The Deposit Insurance Corporation of Ontario periodically examines the affairs of Desjardins Credit Union to ensure that the provisions of its constituent legislation, particularly with respect to the protection of depositors, are duly observed and that Desjardins Credit Union is in sound financial condition.

The independent auditors appointed by the general meeting of members, PricewaterhouseCoopers LLP, have the responsibility of auditing the financial statements in accordance with Canadian generally accepted auditing standards and of expressing their opinion. Their report appears herein. They have had full and free access to confer with the Audit Committee, Internal audit and management staff on all matters concerning the nature and execution of their mandate, particularly with respect to the accuracy and completeness of financial information provided by Desjardins Credit Union and the reliability of its internal control systems.

Paul E. Garfinkel  
Chairman of the Board  
Desjardins Credit Union

Alfred Pfeiffer  
President and Chief Operating Officer  
Desjardins Credit Union

Toronto, March 5, 2009

## AUDITORS' REPORT

To the Members of Desjardins Credit Union,

We have audited the balance sheet of Desjardins Credit Union Inc. (the «Credit Union») as at December 31, 2008 and the statements of income, comprehensive income, members' deficit and accumulated other comprehensive income and cash flows for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP  
Chartered Accountants, Licensed Public Accountants

Toronto, March 6, 2009

## BALANCE SHEET

As at December 31

(in thousands of dollars)

	2008	2007
<b>ASSETS</b>		
<b>Cash and cash equivalents</b>	<b>\$ 76,138</b>	\$ 38,613
<b>Securities</b> (note 4)	<b>201,494</b>	373,675
<b>Loans</b> (note 5)	<b>1,179,800</b>	1,058,209
<b>Other</b>		
Derivative financial instruments (note 16)	<b>1,641</b>	2,091
Intangible assets (note 6)	<b>18,922</b>	22,500
Goodwill (note 6)	-	30,852
Other assets (note 7)	<b>18,723</b>	36,274
	<b>39,286</b>	91,717
	<b>\$ 1,496,718</b>	\$ 1,562,214
<b>LIABILITIES AND DEFICIT</b>		
<b>Deposits</b> (note 9)	<b>1,378,585</b>	1,401,426
<b>Other</b>		
Derivative financial instruments (note 16)	<b>8,951</b>	1,026
Other liabilities (note 10)	<b>26,744</b>	28,358
Subordinated debentures (note 11)	<b>20,000</b>	51,000
Redeemable preference shares (note 12)	<b>155,000</b>	110,000
Capital stock (note 13)	<b>265</b>	261
	<b>210,690</b>	190,645
<b>Deficit</b>	<b>(88,561)</b>	(29,866)
<b>Accumulated other comprehensive income</b> (note 14)	<b>(4,266)</b>	9
	<b>(92,827)</b>	(29,857)
	<b>\$ 1,496,718</b>	\$ 1,562,214

The accompanying notes are an integral part of the financial statements.

## STATEMENT OF INCOME

For the period ended December 31

(in thousands of dollars)

	2008	2007
<b>Interest income</b>		
Securities and cash	\$ 11,781	\$ 19,210
Loans	48,383	50,503
	<b>60,164</b>	69,713
<b>Interest expense</b>		
Deposits	33,190	33,596
Subordinated debentures	2,768	2,872
	<b>35,958</b>	36,468
<b>Net interest income</b>	<b>24,206</b>	33,245
<b>Other income</b>		
Fees and services charges on deposits	2,708	2,734
Loan fees and commissions	1,362	967
Foreign exchange	424	221
Trading activities	(5,214)	618
Net losses on available-for-sale securities (note 4)	(8,126)	(3,681)
Loss on sale of loans (note 5)	-	(2,685)
	<b>(8,846)</b>	(1,826)
<b>Gross income</b>	<b>15,360</b>	31,419
Provision for credit losses	1,356	966
<b>Net interest and other income</b>	<b>14,004</b>	30,453
<b>Non-interest expenses</b>		
Salaries and benefits	14,138	14,999
Premises, equipment and furniture, including amortization	13,244	9,484
Other expenses (note 24)	12,890	6,826
Goodwill and intangible impairment loss (note 6)	32,427	-
	<b>72,699</b>	31,309
<b>Net loss before income taxes</b>	<b>(58,695)</b>	(856)
<b>Income taxes</b> (note 21)	-	-
<b>Net loss</b>	<b>\$ (58,695)</b>	\$ (856)

The accompanying notes are an integral part of the financial statements.

## STATEMENT OF COMPREHENSIVE INCOME

For the period ended December 31

(in thousands of dollars)

	2008	2007
<b>Net loss</b>	<b>\$ (58,695)</b>	\$ (856)
<b>Other comprehensive income, net of taxes</b>		
Changes in net unrealized gains (losses) on available-for-sale securities	1,340	(1,124)
Reclassification of net (gains) losses on available-for-sale securities to income	(1,025)	(164)
Changes in net unrealized net gains (losses) on derivatives designated as cash flow hedges	(4,260)	767
Reclassification of net (gains) losses on designated cash flow hedges to income	(330)	-
Other comprehensive income	(4,275)	(521)
<b>Total comprehensive income</b>	<b>\$ (62,970)</b>	\$ (1,377)

## STATEMENT OF MEMBERS' DEFICIT AND ACCUMULATED OTHER COMPREHENSIVE INCOME

For the period ended December 31

(in thousands of dollars)

	2008	2007
<b>Members' deficit</b>		
Balance at beginning of period	\$ (29,866)	\$ (28,994)
Transition adjustment on adoption of financial instruments standards	-	(16)
Net loss	(58,695)	(856)
<b>Balance at end of period</b>	<b>\$ (88,561)</b>	\$ (29,866)
<b>Accumulated other comprehensive income</b>		
Balance at beginning of period	\$ 9	\$ -
Transition adjustment on adoption of financial instruments standards	-	530
Other comprehensive income	(4,275)	(521)
<b>Balance at end of period</b>	<b>(4,266)</b>	9
<b>Members' deficit and Accumulated other comprehensive income</b>	<b>\$ (92,827)</b>	\$ (29,857)

The accompanying notes are an integral part of the financial statements.

## STATEMENT OF CASH FLOWS

For the period ended December 31

(in thousands of dollars)

	2008	2007
<b>Cash flows from operating activities</b>		
Net loss	\$ (58,695)	\$ (856)
Adjustments to determine cash flows provided by operating activities:		
Amortization and write-down of capital assets	6,445	3,774
Amortization of intangible assets	2,003	2,181
Impairment of goodwill and intangibles	32,427	-
Provision for credit losses	1,356	966
Amortization of deferred interest expense	(150)	(1,145)
Net realized (gains) losses on available-for-sale securities	8,126	3,681
Accrued interest receivable	313	662
Accrued interest payable	(461)	(3,631)
Assets related to derivative financial instruments	450	(785)
Liabilities related to derivative financial instruments	7,925	(561)
Other items, net	3,410	(2,228)
	<b>3,149</b>	<b>2,058</b>
<b>Cash flows from financing activities</b>		
Net decrease in deposits	(22,691)	(110,774)
Capital stock – membership share contributions	4	12
Redeemable preference shares issuance	45,000	-
Subordinated debentures redemption	(31,000)	-
	<b>(8,687)</b>	<b>(110,762)</b>
<b>Cash flows from investing activities</b>		
Purchases of securities	(330,876)	(453,131)
Sale of securities	174,455	300,377
Maturities of securities	322,590	303,612
Net increase in loans	(122,947)	(248,390)
Proceeds from sale of loans	-	197,975
Acquisition of capital assets	(159)	(96)
Proceeds of disposal of capital assets	-	41
	<b>43,063</b>	<b>100,388</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>37,525</b>	<b>(8,316)</b>
Cash and cash equivalents at beginning of period	38,613	46,929
<b>Cash and cash equivalents at end of period</b>	<b>\$ 76,138</b>	<b>\$ 38,613</b>
<b>Additional information</b>		
Interest paid during the period	\$ 36,933	\$ 41,048
Income taxes paid during the period	-	-

The accompanying notes are an integral part of the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

(All figures are in thousands of dollars, except per share and number of share amounts or as otherwise indicated)

### NOTE 1

## INCORPORATION AND MANDATE

Desjardins Credit Union Inc., which was incorporated on November 27, 2002, and commenced operations in April 2003, is a financial service cooperative governed by the Credit Unions and Caisses Populaires Act (Ontario), 1994.

### NOTE 2

## SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Desjardins Credit Union are prepared in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with these principles requires management to use estimates and assumptions that affect the reported amounts on the financial statements. The main items for which management had to use estimates include the allowance for credit losses, the valuation of financial instruments at fair value, the measurements of other than temporary impairment and the valuation of goodwill, intangible assets, pension and other employee future benefits, contingent liabilities, and incomes taxes. Actual results may differ from such estimates. The significant accounting policies are as follows:

### CHANGES TO ACCOUNTING POLICIES

On January 1, 2008, Desjardins Credit Union adopted the new accounting standards of the CICA entitled "Capital disclosures" (Section 1535), "Financial Instruments – Disclosures" (Section 3862) "Financial Instruments – Presentation" (Section 3863). The impact of these accounting standards on the financial statements of Desjardins Credit Union is limited to the extension of its financial statement disclosures. Section 3862 and 3863 replaced section 3861 which continued and enhanced its presentation requirements.

#### Capital management

Section 1535 requires more detailed description of capital management and information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital. Qualitative as well as quantitative information on capital measurement, management and compliance has been included in note 23 of the financial statements.

#### Financial instruments – disclosures and presentation

More detailed disclosures as per sections 3862 have been added to notes 3, 4 and 15 of the financial statements to place emphasis on the significance of financial instruments for the entity's financial position and performance; the nature and extent of risk exposure from financial instruments and on how these risks are managed.

#### Reclassification of financial assets

On October 24, 2008, the Accounting Standards Board announced amendments to Sections 3855, "Financial Instruments – Recognition and Measurement", and 3862, "Financial Instruments – Disclosures". The amendments permit reclassification of financial assets in specified circumstances. Desjardins Credit Union did not reclassify any financial assets as of December 31, 2008.

### FUTURE CHANGES IN ACCOUNTING POLICIES

#### Goodwill and intangibles assets

In January 2008, the CICA issued a new section entitled "Goodwill and Intangible Assets" (Section 3064), which will apply to Desjardins Credit Union retroactively effective January 1, 2009. This section aims to clarify 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. Desjardins Credit Union is currently assessing the impact of this standard on its financial statements.

#### International financial reporting standards

On February 13, 2008, the Canadian Accounting Standards Board issued confirmation that all publicly accountable enterprises will be required to apply the International Financial Reporting Standards (IFRS) in 2011. Desjardins Credit Union will adopt these standards January 1, 2011. The transition project was launched in the second quarter of 2008. The analysis of the impact of the changes in standards is currently in progress and a preliminary implementation plan has been drafted to address the significant elements of the transition which include the impacts on accounting policies, systems, internal controls and the resulting change management aspects within Desjardins Credit Union.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand, current accounts and short term deposits with other financial institutions, cheques and other items in transit plus accrued interest income. Cash and cash equivalents are classified as held-for-trading and are valued at fair value. The cost of cash and cash equivalents approximates the fair value of these instruments.

### SECURITIES

Securities are classified as either held-for-trading or available-for-sale, based on management's intention. Security transactions are recorded on a transaction date basis. Available-for-sale securities include securities that may be sold in response to or in anticipation of changes in interest rates, changes in investment risk or to meet liquidity needs. Available-for-sale securities are carried at fair value. If there is no readily available market value, available-for-sale securities are carried at cost. Premiums and discounts are amortized over the terms of the related securities using the effective interest method.

Unrealized gains or losses on available-for-sale securities are recognized in other comprehensive income until they are realized. Realized gains and losses on securities, which are calculated using average cost, are recorded in other income under net realized gains (losses) on available-for-sale securities. Interest income, including amortization of premiums and discounts, is recorded in income on the accrual basis under interest income.

Available-for-sale securities are assessed regularly to determine whether there is an other-than-temporary impairment and any write-down is included in other income under net losses on available-for-sale securities.

Held-for-trading securities, which are purchased for sale in the near term, are reported at fair value. Realized and unrealized gains and losses are recognized in other income under trading activities as they arise.

## LOANS

Loans are classified as loans and receivables and stated at amortized cost. Amortized cost is the unpaid principal amount net of the allowance for credit losses, unamortized discounts and deferred loan fees. Where deemed appropriate, Desjardins Credit Union obtains security in the form of cash, securities, immovable property, accounts receivable, guarantees, inventories or other assets. Mortgage broker commissions incurred in connection with lending activities are amortized over the terms of the underlying loans using the effective interest method and included in interest income. Interest income is recorded on the accrual basis, except when the loan is considered impaired.

## IMPAIRED LOANS

A loan is considered impaired when, in the opinion of management, there has been deterioration in credit quality to the extent that there is no longer reasonable assurance as to the timely collection of the full amount of principal and interest. Where interest or principal is contractually 90 days past due, loans are automatically classified as impaired, unless management determines that the loan is fully secured and in the process of collection. Fully secured loans are classified as impaired after a delinquency period of 180 days. Once a loan is classified as impaired, all previously accrued interest is reversed and charged against current income, except for loans fully secured. Interest on impaired loans subsequently received is recorded as income only when management has reasonable assurance as to the timely collection of the full amount of the principal and interest.

## DELINQUENT LOANS

A loan is considered delinquent when the payment of principal or interest was uncollected (not received) at the contractual due date.

## ALLOWANCE FOR CREDIT LOSSES

The allowance for credit losses is maintained at an amount considered sufficient to absorb losses identified in the portfolio at the balance sheet date as well as where it is probable that losses have been incurred but are not yet identifiable. This allowance is increased by the provision for credit losses charged to income and reduced by write-offs net of recoveries. Management conducts ongoing credit risk assessments and establishes specific provisions on a loan-by-loan basis when impaired loans are identified to reflect the associated estimated credit loss. The general allowance represents the best estimate of probable losses within the portion of the portfolio that is not specifically identified as impaired. This estimate is made based on historical experience and current economic conditions to reduce the carrying value of the portfolio to its estimated net realisable amount.

## SALE OF LOANS

As part of its program of liquidity, capital and interest rate risk management, Desjardins Credit Union periodically sells residential mortgage loans to a related party. These transactions are accounted for as sales and the related loans are removed from the balance sheet when control over the loans is surrendered and consideration is received in exchange. Gains and losses on these transactions is recorded in other income and is based on the carrying value of the loans transferred. Revenue from servicing the loans over the remaining term of the loans is recorded in other income as the services are provided.

## DERIVATIVE FINANCIAL INSTRUMENTS

Desjardins Credit Union periodically enters into derivative contracts for asset/liability management. The derivatives most frequently used are interest rate swaps and options. Derivatives designated for asset/liability management are used to manage the interest rate risk exposure of balance sheet assets and liabilities, firm commitments and anticipated transactions. Derivatives are also used by Desjardins Credit Union to hedge its exposure to indices associated with the market-linked deposits held by its members. Certain derivatives can qualify for hedge accounting.

Hedging activities are designed to modify the exposure of one or more risks by creating an offset between a change in fair value of or the cash flows attributable to, the hedged item and the hedging item. Hedge accounting ensures that offsetting gains, losses, revenues and expenses are recognized in net income in the same period or periods because otherwise they would be recognized in different periods.

To qualify for hedge accounting, the hedging relationship must be designated and documented at inception. Such documentation should address, in particular, the specific risk management strategy, the hedged asset, liability or cash flows and the method for assessing the effectiveness of the hedging relationship. Hedging relationships are designated as a fair value hedge or a cash flow hedge. Effectiveness is assessed, at inception and on a regular basis over the term of the hedging relationship, by determining whether derivatives used in hedging relationships are highly effective in offsetting changes in fair values or cash flows attributable to the risk being hedged.

In a fair value hedging relationship, the carrying value of the hedged item will be adjusted by gains or losses attributable to the hedged risk and recognized in net income. The changes in the fair value of the hedged item, to the extent that the hedging relationship is effective, will be offset by changes in the fair value of the hedging derivative. In a cash flow hedging relationship, the effective portion of the change in the fair value of the hedging derivative will be recognized in other comprehensive income. The ineffective portion will be recognized in net income. The amounts recognized in accumulated other comprehensive income will be reclassified to net income in the periods in which net income is affected by the variability in the cash flows of the hedged item. Interest payable or receivable from the counterparties is reported on the balance sheet under other assets and other liabilities.

Derivatives held that are not eligible for hedge accounting are marked-to-market and recorded in the balance sheet at estimated fair value under other assets related to derivatives and other liabilities related to derivatives and the realized and unrealized gains and losses are recognized in income under trading activities in other income. Estimated fair value is determined using pricing models which incorporate current market prices and the contractual prices of the underlying instruments, the time value of money, yield curves and volatility factors.

Premiums paid, on the derivative options used to hedge the exposure associated to member market-linked deposits, are amortized to income in interest expense under deposits over the term of the underlying market-linked deposit using the effective interest method.

## INTANGIBLE ASSETS

Intangible assets comprise core deposits intangibles and branch distribution network. They are considered to have a definite life and are amortized to income as follows:

Classes	Methods	Rates
Core deposits intangibles	Diminishing balance	10%
Branch distribution network	Straight-line	5%

Intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount is not recoverable and exceeds its fair value. Any impairment identified will be charged to income under non-interest expenses, in the period in which the impairment is identified and is not reversed if the fair value subsequently increases.

## GOODWILL

Goodwill represents the excess of the purchase price paid over the fair value of the net assets acquired. Goodwill is not amortized but is subject to an impairment test on an annual basis. Any impairment identified will be charged to income under non-interest expenses, in the period in which the impairment is identified and is not reversed if the fair value subsequently increases.

## CAPITAL ASSETS

Capital assets are recorded at cost and are depreciated over their estimated useful lives in accordance with the following methods and annual rates:

Classes	Methods	Rates
Office furniture and equipment	Declining balance	20%
Automotive equipment	Declining balance	30%
Computer equipment	Declining balance	30%
Computer software	Straight-line	30%
Leasehold improvements	Straight-line	Lease terms + one renewal option

Capital assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount is not recoverable and exceeds its fair value. Any impairment identified will be charged to income under non-interest expenses, in the period in which the impairment is identified and is not reversed if the fair value subsequently increases.

## FOREIGN CURRENCY TRANSLATION

Monetary assets and liabilities denominated in foreign currencies are translated at rates prevailing on the balance sheet date; income and expenses are translated at the average rates prevailing during the year. Foreign exchange gains or losses arising from the translation or the settlement of a monetary item denominated in a foreign currency are recorded in other income.

## INCOME TAXES

Desjardins Credit Union accounts for income taxes under the tax liability method. Under this method, future tax assets and liabilities are calculated based on existing differences between the carrying amount and the corresponding tax values of assets and liabilities using enacted or substantially enacted tax laws and rates expected to apply at the date such temporary differences are expected to be realized or settled. Net future income tax assets and liabilities are included under other assets or other liabilities, as applicable. A valuation allowance is applied when it is more likely than not that all or a portion of the future tax assets recognized will not be realized prior to their expiration.

## EMPLOYEE FUTURE BENEFITS

Most employees participate in the Desjardins Credit Union pension plan provided through a defined benefit plan. The cost of benefits is determined through actuarial calculations using the projected benefit method prorated on years of service and management's best estimate assumptions concerning the expected return on plan investments, salary increases and employees' retirement age. Calculation of the expected return on plan assets is based on the value of pension fund assets measured at fair values. Pension expense consists of the aggregate of: a) the actuarially computed

cost of pension benefits provided in respect of the current year's service, b) imputed interest on the accrued benefit obligation, c) the expected return on plan assets, and d) the amortization, over the expected average remaining service life of employees, of any net actuarial gains and losses. The cumulative deficiency of pension fund contributions over the amounts recorded as pension expense is reported in other liabilities. The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees.

Desjardins Credit Union also offers its employees and their dependants, post retirement life and medical insurance coverage. The cost of these benefits is accrued over the service life of employees according to accounting policies similar to those used for pension costs. The accrued cost of post-retirement benefits is reported in other liabilities.

## DEPOSITS

Deposits are classified as other liabilities and presented at amortized cost, using the effective interest method.

## SUBORDINATED DEBENTURES

Subordinated debentures are classified as other liabilities and presented at amortized cost, using the effective interest method.

## REDEEMABLE PREFERENCE SHARES

Redeemable preference shares are classified as other liabilities and presented at amortized cost, using the effective interest method.

## FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments is the year-end quoted price where available. Where quoted prices are not available, estimated fair values are calculated based upon the quoted price of a financial instrument with similar characteristics and risk profile or internal or external valuation models using market-based inputs. In determining the assumptions to be used in pricing models, externally readily observable market inputs include such factors as interest yield curves and rate volatilities as applicable. The identification of appropriate valuation adjustments requires management judgement and is based on quantitative research and analysis. Valuation methodologies and policies are used to address the use and calculation of valuation adjustments. These methodologies are reviewed on an ongoing basis to ensure that they remain appropriate. All significant valuation models are strictly controlled and regularly recalibrated and vetted to provide an independent perspective.

When the fair value of the financial instrument declines below its carrying value, management is required to assess whether the decline is other-than-temporary. In making this assessment, management consider factors such as the type of instrument, the length of time and extent to which the fair value has been below the carrying value, the financial and credit aspects of the issuer, and management's intent and ability to hold the investment long enough to allow for any anticipated recovery. The decisions to record a write down, its amount and the period in which it is recorded could change if management's assessment of those factors were different.

## SEGMENTED INFORMATION

Desjardins Credit Union manages its business as an integrated operating segment as it operates principally in personal and commercial banking in the province of Ontario. Accordingly, it has only one reporting segment for financial reporting purposes.

## COMPARATIVE FIGURES

Certain comparative figures have been reclassified, where appropriate to conform to the presentation adopted in the current year.

## NOTE 3

## CARRYING VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying values for each category of financial asset and liability as defined by the financial instrument standards are presented in the tables below.

	2008						
	Held for trading	Available for sale	Loans and receivable	Financial liabilities at amortized cost	Derivative financial instruments designated as cash flow hedges	Derivative financial instruments designated as fair value hedges	Total
<b>FINANCIAL ASSETS</b>							
Cash and cash equivalents	\$ 76,138	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,138
Securities available for sale	-	201,494	-	-	-	-	201,494
Loans	-	-	1,179,800	-	-	-	1,179,800
Derivative financial instruments	1,641	-	-	-	-	-	1,641
Other	-	-	7,812	-	-	-	7,812
<b>TOTAL FINANCIAL ASSETS</b>	<b>\$ 77,779</b>	<b>\$ 201,494</b>	<b>\$ 1,187,612</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,466,885</b>
<b>FINANCIAL LIABILITIES</b>							
Deposits	\$ -	\$ -	\$ -	\$ 1,378,585	\$ -	\$ -	\$ 1,378,585
Derivative financial instruments	4,210	-	-	-	4,741	-	8,951
Other	-	-	-	198,674	-	-	198,674
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>\$ 4,210</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,577,259</b>	<b>\$ 4,741</b>	<b>\$ -</b>	<b>\$ 1,586,210</b>

	2007						
	Held for trading	Available for sale	Loans and receivable	Financial liabilities at amortized cost	Derivative financial instruments designated as cash flow hedges	Derivative financial instruments designated as fair value hedges	Total
<b>FINANCIAL ASSETS</b>							
Cash and cash equivalents	\$ 38,613	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,613
Securities available for sale	-	373,675	-	-	-	-	373,675
Loans	-	-	1,058,209	-	-	-	1,058,209
Derivative financial instruments	2,091	-	-	-	-	-	2,091
Other	-	-	19,077	-	-	-	19,077
<b>TOTAL FINANCIAL ASSETS</b>	<b>\$ 40,704</b>	<b>\$ 373,675</b>	<b>\$ 1,077,286</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,491,665</b>
<b>FINANCIAL LIABILITIES</b>							
Deposits	\$ -	\$ -	\$ -	\$ 1,401,426	\$ -	\$ -	\$ 1,401,426
Derivative financial instruments	521	-	-	-	479	26	1,026
Other	-	-	-	184,674	-	-	184,674
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>\$ 521</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,586,100</b>	<b>\$ 479</b>	<b>\$ 26</b>	<b>\$ 1,587,126</b>

## NOTE 4

## SECURITIES

	2008					2007
	Maturity					Total
	Less than 1 year	1 to 3 years	Greater than 3 years	No specific maturity	Total	
<b>ISSUED OR GUARANTEED BY</b>						
Provinces in Canada	\$ -	\$ -	\$ 9,340	\$ -	\$ 9,340	\$ 47,563
Yield	-	-	1.96%	-	1.96%	4.80%
<b>OTHER SECURITIES</b>						
Banks and financial institutions	75,065	75,167	18,667	-	168,899	290,897
Financial asset-backed debt securities	-	-	-	23,224	23,224	31,155
Commercial paper and other	31	-	-	-	31	4,060
Yield	2.56%	4.22%	4.86%	-	3.12%	4.82%
<b>TOTAL SECURITIES</b>	<b>\$75,096</b>	<b>\$ 75,167</b>	<b>\$ 28,007</b>	<b>\$ 23,224</b>	<b>\$ 201,494</b>	<b>\$ 373,675</b>

All securities have been classified as available-for-sale.

Yields are calculated on year-end carrying values, adjusted for amortization of premiums and discounts.

Term-to-maturity classifications are based on the contractual maturity of the security.

The following table shows gross unrealized gains and losses on securities.

	2008				2007			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair Value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair Value
<b>ISSUED OR GUARANTEED BY</b>								
Provinces in Canada	\$ 9,966	\$ -	\$ (626)	\$ 9,340	\$ 47,511	\$ 52	\$ -	\$ 47,563
<b>OTHER SECURITIES</b>								
Banks and financial institutions	167,298	2,096	(495)	168,899	290,948	298	(349)	290,897
Financial asset-backed debt securities	23,224	-	-	23,224	31,155	-	-	31,155
Commercial paper and other	31	-	-	31	4,106	-	(46)	4,060
<b>TOTAL SECURITIES</b>	<b>\$ 200,519</b>	<b>\$ 2,096</b>	<b>\$ (1,121)</b>	<b>\$ 201,494</b>	<b>\$ 373,720</b>	<b>\$ 350</b>	<b>\$ (395)</b>	<b>\$ 373,675</b>

The gross unrealized losses on available-for-sale securities, as at December 31, 2008, are determined by management to be temporary in nature. These unrealized losses resulted from changes in interest rates and not from the deterioration in the creditworthiness of the issuers. No default related to the underlying assets or projected cash flows occurred with respect to these securities.

## CANADIAN NON-BANK ASSET BACKED COMMERCIAL PAPER

As at December 31, 2008, Desjardins Credit Union held investments of \$35 million (principal amount) on the Canadian non-bank-sponsored asset-backed commercial paper (ABCP) market, though it never issued this type of financial product to its members.

### ABCP

			2008	2007
	Amortized cost	Cumulative Write-down	Fair value	Fair value
Synthetic assets	\$ 25,000	\$ 8,245	\$ 16,755	\$ 23,022
Traditional assets	6,749	280	6,469	7,539
Ineligible (subprime) assets	3,251	3,251	-	594
	<b>\$ 35,000</b>	<b>\$ 11,776</b>	<b>\$ 23,224</b>	<b>\$ 31,155</b>

On August 16, 2007, a group of financial institutions and other investors reached an agreement in principle to restructure ABCP following the liquidity crisis that started in August 2007. This agreement was called the "Montréal Accord". A Pan-Canadian Committee composed of participants in the Montréal Accord, including Desjardins Group, was created on September 6, 2007 to oversee the restructuring process. Desjardins Group served as Desjardins Credit Union's representative within this Committee. A final restructuring plan was signed on December 24, 2008, which was sanctioned in January 2009. The restructuring plan provides for, among others, the replacement of ABCP by new long-term floating rate notes having a maturity similar to that of the underlying assets.

The key features of the restructuring plan include:

- the creation of three new trusts, called "Master Asset Vehicles" ("MAV");
- the issue of new classes of notes by the MAVs;
- the establishment of supporting funding facilities;
- the establishment of a moratorium of a period of 18 months on additional collateral calls for most underlying credit default swaps;
- the widening of certain "spread-loss" triggers applying at the end of the moratorium period.

Desjardins Credit Union participates in the MAV 1 and MAV 3 trusts.

### ABCP valuation methodology

Since there is no active market for ABCP securities, the fair value and changes in value was estimated using a valuation technique. The probability of realization of the restructuring was set at 100%. The fair value of ABCP restructured in the form of MAV 1 A-1, A-2, B and C notes, that is synthetic assets and hybrid assets, was determined 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 for the ABCP securities reflecting market conditions as at December 31, 2008. The expected cash flows from these new notes were discounted using the bankers' acceptance rate plus a premium ranging from 809 to 1,238 basis points over periods ranging from five to eight years.

The fair value of ABCP comprised exclusively of traditional assets was determined using benchmark indices selected based on the underlying assets of each trust. As these assets will be restructured into several series of tracking notes that will directly pass through the cash flows generated by the underlying assets, it is assumed that the restructuring will not have a significant impact on the fair value. For ABCP comprised exclusively of ineligible (subprime) assets, given the nature of the underlying assets and their pronounced deterioration in the current economic environment, a write-down to 100% of the cost of these securities was recorded as at December 31, 2008.

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 plan, 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.

As at December 31, 2007, Desjardins Credit Union used different assumptions to value ABCP securities. The main difference arises from the fact a probability of 80% was given to the realization of the restructuring scenario and a probability of 20% to the liquidation scenario, which was divided into an orderly liquidation scenario and a forced liquidation scenario. The fair value was an average of the estimated values under the liquidation and restructuring scenarios, weighted based on the estimated probability of realization of each scenario. It should be noted that this element only had an impact on synthetic assets and hybrid assets since only the liquidation scenarios were relevant to determine the fair value of traditional assets and ineligible (subprime) assets, as previously noted.

#### Impairment provision

Based on the foregoing, a decline in value of \$7,931 was charged to net income under net losses on available-for-sale securities for the year ended December 31, 2008 (2007: \$3,845). According to accounting standards, this decline in value is considered to be other than temporary. The decline in value recognized in 2008 was mainly attributable to the reduction from AAA to A of the anticipated credit rating for the series A-1 and A-2 replacement notes of MAV 1, the widening of credit spreads during 2008 and the deterioration of benchmark indices, partially offset by the increase in the probability of realization of the restructuring.

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 related to the determination of the return, the spreads, the credit risk of the underlying assets and the quality of assets given as collateral by the trusts, which are integrated into the discount rates, could significantly affect the value ascribed to the replacement notes in the future. An increase of 1% in the estimated discount rates would reduce by approximately \$870 the estimated fair value of the replacement note portfolio now held.

Certain 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 such market, which could further change the value of Desjardins Credit Union's investment in replacement notes. The prospect of a severe and prolonged downturn in the North American economy could also have an impact on the fair value of the replacement notes.

#### Subsequent event – ABCP restructuring plan

The restructuring plan was approved on January 16, 2009, following the agreement reached with all the key stakeholders, including the governments of Canada, Québec, Ontario and Alberta regarding the restructuring of ABCP and the sanction, by the Ontario Superior Court of Justice on January 12, 2009, of the final plan of arrangement. On January 21, 2009 the Court-appointed monitor filed the certificate required to implement the plan and proceed to closing.

In addition to the assets already pledged as collateral by the trusts for credit defaults swaps, the plan provides that each of MAV 1 and MAV 2 must have a margin funding facility ("MFF") intended to cover future collateral calls from the counterparties to these swaps. Desjardins Group, through Caisse centrale Desjardins, and on behalf of Desjardins Credit Union has decided to self-finance its portion of the margin funding facility ("MFF") as a requirement of participating in MAV 1.

Desjardins Group's portion of this commitment to extend credit, totalling \$1,193 million, ranks equal to the other participants in the MFF and matures in July 2017 or at an earlier date if all credit defaults swap transactions are settled previously. This amount represents the aggregate of the \$1,066 million commitment negotiated as part of the December 2007 preliminary agreement and an amount of \$127 million under the terms of the December 24, 2008 plan.

Desjardins Group will receive no fees for this commitment to extend credit. Advances that can be made under this funding facility will bear interest at a rate based on bankers' acceptance rate or prime rate. Any advance under the margin funding facility will rank prior to the amounts payable under the notes issued by MAV 1. Should Desjardins Group default on its obligations to provide the funds for its portion of the margin funding facility, a proportionate share of the MAV 1 notes held by it would be subordinated to the other notes. Caisse centrale, as signatory of the MFF for Desjardins Group, will have to maintain a credit rating equivalent to A (low) from at least two of four rating agencies (DBRS, S&P, Fitch and Moody's), otherwise it will have to provide collateral or another form of credit support to MAV 1 or have another entity with a sufficiently high credit rating assume its obligations.

In the event that the margin facilities of MAV 1 are insufficient to meet collateral calls, a senior funding facility has been put in place to provide access to additional liquidities by the governments of Canada, Québec, Ontario and Alberta and one participant of the MAV 1. This master asset vehicle has an available amount of \$1,772 million under this facility and will pay a commitment fee of 1.19% per year until December 2016. This facility matures one month after the expiration of the moratorium on collateral calls, that is July 2010, unless an amount has been drawn and is unpaid as at that date, in which case all the liquidities available for reimbursement in MAV 1 will be used to pay the interest and the principal of the senior funding facility in priority over the margin funding facility of MAV 1 and the notes issued by MAV 1. Advances that can be made under this funding facility will bear interest at a rate based on bankers' acceptance rate or prime rate.

During the first quarter 2009, an amount of \$1,510, net of an estimated proportionate share of the restructuring costs of the Pan-Canadian Committee, was paid to Desjardins Credit Union as accrued interest for the period from August 20, 2007 to August 31, 2008. Accrued interest for the period from September 1, 2008 to December 31, 2008 that will also eventually be paid, has been estimated. This net interest has been taken into account in the determination of the estimated fair value of ABCP as at December 31.

For the year ended December 31, 2007, the contractual interest income on ABCP owned from August 20, 2007 was recognized within the fair value.

Under the terms and conditions of the plan, noteholders received new notes according to weightings determined based on the various ABCP-issuing trusts.

After the restructuring, Desjardins Credit Union holds new notes of which the face value has been allocated between the various following vehicles:

## MAV

	Face value	Fair value <sup>1</sup>
MAV 1		
Class A-1	\$ 22,550	\$ 14,103
Class A-2	1,448	906
Class B	252	158
Class C	750	469
Total MAV 1	25,000	15,636
MAV 3		
Ineligible (subprime) assets	3,251	-
Traditional assets	6,749	6,078
Total MAV 3	10,000	6,078
Interest received	n/a	1,510
Total	\$ 35,000	\$ 23,224

<sup>1</sup> Based on the fair value determined as at December 31, 2008.

The following table presents the main features of the new notes held by Desjardins Credit Union:

	<b>Coupon</b>	<b>Legal maturity date</b>	<b>Ranking</b>	<b>Rating</b>
MAV 1 A-1 <sup>1</sup>	Bankers' acceptance rate + 30 basis points <sup>2</sup>	July 15, 2056 <sup>3</sup>	Ranking senior to MAV 1 A-2 notes with respect to interest and to MAV 1 B and C notes with respect to principal and interest	A
MAV 1 A-2 <sup>1</sup>	Bankers' acceptance rate + 30 basis points <sup>2</sup>	July 15, 2056 <sup>3</sup>	Interest ranks senior to the principal of MAV 1 A-1 notes. Subordinated to MAV 1 A-1 notes with respect to principal	A
MAV 1 B <sup>1</sup>	Bankers' acceptance rate + 30 basis points <sup>2</sup> , interest payable at maturity, cumulative	July 15, 2056 <sup>3</sup>	Subordinated to MAV 1 A-2 notes with respect to principal and interest	None
MAV 1 C <sup>1</sup>	Bankers' acceptance rate + 20%, interest payable at maturity	July 15, 2056 <sup>3</sup>	Subordinated to MAV 1 B notes with respect to principal and interest	None
MAV 3 notes	Floating based on the yield of the underlying assets	Between September 19, 2012 and July 15, 2056	Certain notes rank prior with respect to interest	No rating for the MAV 3 notes, except for 6 series which were assigned ratings from A (low) to AAA.

<sup>1</sup> No obligation to pay interest before January 22, 2019.

<sup>2</sup> The interest rate is LIBOR + 30 basis points for US dollar notes.

<sup>3</sup> The expected payment maturity date is January 22, 2017.

At the time of preparing these financial statements, there was not yet an active market for the various restructured notes. In addition, the ability to trade the MAV 1 notes is subject to significant limitations, since a holder of MAV 1 A-1, A-2, B and C notes can transfer them to a third party only 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 proportionate share of the commitments with respect to the MFF, directly or through another entity, as long as the entity assuming the share of the MFF has a sufficiently high credit rating.

The ultimate capacity of Desjardins Credit Union to recover its investments in replacement notes depends on the credit quality of the underlying assets. The assets underlying the restructured notes can be summarized as follows:

Assets underlying MAV 1	%
Leveraged super senior structures	74.6
Collateralized debt obligations	12.2
Commercial mortgage loans	7.6
Canadian subprime residential mortgage loans	3.1
Other assets	2.5

Leveraged super senior structures ("LSS") provide investors with an exposure backed by a super senior proportion of a pool of reference assets. This exposure is generally equal to many times the invested amount in a given transaction and pledged as collateral to the credit protection beneficiary, namely the counterparty to the credit default swap.

A super senior tranche has an attachment point, which is the threshold or level of losses that the pool of reference assets must incur before the payment obligations are triggered. In general, this level is significantly higher than the level of losses inherent to a R-1 (high) or AAA rating. Therefore, the level of losses to which the super senior tranche is exposed is usually lower than the historical experience for this level of rating. When the level of losses increases or indicators show that it could increase (additional collateral call triggers), the buyers of protection against the credit default require collateral in addition to the amounts initially invested. To meet such additional collateral calls, the counterparty who has sold the protection must have mechanisms to access liquidities.

If the additional collateral can not be provided, the LSS is unwound for the benefit of the buyer of the protection against the credit default. Such an unwind results in a loss for the protection seller, even if the actual losses of the pool of reference assets have not reached the attachment point for the super senior tranche. The widening of certain "spread-loss" triggers, which was implemented as part of the restructuring plan and will apply again on LSS at the expiration of the 18-month moratorium period, makes the triggering of additional collateral calls more remote.

Desjardins Credit Union holds or has access to the necessary funds to meet all its financial, operating or regulatory obligations, and it does not expect that the liquidity problems related to the ABCP and the replacement notes will have a material adverse impact on its financial soundness and its capital ratios.

## NOTE 5

## LOANS

	2008	2007
Residential mortgages	\$ 898,221	\$ 727,539
Personal loans	15,747	16,237
Commercial loans	139,048	133,982
Purchased loans	130,362	182,806
Allowance for credit losses	(3,578)	(2,355)
	<b>\$ 1,179,800</b>	\$ 1,058,209

## ALLOWANCE FOR CREDIT LOSSES

				2008	2007
	Residential Mortgages	Personal Loans	Commercial Loans		
Opening balance	\$ 1,084	\$ 333	\$ 938	\$ 2,355	\$ 1,389
Provision	290	200	865	1,355	966
Write offs and recoveries	(14)	(118)	-	(132)	-
Closing balance	\$ 1,360	\$ 415	\$ 1,803	\$ 3,578	\$ 2,355
Consisting of					
Specific allowance	\$ 20	\$ 360	\$ 1,178	1,558	627
General allowance	1,340	55	625	2,020	1,728
Total	\$ 1,360	\$ 415	\$ 1,803	\$ 3,578	\$ 2,355
Gross impaired loans	\$ 3,363	\$ 412	\$ 1,178	\$ 4,953	\$ 5,855
Specific allowances	20	360	1,178	1,558	627
Impaired loans, net of specific allowances	\$ 3,343	\$ 52	\$ -	\$ 3,395	\$ 5,228

## LOANS PAST DUE BUT NOT IMPAIRED

	2008			
	Residential Mortgages	Personal Loans	Commercial Loans	
Less than 30 days	\$ 5,160	\$ 54	\$ 15	\$ 5,229
31 to 60 days	1,020	-	-	1,020
61 to 90 days	421	84	-	505
Greater than 90 days	2,405	272	-	2,677
	\$ 9,006	\$ 410	\$ 15	\$ 9,431

Loans are considered past due if the payment of principal and interest was not received by the contractual due date. Loans are recognized as impaired when interest or principal is contractually 90 days past due, unless fully secured and in the process of collection. Fully secured loans are classified

as impaired after a delinquency period of 180 days. As at December 31, 2008, the fair value of financial assets pledged as collateral for impaired loans was nil.

The following table shows outstanding commercial loans by economic sector.

	<b>2008</b>
Finance and Insurance	\$ 74,794
Real estate	30,743
Construction	13,748
Wholesale, retail trade	6,081
Education and health services	5,560
Manufacturing	6,150
Agriculture	1,764
Professional, science and technology	108
Other	100
	<b>\$139,048</b>

During the year Desjardins Credit Union sold \$0 (2007: \$197,975) residential mortgages to the subordinated debt holder and the outstanding balance of the sold residential mortgages totalled \$171,656

as at December 31, 2008 (2007: \$191,732). The net loss on the sale in 2007 was \$2,685.

#### NOTE 6

## GOODWILL AND INTANGIBLE ASSETS

Goodwill is not amortized but is tested for impairment annually. The impairment test consists of a comparison, by reporting unit, of the fair value of the assets and their carrying value. The fair value of the reporting unit was estimated using the expected present value of future cash flows. Due to a decrease in the market interest rates, additional losses recorded on the Canadian non-bank asset-backed commercial paper and fair value losses on derivatives not designated as accounting hedges, operating profits and cash flows were lower than expected in the last four quarters.

Based on the lower market interest rates forecast for 2009, the earnings forecast for the next five years were revised downwards from the previous year's analysis. The present value of future cash flows using these assumptions does not exceed the value of the reporting unit including its goodwill. In December 2008, a goodwill impairment loss of \$30,851 million was recognized in non-interest expenses.

	<b>2008</b>	2007
Goodwill	<b>\$ 30,851</b>	\$ 30,851
Impairment loss	<b>(30,851)</b>	-
	<b>\$ -</b>	\$ 30,851

The impairment loss and reduction in goodwill on the balance sheet has no impact on regulatory capital as at December 31, 2008.

## INTANGIBLES

	<b>2008</b>			2007	
	<b>Cost</b>	<b>Impairment loss</b>	<b>Cumulative amortization</b>	<b>Net value</b>	Net Value
Core deposits intangible	<b>\$ 28,390</b>	<b>\$ -</b>	<b>\$ 12,453</b>	<b>\$ 15,937</b>	\$17,620
Branch distribution network	<b>6,400</b>	<b>1,575</b>	<b>1,840</b>	<b>2,985</b>	4,880
	<b>\$ 34,790</b>	<b>\$ 1,575</b>	<b>\$ 14,293</b>	<b>\$ 18,922</b>	\$22,500

The amortization expense for the period ended December 31, 2008 is \$2,003 (2007: \$2,181).

In conjunction with the goodwill impairment test, intangibles were tested for impairment. The underlying assumptions supporting the recoverability of intangibles were reviewed, including the undiscounted future cash flows

of the assets and as a result an impairment loss of \$1,575 was recognized in non-interest expenses for the period.

## NOTE 7

## OTHER ASSETS

			2008	2007
	Cost	Cumulative Amortization	Net value	Net value
<b>Capital assets</b>				
Office furniture and equipment	\$ 5,280	\$ 3,136	\$ 2,144	\$ 2,944
Automotive equipment	128	128	-	34
Computer equipment	1,217	1,217	-	354
Computer software	4,283	3,945	338	1,705
Leasehold improvements	18,644	10,215	8,429	12,160
<b>Subtotal capital assets</b>	<b>\$ 29,552</b>	<b>\$ 18,641</b>	<b>10,911</b>	17,197
Accrued interest			4,637	4,950
Accounts receivable, prepaid and other			3,175	14,127
			<b>\$ 18,723</b>	\$ 36,274

The Board of Directors approved a 2009 Strategic Plan. Cost cutting measures included exiting four communities. An assessment of the recoverability of capital assets was deemed required. The undiscounted future cash flows related to these assets are insufficient to recover their carrying amount. An impairment loss of \$2,763 was recognized against the carrying value of capital assets for the period.

The amortization expense including the impairment loss described above for the period ended December 31, 2008 is \$6,445 (2007: \$3,774).

## NOTE 8

## CREDIT FACILITY

Desjardins Credit Union has available a \$140 million credit facility from the holder of the subordinated debt with a tranche of \$40 million for derivatives. The credit facility is unsecured and is renewable on an annual basis and bears interest at the lender's cost of funds. Under the terms of

the credit agreement, Desjardins Credit Union must comply with certain conditions. As at December 31, 2008, all these conditions were met. The credit facility is unused as at December 31, 2008.

## NOTE 9

## DEPOSITS

	2008	2007
Payable on demand	\$ 557,069	\$ 581,104
Payable on a fixed date	787,074	795,049
Registered funds	34,442	25,273
	<b>\$ 1,378,585</b>	<b>\$ 1,401,426</b>

Total deposits include deposits in foreign currencies in the amount of \$17,366 (2007: \$16,579), which are denominated in US dollars. Total deposits include deposits whose return is linked to market indexes in the amount of \$30,690 (2007: \$9,710).

## NOTE 10

## OTHER LIABILITIES

	2008	2007
Interest payable	\$ 16,081	\$ 16,542
Member certified cheques	4,401	4,812
Pension accounting liability	3,070	2,461
Accounts payable and other	3,192	4,543
	<b>\$ 26,744</b>	<b>\$ 28,358</b>

## NOTE 11

## SUBORDINATED DEBENTURES

The debentures, subordinated to the claims of depositors and certain other creditors, consist of:

Maturity	Interest rate	Terms	2008	2007
January 31, 2014	2.98%	Nominal value of CDN \$ 22,000; redeemed on December 31, 2008 with prior approval of the Financial Services Commission of Ontario (FSCO).	\$ -	\$ 22,000
January 31, 2014	2.98%	Nominal value of CDN \$ 9,000; redeemed on December 31, 2008, with prior approval of FSCO.	-	9,000
October 15, 2015	5.99%	Nominal value of CDN \$ 20,000; 5.99% interest payable semi annually until October 15, 2010; thereafter, interest payable semi annually at the lender's cost of funds plus 2.00%. Subject to the capital adequacy and liquidity provisions of the Act, Desjardins Credit Union may redeem the subordinated debentures at any time, conditional on prior approval of FSCO if the redemption occurs before October 15, 2010.	20,000	20,000
			<b>\$ 20,000</b>	<b>\$ 51,000</b>

## NOTE 12

## REDEEMABLE PREFERENCE SHARES

The authorized preference share capital of Desjardins Credit Union consists of 5,000,000 Class A Preference shares ("Class A shares") which can be issued in series.

### Class A Series 1 shares

The first series of Class A Shares consists of 3,040,000 shares designated as Class A Series 1 Shares

As at December 31, 2008 and 2007, there were no Class A Series 1 shares issued and outstanding.

The holders of these shares are entitled to a non-cumulative preferential dividend of \$1.50 per share, ranking equal with all Class A Series shares and ranking in priority to all other classes of shares. These shares are redeemable at a price of \$25 per share at the option of Desjardins Credit Union or the holder at any time after 8 years from the date these shares were issued to the holder, plus all unpaid dividends declared thereon.

### Class A Series 2 shares

Class A Series 2 shares consists of 1,000,000 shares.

As at December 31, 2008 and 2007, 1,000,000 Class A Series 2 shares were issued and outstanding at a par value of \$96 per share for a total consideration of \$96,000.

The holders of these shares are entitled to a non-cumulative preferential dividend at a rate of 6.25% per share, ranking equal with all Class A Series shares and ranking in priority to all other classes of shares. These shares are redeemable at a price of \$96 per share at the option of Desjardins Credit Union or the holder at any time after 8 years from the date these shares were issued to the holder, plus all unpaid dividends declared thereon.

Notwithstanding the financial statement classification of the redeemable preference shares as liabilities, these shares qualify as regulatory capital.

### Class A Series 3 shares

Class A Series 3 shares consists of 140,000 shares.

As at December 31, 2008 and 2007, 140,000 Class A Series 3 shares were issued and outstanding at a par value of \$100 per share for a total consideration of \$14,000.

The holders of these shares are entitled to a non-cumulative preferential dividend at a rate of 5% per share, ranking equal with all Class A Series shares and ranking in priority to all other classes of shares. These shares are redeemable at a price of \$100 per share at the option of Desjardins Credit Union or the holder at any time after 8 years from the date these shares were issued to the holder, plus all unpaid dividends declared thereon.

Notwithstanding the financial statement classification of the redeemable preference shares as liabilities, these shares qualify as regulatory capital.

### Class A Series 4 shares

Class A Series 4 shares consists of 45,000 shares.

During the period ended December 31, 2008, forty five thousand (45,000) Class A Series 4 Shares were issued with a par value of one thousand (\$1000) each for a cash consideration of \$45,000.

As at December 31, 2008, 45,000 Class A Series 4 shares were issued and outstanding at a par value of \$1000 per share for a total consideration of \$45,000.

The holders of these shares are entitled to a non-cumulative preferential dividend at a rate of 6% per share, ranking equal with all Class A Series shares and ranking in priority to all other classes of shares. These shares are redeemable at a price of \$1000 per share at the option of Desjardins Credit Union or the holder at any time after 8 years from the date these shares were issued to the holder, plus all unpaid dividends declared thereon.

Notwithstanding the financial statement classification of the redeemable preference shares as liabilities, these shares qualify as regulatory capital.

## NOTE 13

## CAPITAL STOCK

The authorized share capital of Desjardins Credit Union is composed of an unlimited number of Class B and Class C Preference shares and Membership shares.

**Class B preference shares**

The Class B shares rank junior to the Class A shares and senior to the Class C and Membership shares for priority in the payment of dividends and the distribution of assets in the event of a liquidation, dissolution or winding-up of Desjardins Credit Union or any other distribution of its assets among its shareholders for the purposes of winding up its affairs. Class B shares do not confer on the holder the right to receive any of the remaining property of Desjardins Credit Union upon dissolution.

As at December 31, 2008 and 2007, there were no Class B shares issued and outstanding.

**Class C preference shares**

The Class C shares rank junior to the Class A and Class B shares and senior to the Membership shares for priority in the payment of dividends and the distribution of assets in the event of a liquidation, dissolution or winding-up of Desjardins Credit Union or any other distribution of its assets among

its shareholders for the purposes of winding up its affairs. Class C shares do not confer on the holder the right to receive any of the remaining property of Desjardins Credit Union upon dissolution.

As at December 31, 2008 and 2007, there were no Class C shares issued and outstanding.

**Membership shares**

Membership shares can only be issued to members according to the conditions, terms and criteria provided for in Desjardins Credit Union's Articles of Incorporation, internal management by-laws and the Credit Unions and Caisses Populaires Act (Ontario), 1994. Their issue price is set at five dollars (\$5) per share. They are redeemable by Desjardins Credit Union only in the event of the withdrawal, expulsion or death of a member. Transfer of Membership shares, other than to Desjardins Credit Union, is prohibited. Notwithstanding the financial statement classification of membership shares as liabilities, these shares qualify as regulatory capital.

As at December 31, 2008, 53,025 Membership shares (2007: 52,214) were issued and outstanding at a par value of \$5 per share for a total consideration of \$265 (2007: \$261).

## NOTE 14

## ACCUMULATED OTHER COMPREHENSIVE INCOME

	2008	2007
Net unrealized gains (losses) on available-for-sale securities	\$ 304	\$ (11)
Net gains (losses) on derivatives designated as cash flow hedges	(4,570)	20
	<b>\$ (4,266)</b>	<b>\$ 9</b>

Net unrealized losses on available-for-sale securities include gross losses in the amount of \$1,101 (2007: \$362).

## NOTE 15

## FINANCIAL INSTRUMENT RISK MANAGEMENT

Desjardins Credit Union is exposed to different types of risk in the normal course of operations, including risk related to the use of financial instruments such as loans, deposits, securities, and derivative financial instruments. Desjardins Credit Union's objective in financial instrument risk management is to optimize the risk-return trade-off by applying integrated risk management and control strategies, policies and procedures throughout the organization's various functions. The policies and procedures aim to proactively identify, measure and assess potential risks and ensure their sound and prudent management, in particular by specifying the controls to be applied and officer reporting responsibilities. In addition to the on-going risk monitoring performed by management, the oversight of integrated risk management is the responsibility of the Board of Directors, the Audit Committee, the Credit Committee and the Asset/Liability Committee.

The main risks are as follows:

### CREDIT RISK MANAGEMENT

Credit risk is the risk of loss from a borrower or counterparty's inability to honour its contractual obligations. The credit management policy provides the framework of the policies, practices and allocation of responsibilities that ensures the development, analysis, assessment, approval, handling, oversight, compliance and diversification of credit risk. The credit management policy establishes guidelines to limit concentration of credit risk by counterparty, industry and type of financing. Lending limits and security guidelines are also addressed in the credit management policy as risk mitigation techniques which are dependant on Desjardins Credit Union's

internal assessment of the counterparty's credit quality and ability to repay. Policies are reviewed and approved periodically by the Board of Directors and the Credit Committee plays an active roll to ensure adherence to the credit management policy. Internal audit oversight mandate provides the periodic reviews and opinion on the quality of controls over the management and approval of credit to individual and commercial members across the branch network.

Credit risk per the policies is assessed through a series of factors to evaluate both the quantitative and qualitative aspects of counterparties. Systematic reviews of the various types of files is undertaken to update their risk rating.

The credit risk exposure is measured in terms of both current and potential credit exposure. Current credit exposure is represented by the notional or face value for on-balance sheet and off-balance sheet financial instruments and the replacement value for derivative financial instruments. Potential credit exposure considers the sensitivity to market changes.

The credit risk exposure of derivative financial instruments corresponds to the risk of credit losses that can occur if a counterparty fails to fully honour its contractual obligations and if the market conditions are such that replacing the transaction would result in a loss for Desjardins Credit Union.

Desjardins Credit Union follows procedures that ensure detection of deteriorating credit risk in order to manage the risk or take immediate action. Specific allowances can then be made to cover the resulting risk.

The following table presents the maximum credit risk exposure.

	<b>2008</b>
<b>On-balance sheet</b>	
Cash and cash equivalents	\$ 76,138
Available for sale debt securities <sup>1</sup>	201,494
Loans	1,179,800
Assets related to derivatives	1,641
Other assets	7,812
<b>Total on-balance sheet</b>	<b>\$1,466,885</b>
<b>Off-balance sheet</b>	
Guarantees and letters of credit	3,589
Credit commitments	106,542
<b>Total off-balance sheet</b>	<b>\$ 110,131</b>
<b>Total</b>	<b>\$1,577,016</b>

<sup>1</sup> includes non bank Asset Backed commercial paper

To reduce credit risk for loans, security is obtained when deemed required in the form of cash, securities, immovable property, accounts receivable, guarantees, inventories or other assets. Mortgage insurance and other government guarantees are also tools used to reduce credit risk on residential mortgage and commercial loan portfolios. Credit risk is managed and reduced through effective portfolio diversification between many individual members and small businesses, as well as across sectors of activity. Sectors of activity and amounts invested are listed in note 5 of the financial statements. Credit risk on larger commercial loans is in some cases shared with other financial institutions.

Derivative credit risk is managed by using credit quality counterparties. Desjardins Credit Union deals only with related parties for its derivatives which include Caisse centrale Desjardins and Fédération des Caisses Desjardins du Québec.

## LIQUIDITY RISK MANAGEMENT

Liquidity risk is the risk that Desjardins Credit Union may be unable to meet its financial obligations in a timely manner and at reasonable prices. This risk may arise from asset and liability mismatching, structural risks reflecting balance sheet weaknesses, or risks of possible market disruptions or disturbances affecting economic conditions. In accordance with the Credit Unions and Caisses Populaires Act (Ontario), 1994, credit unions are required to maintain sufficient liquidity measured as a prescribed percentage, 8%, of total members' deposits and short term borrowings.

Management of liquidity risk is based on prudent policies and techniques for the effective measurement, oversight and control of liquidity risk. The process is dynamic as Desjardins Credit Union must ensure it is able at all times to meet its financial commitments as they become due. Liquidity risk is managed by maintaining a minimum level of liquid securities and cash, stable and diversified sources of funding with a contingency plan to implement in the event of unusual circumstances. The liquidity management policy defines the type of securities which may be purchased with a view to high security and negotiability standards.

Sufficient funding and lines of credit have been put in place with Caisse centrale Desjardins.

An action plan has been drawn for rapid and effective intervention to minimize disturbances caused by sudden changes in member and client behaviour, market disruptions or other unusual circumstances.

The following table presents deposits and credit instruments by remaining contractual maturity as at December 31, 2008.

	<b>2008</b>				<b>Total</b>
	<b>Payable on demand</b>	<b>Under 1 year</b>	<b>Over 1 to 5 years</b>	<b>Over 5 years</b>	
Deposits	\$ 560,769	\$ 537,710	\$ 330,995	\$ 1,035	<b>\$ 1,430,509</b>
Subordinated debentures	-	1,201	4,795	22,396	<b>28,392</b>
Other liabilities	6,589	924	-	3,151	<b>10,664</b>
Off-balance sheet credit instruments <sup>1</sup>	-	98,176	8,365	-	<b>106,541</b>
Derivative financial instruments with net settlement	-	3,815	5,595	-	<b>9,410</b>
	<b>\$ 567,358</b>	<b>\$ 641,826</b>	<b>\$ 349,750</b>	<b>\$ 26,582</b>	<b>\$ 1,585,516</b>

<sup>1</sup> refer to note 20 for off-balance sheet commitments

With respect to the preference shares of \$155,000, refer to note 12 for details of maturity dates. Management does not expect that these shares will be redeemed within the next five years.

### MARKET RISK MANAGEMENT

Market risk is the risk of change in the market value of financial instruments from fluctuations in its underlying market indices; in particular, interest rates, exchange rates, and their volatility. The main market risk exposure for Desjardins Credit Union is the interest rate risk from differences in the maturity or repricing dates of assets and liabilities tied to traditional non-trading banking activities such as deposit taking and lending.

Desjardins Credit Union's policies provide principles, limits and techniques used to manage market risk to a target level, incorporating set limits as mandated by the regulatory authorities. The Asset/Liability Committee monitors monthly the relevant risk exposures and effectiveness of the interest rate risk mitigation activities on a value basis, and will recommend courses of action as required. Derivative financial instruments are used to modify the profile of the balance sheet to manage interest rate risk within the target level. Over the course of the year, interest rate risk exposure was well within the target level.

The following table presents the potential impact of a sudden and sustained 100 and 200 basis-point increase in interest rates on the economic value of equity.

<b>Impact on equity</b>	<b>Dec 31, 2008</b>
100 basis-point increase in interest rates	\$ (5,373)
100 basis-point decrease in interest rates	5,373
200 basis-point increase in interest rates	(10,746)
200 basis-point decrease in interest rates	10,746

The economic value of equity is equal to the net present value of assets, liabilities and off-balance sheet instruments. The structural risk policy defines the management standards and acceptable limits within which risks to net interest income over a twelve-month period and the economic value of equity are to be contained. The limit for the economic value of equity is 15 basis point of total assets.

The extent of interest rate risk depends on the gap between assets, liabilities and derivative financial instruments. The situation presented reflects the position on this date only and change depending on the interest rate environment and the strategies adopted by the Asset/Liability Committee. Further information on interest rate risk is found under note 18 of the financial statements.

## NOTE 16

## DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of business, Desjardins Credit Union uses various derivatives to hedge its exposure to interest rate risks and to manage its asset/liability exposure. Interest rate swaps are transactions in which two parties exchange interest flows on a specified notional principal amount for a predetermined period based on agreed-upon fixed and floating rates. Principal amounts are not exchanged.

Options are contractual agreements under which the seller grants the buyer the right, but not the obligation, to buy (call option) or sell (put option) by or at a set date a specified amount of a financial instrument at a predetermined price. The seller receives a premium from the buyer for this right. Desjardins Credit Union uses option derivatives to hedge its exposure to the indices associated with the market-linked index deposits held by its members. The deposits have maturities from 3-7 years from their issue date. Desjardins Credit Union pays a fixed amount on the face value of the member deposit as the premium for the option purchased. At the end of the term, Desjardins Credit Union receives, from the counterparties, payments equal to the amount that will be paid to the member based on the performance of the respective indices.

The following table summarizes the derivatives portfolio and related credit exposure of Desjardins Credit Union.

- Notional amount – The amount to which a rate or price is applied in order to calculate the exchange of cash flows;
- Replacement cost – The cost of replacing, at estimated fair value, all contracts which have a positive market value. The amounts do not take into consideration contracts which permit offsetting of positions or any collateral which may be obtained;
- Future credit exposure – The potential for future changes in value based upon a formula prescribed by Deposit Insurance Corporation of Ontario;
- Credit risk equivalent – The total of replacement cost and future credit exposure;
- Risk-weighted balance – The credit risk equivalent weighted according to the creditworthiness of the counterparty, as prescribed by Deposit Insurance Corporation of Ontario.

	2008					2007		
	Notional amount	Replacement cost	Future credit exposure	Credit Risk Equivalent	Risk-weighted balance	Replacement cost	Future credit exposure	Risk-weighted balance
Interest rate swap contracts	\$ 225,150	\$ 706	\$ 517	\$ 1,223	\$ 245	\$ 128	\$ 1,468	\$ 345
Options purchased	29,907	1,303	2,361	3,664	733	1,879	748	519
	<b>\$ 255,057</b>	<b>\$ 2,009</b>	<b>\$ 2,878</b>	<b>\$ 4,887</b>	<b>\$ 978</b>	\$ 2,007	\$ 2,216	\$ 864

The following table presents the term to maturity of the notional amounts of the derivatives.

	2008				Notional amount	2007
	Maturity					
	1 year and less	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Notional amount	Notional amount
Interest rate swap contracts	\$ 121,750	\$ 75,000	\$ 28,400	\$ -	\$ 225,150	\$ 319,190
Options purchased	2,044	14,695	12,717	451	29,907	9,426
	\$ 123,794	\$ 89,695	\$ 41,117	\$ 451	\$ 255,057	\$ 328,616

As at December 31, 2008 the notional amount of interest rate swap contracts designated as cash flow hedges was \$105,000 (2007: \$105,000), of interest rate swap designated as fair value hedges was \$0 (2007: \$20,000) and of interest rate swap contracts not designated as hedges was \$120,150 (2007: \$194,190). Options purchased are not designated as hedges. For the year ended December 31, 2008, the ineffective portion of fair value and cash flow hedges recognized in other income under trading income \$114 (2007: negligible). All the components of the change in the fair value of the derivative financial instruments used were included to assess the effectiveness of the fair value and cash flow hedges.

Over the next twelve months, Desjardins Credit Union expects that net losses estimated at \$200 (2007: net gains \$330), reported in other comprehensive income as at December 31, 2008, will be reclassified to net income. The maximum length of time over which Desjardins Credit Union is hedging its exposure to variability in future cash flows for anticipated transactions is three years (2007: four years). During the year ended December 31, 2008, all forecasted transactions occurred.

#### NOTE 17

## FAIR VALUE OF FINANCIAL INSTRUMENTS

Except as follows, the fair value of financial instruments approximate their book values:

### ON-BALANCE SHEET FINANCIAL INSTRUMENTS (EXCLUDING DERIVATIVES)

	2008			2007		
	Fair value	Carrying value	Difference	Fair value	Carrying value	Difference
<b>Financial assets</b>						
Loans	\$ 1,213,367	\$ 1,179,800	\$ 33,567	\$ 1,059,769	\$ 1,058,209	\$ 1,560
<b>Financial liabilities</b>						
Deposits	1,367,641	1,378,585	(10,944)	1,401,576	1,401,426	150
Subordinated debentures	20,775	20,000	775	51,281	51,000	281

## DERIVATIVE FINANCIAL INSTRUMENTS

	2008			2007		
	Positive value	Negative value	Net fair value	Positive value	Negative value	Net fair value
Interest rate swaps designated as cash flow hedges	\$ -	\$ 4,741	\$ (4,741)	\$ -	\$ 479	\$ (479)
Interest rate swaps designated as fair value hedges	-	-	-	-	26	(26)
Interest rate swaps not designated as hedges	535	4,210	(3,675)	212	521	(309)
Options purchased	1,106	-	1,106	1,879	-	1,879
	\$ 1,641	\$ 8,951	\$ (7,310)	\$ 2,091	\$ 1,026	\$ 1,065

**The following methods and assumptions were used to estimate the fair values of on-balance sheet financial instruments:**

- Financial instruments valued at carrying value: Due to their short-term maturity, the carrying values of certain on-balance sheet financial instruments are assumed to approximate their fair values. These financial instruments include "Cash and cash equivalents", "Accrued interest", "Other assets" and "Other liabilities".
- Securities: The estimated fair values of securities are assumed to be equal to their market values and are presented in note 4 to the financial statements.
- Loans: The estimated fair values of loans are determined by discounting the contractual cash flows, using market interest rates currently offered for loans of similar remaining maturities.
- Deposits: The fair values of deposits at floating rates or with no stated maturity are assumed to be equal to their carrying values. The estimated fair values of fixed rate deposits are determined by discounting the contractual cash flows, using market interest rates currently offered for deposits of similar remaining maturities.

- Subordinated debentures: The fair values of debentures are based on current rates offered to Desjardins Credit Union for debt with similar maturities.
- Redeemable preference shares: The fair value of the redeemable preference shares is not readily determinable.

**The following methods and assumptions were used to estimate the fair value of derivatives:**

Derivatives: The fair values of trading derivatives are based on quoted market prices or dealer quotes. Fair values of non-trading or over-the-counter derivatives are generally estimated at net present value, net of contractual cash flows, using prevailing market rates for instruments with similar characteristics and maturities.

Given the use of subjective judgment in applying acceptable valuation and estimation techniques to calculate fair values, the fair value estimates cannot necessarily be compared to those of other financial institutions. The estimated fair values reflect market conditions at a specific date and, as such, may not be representative of future fair values.

## NOTE 18

## CONTRACTUAL REPRICING AND MATURITY SCHEDULE

The following table shows Desjardins Credit Union's position with regard to interest rate risk as at December 31, 2008 and this position may subsequently change, taking into account forecasted interest rates and customers' preferences for products and maturities.

The on-balance sheet assets and liabilities and derivatives presented in the following table are reported in time frames based on the earlier of their contractual repricing date or maturity date. Certain on-balance sheet items, such as members' deficit, do not create an interest rate exposure to Desjardins Credit Union. These items are reported in the non-interest sensitive column of the table.

(in millions of dollars)	Floating rate	0 to 3 months	Over 3 to 6 months	Over 6 to 12 months	Over 1 to 5 years	Over 5 years	Non-interest sensitive	Total
<b>Assets</b>								
Cash and cash equivalents	\$ -	\$ 16	\$ -	\$ 1	\$ -	\$ -	\$ 59	\$ 76
Effective interest rate <sup>1</sup>		1.89%		2.06%				
Securities	-	75	-	-	103	-	23	201
Effective interest rate <sup>1</sup>		2.55%			4.13%			
Loans	328	141	34	93	581	1	2	1,180
Effective interest rate <sup>1</sup>	3.13%	3.04%	4.38%	4.79%	5.05%	5.34%		
Other	-	-	-	-	-	-	39	39
<b>Total assets</b>	<b>\$ 328</b>	<b>\$ 232</b>	<b>\$ 34</b>	<b>\$ 94</b>	<b>\$ 684</b>	<b>\$ 1</b>	<b>\$ 123</b>	<b>\$ 1,496</b>
<b>Liabilities and members' deficit</b>								
Deposits	\$ 560	\$ 245	\$ 101	\$ 168	\$ 304	\$ 1	\$ -	\$ 1,379
Effective interest rate <sup>1</sup>	0.42%	2.62%	3.16%	3.19%	3.60%			
Subordinated debentures	-	-	-	-	20	-	-	20
Effective interest rate <sup>1</sup>					5.99%			
Redeemable preference shares	-	-	-	-	-	-	155	155
Other	-	-	-	-	-	-	35	35
Members' deficit	-	-	-	-	-	-	(93)	(93)
<b>Total liabilities and members' deficit</b>	<b>\$ 560</b>	<b>\$ 245</b>	<b>\$ 101</b>	<b>\$ 168</b>	<b>\$ 324</b>	<b>\$ 1</b>	<b>\$ 97</b>	<b>\$ 1,496</b>
Balance sheet gap	\$(232)	\$ (13)	\$ (67)	\$ (74)	\$ 360	\$ -	\$ 26	\$ -
Derivatives <sup>2</sup>	-	82	72	(51)	(103)	-	-	-
Total GAP	\$(232)	\$ 69	\$ 5	\$(125)	\$ 257	\$ -	\$ 26	\$ -
<b>Cumulative interest rate sensitivity gap 2008</b>	<b>\$(232)</b>	<b>\$ (163)</b>	<b>\$ (158)</b>	<b>\$(283)</b>	<b>\$ (26)</b>	<b>\$ (26)</b>	<b>\$ -</b>	<b>\$ -</b>

<sup>1</sup> The effective interest rates shown express the historical rates of the fixed rate instruments stated at unamortized cost.

<sup>2</sup> Derivatives represent the net notional amounts of derivative financial instruments such as interest rate swaps, which are used to manage interest rate risk

## NOTE 19

### EMPLOYEE FUTURE BENEFITS

**Pension Plan** Desjardins Credit Union sponsors a contributory defined benefit pension plan for its employees. The plan was established on April 1, 2003. The members are entitled to retirement benefits based on their years of service, corresponding to 1.3% of their final average salary up to the final average Year's Maximum Pensionable Earnings (YMPE) plus 2.0% of their final average salary in excess of the final average YMPE. The retirement benefit is guaranteed for 10 years and is adjusted annually according to the Consumer Price Index increase up to a maximum of 2.5% per annum after retirement and up to a maximum of 4.0% per annum for a deferred pension before retirement. The normal retirement date is the member's 65th birthday. The employee contribution is 5% of their salary up to the 100% of the YMPE plus 7.7% of their salary in excess of 100% of the YMPE. The pension plan is funded based on actuarially prescribed amounts.

**Post Retirement Insurance Benefit Program** Desjardins Credit Union sponsors a post retirement insurance benefit program. The employer contributes 50% of the cost of the program. In order to be eligible for the program, the employee must retire after age 55 with at least 10 years of service with the company. As at December 31, 2008, there are no retirees under the program. The post retirement insurance benefit program is an unfunded plan and benefits are paid directly at the time of entitlement.

The accrued benefit obligation and plan assets were actuarially measured for accounting purposes as of December 31, 2008. These figures as of December 31, 2008 were projected starting with the initial valuations at December 31, 2006 and September 30, 2007 for the pension plan and post retirement insurance benefit program respectively. The effective date of the last actuarial valuation report for funding purposes was December 31, 2006 and the effective date of the next required actuarial valuation report will be on December 31, 2009.

Accrued benefit obligation	Pension Plan		Post Retirement Insurance Benefit Program	
	2008	2007	2008	2007
Actuarial benefit obligation of prior period	\$ 7,359	\$ 6,262	\$ 930	\$ 717
Opening actuarial loss (gain)	-	(179)	-	-
Opening actuarial benefit obligation	7,359	6,083	930	717
Current service cost	1,711	2,086	256	239
Interest cost on accrued benefit obligation	436	350	65	48
Buy-back	-	-	-	-
Benefits paid	(592)	(267)	-	-
Expected accrued benefit obligation	8,914	8,252	1,251	1,004
Actuarial loss (gain) at end of period	(2,775)	(893)	(435)	(74)
Actuarial benefit obligation at end of period	\$ 6,139	\$ 7,359	\$ 816	\$ 930

Fair value of Pension Plan assets	Pension Plan	
	2008	2007
Opening balance, fair value of plan assets	\$ 6,422	\$ 5,170
Employer contributions in transit	(79)	(111)
Employees' contributions in transit	(51)	(50)
Adjustment of assets	-	-
Actual value of assets	6,292	5,009
Employer contributions	841	941
Employees' contributions	536	580
Buyback	-	-
Actual return on plan assets	(1,013)	29
Benefits paid	(592)	(267)
Actual plan assets at end of period	6,064	6,292
Employer contributions in transit	79	79
Employees' contributions in transit	51	51
Fair value of plan assets at end of period	\$ 6,194	\$ 6,422

Funded status – plan deficits	Pension Plan		Post Retirement Insurance Benefit Program	
	2008	2007	2008	2007
Plan assets	\$ 6,194	\$ 6,422	\$ -	\$ -
Projected accrued benefit obligation	(6,139)	(7,359)	(816)	(930)
Surplus (deficit)	55	(937)	(816)	(930)
Unamortized net actuarial loss (gain)	(1,742)	(458)	(567)	(136)
Accrued benefit assets (liabilities) at December 31	\$ (1,687)	\$ (1,395)	\$ (1,383)	\$ (1,066)

Accrued benefit liabilities	Pension Plan		Post Retirement Insurance Benefit Program	
	2008	2007	2008	2007
Balance at beginning of period	\$ 1,395	\$ 855	\$ 1,066	\$ 780
Current period benefit cost	1,133	1,449	317	286
Employer contributions and pension payments	(841)	(909)	-	-
Balance at end of period	\$ 1,687	\$ 1,395	\$ 1,383	\$ 1,066

Benefit plan expenses	Pension Plan		Post Retirement Insurance Benefit Program	
	2008	2007	2008	2007
Current service cost	\$ 1,175	\$ 1,505	\$ 256	\$ 238
Interest cost on accrued benefit obligation	436	350	65	48
Actual return on plan assets	1,013	(29)	-	-
Actuarial (gains) losses on obligation	(2,775)	(893)	(435)	(74)
<b>Benefit cost before adjustments</b>	<b>(151)</b>	933	<b>(114)</b>	212
Adjustments <sup>1</sup>				
Return on assets <sup>2</sup>	(1,491)	(377)	-	-
Actuarial (gains) and losses	2,775	893	431	74
<b>Net adjustments</b>	<b>1,284</b>	516	<b>431</b>	74
<b>Benefit plan expenses, December 31</b>	<b>\$ 1,133</b>	\$ 1,449	<b>\$ 317</b>	\$ 286

<sup>1</sup> Adjustments are made to recognize the long-term nature of employee future benefit costs.

<sup>2</sup> Difference between expected return and actual return on plan assets

Amount of gain (loss) subject to amortization for 2008	Pension Plan		Post Retirement Insurance Benefit Program	
Opening actuarial accrued benefit obligation		7,359		930
Opening fair value of plan assets		6,422		-
<b>Corridor (10% of maximum)</b>		<b>736</b>		93
<b>Unamortized gains (losses) as at January 1, 2008</b>		<b>458</b>		137
Amount subject to amortization		-		44
Expected Average Remaining Service Lifetime		11.7 years		9.6 years
<b>Amortization for 2008</b>		<b>-</b>		4

The main assumptions used for the calculation are as follows:

Rate of return on assets	7% per annum (7% - 2007)
Discount rate - January 1	5.5% per annum (5% - 2007)
Discount rate - December 31	7% per annum (5.5% - 2007)
Salary increase – January 1	3.75% per annum (3.75% - 2007)
Salary increase – December 31	3% per annum (3.75% - 2007)

The assets of the Pension Plan were invested as follows:

Pooled fund	2008	2007
Jarislowsky Fraser Balanced Fund	\$ 3,032	\$ 3,150
McLean Budden Balanced Growth Fund	3,032	3,142
<b>Total</b>	<b>\$ 6,064</b>	<b>\$ 6,292</b>

For valuation purposes, the assumed average annual rate of increase in health care cost per participant was set at 8.36% for 2008. According to the assumption chosen, this rate should gradually decline to 4.04% in 2012 and remain approximately at this level thereafter.

The effect of a one percentage point increase or decrease in the assumed health care cost trend would have increased or decreased the benefit cost for the period by \$102 or \$95 respectively and increased the benefit obligation by \$208 or reduced the benefit obligation by \$155 respectively.

#### NOTE 20

## COMMITMENTS AND GUARANTEES

### Guarantees

In the normal course of its operations, Desjardins Credit Union enters into a number of agreements that may contain features that meet the definition of a guarantee pursuant to AcG-14. AcG-14 defines a guarantee to be a contract (including an indemnity) that contingently requires Desjardins Credit Union to make payments (in cash, other assets or provision of services) to a third party based on, as an example, failure of another party to perform under an obligation or agreement, or failure of another third party to pay its indebtedness when due. A liability is recognized in the balance sheet at the inception of a guarantee for the fair value of the obligation undertaken in issuing the guarantee.

No subsequent remeasurement at fair value is required unless the financial guarantee qualifies as a derivative. If the financial guarantee meets the definition of a derivative, it is remeasured at fair value at each balance sheet date and reported as a derivative in other assets or other liabilities. As the carrying value of these financial guarantees is not indicative of the

maximum potential amount of future payments, we continue to consider financial guarantees as off-balance sheet credit instruments. The maximum potential amount of future payments represents the maximum risk of loss if there was a total default by the guaranteed parties, without consideration of possible recoveries under recourse provisions, insurance policies or from collateral held or pledged. The maximum potential amount of future payments total \$3,589 and its fair value was nil.

### Other off balance sheet commitments

Credit commitments representing unused portions of authorizations to extend credit in the form of loans total \$106,542. This amount does not necessarily represent future cash requirements since many of these instruments will expire or terminate without being drawn upon.

**Lease commitments**

Future minimum commitments under long-term leases are as follows:

2009	2010	2011	2012	2013	Thereafter	Total
\$ 3,220	\$ 2,961	\$ 2,780	\$ 2,513	\$ 2,403	\$ 7,089	\$ 20,966

**Indemnification agreements**

In the normal course of its operations, Desjardins Credit Union enters into a number of agreements containing indemnification provisions such as those normally related to purchase, service delivery and lease agreements. Under these agreements, Desjardins Credit Union may be liable for indemnifying the counterparty pursuant to amendments to statutes and

regulations (including tax rules) or as a result of litigation. The term of the agreements varies from one contract to the next. Desjardins Credit Union is not in a position to make a reasonable estimate of the maximum amount that it could be required to pay counterparties. No amounts have been recognized in the balance sheet with respect to these agreements.

**NOTE 21****INCOME TAXES**

Desjardins Credit Union's effective income tax rate differs from the combined Federal and Provincial income tax rate. This difference results from the following:

Components of the provision for income taxes in the statement of income	2008	2007
Net income (loss)	<b>\$(58,695)</b>	\$ (856)
Combined Federal and Provincial income tax rate at 33.5 % (2007: 35 %)		
Expected provision for income taxes	<b>(19,663)</b>	(300)
Non deductible expenses	<b>465</b>	108
Non deductible goodwill and intangible impairment loss	<b>2,716</b>	-
Valuation allowance	<b>16,482</b>	192
Subtotal	<b>\$ -</b>	\$ -
<b>Income taxes (recoveries) in the Statement of comprehensive income</b>		
Other comprehensive income		
Transition adjustment	-	186
Changes in net unrealized gains (losses) on available-for-sale securities	<b>449</b>	(394)
Reclassification of net (gains) losses on available-for-sale securities to income	<b>(343)</b>	(57)
Changes in net unrealized gains (losses) on cash flow hedges	<b>(1,427)</b>	268
Reclassification of net (gains) losses on cash flow hedges	<b>(111)</b>	-
Change in valuation allowance including transition adjustment	<b>1,432</b>	(3)
Subtotal	-	-
Total income taxes	<b>\$ -</b>	\$ -

As at December 31, 2008 future income tax assets in the amount of \$24,250 (2007: \$7,768) are not recognized in the financial statements. This amount is comprised of the following:

<b>Future income tax assets</b>	<b>2008</b>	2007
Non-capital losses carried forward	<b>\$ 8,277</b>	\$ 4,078
Capital assets and intangibles	<b>13,581</b>	2,537
Accrued employee future benefits	<b>914</b>	713
Allowance for credit losses	<b>631</b>	519
Other items <sup>1</sup>	<b>847</b>	(79)
	<b>24,250</b>	7,768
Valuation allowance	<b>(24,250)</b>	(7,768)
	<b>\$ -</b>	\$ -

<sup>1</sup> Includes deferred taxes from the transition adjustment and other comprehensive income as a result of the adoption of the financial instruments standards on January 1, 2007.

Desjardins Credit Union has approximately \$26,916 of non-capital losses carried forward available to reduce future taxable income. These losses expire as follows: 2014: \$9,881 2015: \$3,308 2028: \$13,727.

## NOTE 22

### TRANSACTIONS WITH SUBORDINATED DEBT HOLDER AND REDEEMABLE PREFERENCE SHAREHOLDER

During the period, Desjardins Credit Union entered into a variety of transactions on an arm's length basis with the holder of the subordinated debentures and the redeemable preference shareholder in the normal course of operations on terms similar to those offered to non-related

parties. At December 31, 2008, the following balances reported on the balance sheet relate to transactions with these investors which are part of a related group:

	<b>2008</b>		2007	
	<b>Subordinated Debt holder</b>	<b>Redeemable Preference Shareholder</b>	<b>Subordinated Debt holder</b>	<b>Redeemable Preference Shareholder</b>
Cash	<b>\$ 60,942</b>	<b>\$ -</b>	\$ 23,546	\$ -
Securities	<b>45,810</b>	-	151,285	-
Purchased Loans	<b>39,493</b>	-	52,197	-
Assets related to derivatives	<b>1,641</b>	-	1,891	200
Other assets	<b>629</b>	<b>102</b>	1,091	6,147
Other liabilities	<b>574</b>	-	1,163	-
Liabilities related to derivatives	<b>8,951</b>	-	1,026	-
Subordinated debentures	<b>20,000</b>	-	51,000	-
Preference shares	-	<b>155,000</b>	-	110,000

In addition to the above balance sheet amounts, the following income and expenses relate to transactions with the Subordinated debt holder and Redeemable Preference shareholder:

	2008		2007	
	Subordinated Debt holder	Redeemable Preference Shareholder	Subordinated Debt holder	Redeemable Preference Shareholder
Interest income	\$ 4,909	\$ -	\$ 9,212	\$ -
Interest expense	2,677	-	2,710	-
Non-interest expenses	-	7,509	(196)	2,400
Non-interest income	(4,898)	333	(189)	185

The Subordinated debt holder is a subsidiary of the Redeemable Preference shareholder; both are members of the Desjardins Group.

#### NOTE 23

## CAPITAL MANAGEMENT

In accordance with the Credit Unions and Caisses Populaires Act (Ontario), 1994 and accompanying Regulations, credit unions are required to maintain sufficient capital, which must amount to at a minimum, 4.25% (2007 : 4.5%) of total assets and 8% of risk-weighted assets. These regulated standards have been incorporated into Desjardins Credit Union's capital policy which is approved by its Board of Directors. The objectives in summary are to safeguard Desjardins Credit Union's ability to continue as a going concern and to finance new growth opportunities thus providing a foundation for confidence among members and regulatory authorities. The policy provides that adequate capital is maintained in terms of quantity, quality, composition and cost effectiveness.

As at December 31, 2008, Desjardins Credit Union met both of these requirements with regulatory capital ratios of 5.72% (2007 : 4.43%) of total assets and 16.99% (2007 : 17.99%) of risk-weighted assets.

Regulatory capital as a percentage of total assets differs from the equity disclosed on the balance sheet. It is composed of two classes: Tier 1 and Tier 2 capital. Tier 1 capital is composed of elements of capital that have a more permanent nature such as member shares, preference shares, and surpluses. Deficits, goodwill and intangibles are elements that are required to be deducted from Tier 1 capital. Tier 2 capital is composed of the eligible portion of subordinated debentures and general allowance for credit losses, and includes accumulated other comprehensive income.

The regulatory capital of Desjardins Credit Union as at December 31, is as follows:

<b>Regulatory Capital</b>	<b>2008</b>	2007
<b>Tier 1 capital</b>		
Member shares	\$ 265	\$ 261
Preference shares	155,000	110,000
Deficit	(88,561)	(29,866)
Goodwill and intangibles <sup>1</sup>	-	(30,852)
<b>Tier 1 total</b>	<b>\$ 66,704</b>	<b>\$ 49,543</b>
<b>Tier 2 capital</b>		
Eligible subordinated debentures <sup>2</sup>	20,000	49,543
Accumulated other comprehensive income	(4,266)	9
Eligible general allowance for credit losses	2,021	1,729
<b>Tier 2 total</b>	<b>17,755</b>	<b>51,281</b>
<b>Total regulatory capital</b>	<b>\$ 84,459</b>	<b>\$100,824</b>

<sup>1</sup> subject to variance received on capital

<sup>2</sup> maximum of Tier 1

Following the changes to the regulations in 2007 on how capital is calculated, Desjardins Credit Union requested and received a variance from the regulatory authorities, as a transition measure, to provide sufficient time to implement the required capital structure changes. This variance is effective until February 1, 2009. The variance permits Desjardins Credit Union to not deduct the value of its intangibles from Tier 1 capital as was permitted under the previous rules. The amount of intangibles as

at December 31, 2008 was \$18,922 (2007: \$22,500). Desjardins Credit Union has modified its capital structure in consequence by reducing its Tier 2 capital and increasing its Tier 1 capital. This was realized by redeeming \$31,000 of its subordinated debentures and issuing \$45,000 of preference shares on December 31, 2008.

#### NOTE 24

## SUPPLEMENTARY INFORMATION

<b>Other Expenses</b>	<b>2008</b>	2007
General Operating Expenses	\$ 2,307	\$ 1,585
Outsourcing and processing fees	2,799	2,684
Professional Fees	1,748	1,528
Fees paid to the Fédération <sup>1</sup>	5,018	-
Deposit Insurance Corporation of Ontario Insurance on deposits	1,018	1,029
	<b>\$ 12,890</b>	<b>\$ 6,826</b>

<sup>1</sup> Fees paid to the Fédération represent fees as required under the Affiliation Protocol. No fees were paid in the prior period.

#### NOTE 25

## RESIGNATION OF MEMBERS OF THE BOARD

Two members of the Board of Directors of Desjardins Credit Union resigned in July under certain purchasing practices that were considered inappropriate at an affiliated company. An investigation is underway to determine what effect, if any, these practices had at Desjardins Credit Union.

**END OF FINANCIAL STATEMENTS**

## MANDATES AND COMPOSITION OF THE BOARD OF DIRECTORS AND COMMITTEES OF DESJARDINS CREDIT UNION (AS AT DECEMBER 31, 2008)

### MANDATES OF THE BOARD DIRECTORS (COMPOSED OF TEN DIRECTORS)

The Board of Directors assumes full managerial responsibility of Desjardins Credit Union by administering its business in a sound and prudent manner. It ensures that the procedures and structures are established in line with its role of oversight and control. Periodically, it reviews its operations from the standpoint of continued improvement and safeguards the assets of Desjardins Credit Union and its members and clients. In 2008, it held ten meetings, including two by conference call and the compensation paid to the directors totalled \$56,400.

#### Board of Directors

Thomas Blais	Heather A. Nicol
Paul E. Garfinkel, Chair	Marvin G. Ryder
Michael C. Howlett	David J.B. Stock
Raymond Laurin	Hubert Thibault
Pierre Moran	Pierre Tougas

#### Officers

Paul E. Garfinkel, Chair  
 Hubert Thibault, Secretary-Treasurer  
 Alfred Pfeiffer, President and Chief Operating Officer

### MANDATES OF THE EXECUTIVE COMMITTEE (COMPOSED OF FOUR DIRECTORS)

This Committee has the same functions and powers as the Board of Directors, with the exceptions imposed by the ACT and its regulations and of those which the Board may reserve for itself or assign to another committee or commission. In 2008, it held one meeting and the compensation paid to the directors totalled \$3,000.

#### Members

Thomas Blais	Heather A. Nicol
Paul E. Garfinkel, Chair	Pierre Moran

### MANDATES OF THE AUDIT COMMITTEE (COMPOSED OF FOUR DIRECTORS)

The Audit Committee's role is to support the Board of Directors in its oversight function. Pursuant to its mandate, the Audit Committee addresses financial risk assessment, ensures the maintenance and integrity of internal control and management information systems, and sees to the production of reliable financial information and to Desjardins Credit Union's compliance with various legislation and the requirements of regulatory authorities.

In 2008, it held seven meetings, including one conference call and the compensation paid to the directors totalled \$19,900.

#### Members

Paul E. Garfinkel  
 Michael C. Howlett  
 Heather A. Nicol, Chair  
 Marvin G. Ryder

## MANDATES OF THE COMPENSATION, GOVERNANCE AND NOMINATING COMMITTEE (COMPOSED OF THREE DIRECTORS)

Desjardins Credit Union's Compensation, Governance and Nominating Committee was established in 2006. Initially composed of three directors, the number of members increased to four in the second quarter of 2007. The Committee encompasses Compensation, Governance and Nominating responsibilities.

Among its Governance responsibilities, the Committee ensures Desjardins Credit Union's compliance with the Corporate Governance policy. The Committee also oversees the evaluation program of the Board of Directors and Committees in order to improve meeting practices and effectiveness.

As part of its Nominating responsibilities, the Committee recommends candidates for Board membership and is responsible for the succession plan at the executive level. The Committee establishes and ensures the effectiveness of the election procedure.

Lastly, the Committee fulfills a two-part Compensation role: the review of the annual performance evaluation of the President and Chief Operating Officer and its annual objectives.

The Committee held five meetings in 2008, including two conference calls and the compensation paid to the directors totalled \$7,900.

### Members

Thomas Blais, Chair  
Paul E. Garfinkel  
David J.B. Stock

## REMUNERATION SCHEDULE OF BOARD MEMBERS

The remuneration schedule is as follows:

	Board of Directors	Executive Committee	Audit Committee	Governance Committee
Annual Indemnity	\$15,000	N/A	N/A	N/A
Attendance allowance - meeting	\$1,000	\$1,000	\$1,000	\$1,000
Attendance allowance – Conference call (more than 30 min.)	\$200	\$200	\$200	\$200
Attendance – allowance – Conference call (less than 30 min.)	\$100	\$100	\$100	\$100

## RECORD OF ATTENDANCE

Name	End of Term	Board of Directors	Audit Committee	Executive Committee	Governance Committee <sup>1</sup>	Total Compensation
Blais, Thomas	2010	10/10		1/1	5/5	\$ 27,800
Findlay, Deborah <sup>2</sup>	2008	3/3			1/3	\$ 7,200
Garfinkel, Paul E.	2010	10/10	7/7	1/1	5/5	\$ 34,100
Howlett, Michael C.	2011	10/10	7/7			\$ 29,700
Laurin, Raymond <sup>3</sup>	2012	0/2				N/A <sup>6</sup>
Moran, Pierre <sup>3</sup>	2012	2/2		0/1		N/A <sup>6</sup>
Nicol, Heather A.	2011	10/10	7/7	1/1		\$ 30,700
Ryder, Marvin G. <sup>4</sup>	2011	7/7	1/2			\$ 17,300
Stock, David J. B. <sup>5</sup>	2011	7/7			2/2	\$ 17,300
Thibault, Hubert	2012	10/10				N/A <sup>6</sup>
Tougas, Pierre	2010	10/10				\$ 23,100
<b>TOTAL</b>						<b>\$187,200</b>

<sup>1</sup> Compensation, Governance and Nominating Committee

<sup>2</sup> Term ended on April 28, 2008

<sup>3</sup> Appointed by the Board of Directors to fill a vacancy, until the next Annual Meeting (April 28, 2009) at which time there will be an election to fill in the director's seat for the remainder of his/her term of office (2012). Mr. Langelier, who attended 4/4 Board meetings and Mr. Nguyen, who attended 3/4 meetings and 3/3 Governance meetings, resigned on July 27, 2008.

<sup>4</sup> Appointed to the Audit Committee by the Board on August 21, 2008.

<sup>5</sup> Appointed to the Governance Committee by the Board on August 21, 2008.

<sup>6</sup> As per a Corporate Policy, Desjardins Group employees are not entitled to any compensation as Board or Committee members of a Desjardins unit.

## MEMBERS OF THE BOARD OF DIRECTORS

### Thomas Blais

Mr. Thomas Blais is a member of the Board of Directors of the Caisse populaire Trillium. Now retired, he has been Chair of the Board of Directors of the *Fédération des caisses populaires de l'Ontario (FCPO)* since 1998, and is an active ex-officio member of the FCPO Audit Committee.

He sits on the Board of Directors of the *Fédération des caisses Desjardins du Québec*, Caisse centrale Desjardins, Capital Desjardins, Desjardins Venture Capital and Desjardins Trust, as well as on the Audit Committee and Commission of these organizations. He is on the Desjardins Group Retirement Committee and on the Board of Directors of the *Fonds de sécurité Desjardins*.

### Paul E. Garfinkel, Chair

Dr. Paul E. Garfinkel is currently President and CEO of the Centre for Addiction and Mental Health and Professor, Department of Psychiatry, University of Toronto. He studied medicine at the University of Manitoba, interned at the Toronto Western Hospital, and psychiatric residency at the University of Toronto.

He then joined the staff of the Clarke Institute of Psychiatry. In 1982, he was appointed Psychiatrist-in-Chief of the Toronto General Hospital. In 1990, he became Chair of Psychiatry at the University of Toronto and President and Psychiatrist-in-Chief of the Clarke Institute of Psychiatry. He was appointed President and Chief Executive Officer of the Centre for Addiction and Mental Health, an organization formed from the merger the Addiction Research Foundation, The Clarke Institute of Psychiatry, The Donwood Institute and The Queen St. Mental Health Centre, in 1997.

He was appointed a Fellow of the Royal Society of Canada in 1996 and made an Officer of the Order of Canada in 2009.

### Michael C. Howlett

Mr. Michael C. Howlett is the President and Chief Executive Officer of the Mental Health Commission of Canada since 2008. He was previously, President and CEO of the Canadian Diabetes Association (CDA). Under his direction, the CDA grew to be a financially sound and effective national organization. His professional career spans three decades. He was a successful entrepreneur and consultant, both nationally and internationally.

He is the recipient of a number of awards that recognize his volunteering contributions. As founding President of Portage, Ontario, he now sits on its Board. Mr. Howlett has also served on the Boards of The Children's Aid Foundation, The Institute for the Prevention of Child Abuse, Meritus and United Way.

### Raymond Laurin

Raymond Laurin is currently Senior Vice-President and Chief Financial Officer of Desjardins Group and Chief Financial Officer of Caisse centrale Desjardins. He is a chartered accountant and holds a bachelor's degree in administration from HEC Montréal.

His career began at Coopers & Lybrand in 1971 as an auditor. In 1974, he joined the Cablevision Nationale («Videotron») team as a top business manager until 1980.

Mr. Laurin joined Desjardins in 1980, and for the past 28 years has held many different executive positions. He worked for 10 years at Caisse centrale Desjardins, 2 years at Sécur Inc., and for the last 16 years at the Fédération des caisses Desjardins du Québec, where he has held different strategic positions. Since July 2008, the role of Chief Financial Officer of Caisse centrale Desjardins was added to his functions. He is now responsible for performance management, governance and financial disclosure of Desjardins Group.

### Pierre Moran

Pierre Moran is currently member of the board of Desjardins Credit Union. He is also Senior Vice-President Consumer Markets Executive Division and is responsible for the business development of the consumer market within the Desjardins Caisses' network.

From April 2000 to June 2004, he occupied the position of Senior Vice-President Electronic Commerce Solutions, and over the past 25 years, he has served the Desjardins Group in different capacities.

Prior to joining the Desjardins Group, Mr. Moran, who holds a Master's degree in Business Administration from the University of Sherbrooke, spent 9 years doing mandates with various businesses in the service industry.

### Heather A. Nicol

Ms. Heather A. Nicol has diverse experience in investment banking and across the corporate sector. She held senior financial roles including Chief Financial Officer in an investment company specializing in pharmaceutical royalties. Prior to that, she was the Chief Financial Officer for Chapters Online, taking it public and helping it achieve national leadership. She has also worked as a senior advisor to Canadian Tire Corporation to economically restructure the financing of their stores as well as spent eight years as an investment banker with Canadian and international firms.

Ms. Nicol is also a member of the Danny Grossman Dance Company. She holds an MBA from the University of Western Ontario and a BMath from the University of Waterloo.

### Marvin G. Ryder

Marvin Ryder received in 1982, a Bachelor degree of Arts in mathematics from Carleton University as well as an Honours Bachelor of Science in chemistry. In 1984, he received a Master's degree in Business Administration from McMaster University specializing in quantitative methods and marketing. In 1984, he joined the University's teaching staff. From 1997 to 2002, he served as Assistant Vice-President, Information Services and Technology and oversaw the University's Y2K preparedness.

In 2000, Marvin was named as Chair of the Transition Board for the new City of Hamilton which oversaw the amalgamation of six cities and one regional government. In 2001, Mr. Ryder was announced as the Chair for the Hamilton Health Sciences Board of Directors. He became Past Chair on July 1, 2003 and continues to serve on the Board.

Marvin has written more than fifty case studies illustrating marketing, entrepreneurship, and business strategy problems. A collection of his case studies was published in 1994 under the title "Marketing Insights".

### David J.B. Stock Q.C.

David Stock recently completed a career as a highly respected lawyer with a general practice of law in Woodstock and Oxford County. He is a graduate of Osgoode Hall, a past president of his County Law Association and he is a Queen's Counsel.

In his law practice he was involved with the incorporation of many companies and he has been a Director of a large Canadian textile corporation. Prior to his legal career, Mr. Stock earned a degree in Agricultural Science from the University of Guelph and he also has his Professional Agrologist (P Ag) designation. He also attended the French Immersion Course at Laval University.

He is President and Chief Executive Officer of his family farm corporation. David has also had a distinguished career as Commander with Canada's Naval Reserve over a period of 29 years. He continues to support and be involved with Sea Cadets, Navy League Cadets and the Royal Canadian Legion.

He has also been very involved over the years with community service. To name a few, he has volunteered his time with the Canadian Cancer Society, St. John Ambulance, his local service club, his church and he is currently a Lay Delegate to Synod. His volunteer service has been recognized by receipt of the Queen's Silver Jubilee medal, the Canada 125 Medal and the Queen's Golden Jubilee medal.

### Hubert Thibault

Mr. Hubert Thibault obtained his law degree from University of Montréal in 1979 and was admitted to the Québec Bar Association in 1980. He practiced as a lawyer until 1983 when he joined the Québec government. He worked in the departments of Finance, Health and Social Services, Intergovernmental Affairs and for the Executive Council and the Premier's office.

In 2001, he began working for the Desjardins Group in the area of international affairs and strategic partnerships and currently holds the position of Vice President, Institutional Affairs.

### Pierre Tougas

Mr. Pierre Tougas joined the Desjardins family in 1980, taking on a variety of functions at the *Fédération de Montréal et de l'Ouest-du-Québec*. He later held several managerial positions for various caisses affiliated with that Fédération.

In 1992, he accepted the position of CEO of Caisse populaire Trillium in Ottawa. In 1998, he became CEO of the *Fédération des caisses populaires de l'Ontario*.

Since January 1, 2004, the effective date of the new partnership with Desjardins Group, he was Senior Vice President of Caisses populaires de l'Ontario and, as such, participated to the Management Committee of the Fédération des caisses Desjardins du Québec.

He retired in 2007.

## MANAGEMENT

(in alphabetical order)

**Colleen Baxter**  
Manager, Human Resources

**Vincent Brossard**  
Legal Counsel

**John Laughlin**  
Manager, Products, Services  
and Information Technology

**Jacques Luys**  
Vice President, Operations

**Anthony Matrondola**  
Chief Lending Officer

**Alfred Pfeiffer**  
President and Chief Operating Officer

**Anthony Porco**  
Senior Commercial Account Manager  
(Toronto)

**Peter Roberts**  
Manager, Administration and  
Compliance Officer

**Louise Robichaud**  
Manager, Finance

**Greg Schultz**  
Manager, Personal & Mortgage Credit

## ELECTED DELEGATES

(end of term)

### TORONTO

**Bay and Richmond (2009)**  
Margaret H. Bishun  
Robert Boylan  
Mark Demarco  
Albert Gregory  
Kwai Li

**Broadview and Danforth (2010)**  
Paul Charbonneau  
Robert L. Woolner  
Russell Smith

**Danforth and Woodbine (2011)**  
Amelia Hryb  
Michael P. Hryb  
Nancy Petrovski

**Mississauga (2010)**  
Margareta Wong

**Wellesley Queen's Park (2011)**  
Josefina Dey  
Eric Jackson  
Eleanor Michael  
Irene Phillips

**St. Clair Avenue (2010)**  
Karen McMillan-Aver  
Sarwan S. Sahota

**University and Dundas (2009)**  
William D. Gray  
Ronald Dell'Agnese  
Patricia Kavanagh  
Steven Tress

### CENTRAL ONTARIO

**Brantford (2009)**  
Mary Hanson  
Orland Harrison  
James Mahon  
Leonard Makkreel  
Peter Prowse

**Guelph (2009)**  
Michael Driscoll  
Richard Jamieson  
Patricia Marshall  
Sheila O'Reilly  
Carl Swanson

**Hamilton – Jackson Square (2011)**  
Edward Lowrey  
Marvin Ryder  
John R. Vandeweerd

**Hamilton – Centre Mall (2011)**  
James DePass  
Marylou McFarland  
William Stewart  
David Traini

**St. Catharines (2010)**  
Leon Donsky  
Milion Holenski  
John T. Murray

### SOUTH-WEST ONTARIO

**Aylmer (2009)**  
Don Fick  
Robert Needham  
Gerry Richer  
Jim Suffel

**London (2011)**  
Greg Anthony  
Robert Bissonnette  
Johann Kinting

**Owen Sound (2009)**  
Elizabeth Cockburn  
Jack Fearnall  
Wayne Hynd  
Randy Lidkea

**Seaforth (2010)**  
Brian O'Reilly  
Rowena Wallace

**St. Marys (2011)**  
Peter Black  
Terence Todd

**University of Western Ontario (2010)**  
Christopher Cronin

**Walkerton (2011)**  
Malcolm Bolton  
Edward Cobean  
Philip Englishman  
Peter Lambertus

**Windsor (2010)**  
David Glaser  
Gregory Goulin

**Woodstock (2009)**  
Alan Dale  
Sandra L. Smith  
David J.B. Stock

### NORTH-EAST ONTARIO

**Ottawa (2009)**  
Edwin C. Aquilina  
Wynn Quon

**Pembroke (2010)**  
W. Donald Boland  
Sherry Crone  
Jim Gauthier  
Sjoerd List  
Malcolm Plaunt  
Marianne Taylor

**Sudbury (2010)**  
Michael Armillotta  
Ruth-Ann Ingram

**Thunder Bay (2011)**  
Gerry Dawson  
Douglas Rondeau  
Aldo Ruberto

## LOCATIONS

### HEAD OFFICE –WHITBY

1615 Dundas Street East  
3rd Fl., East Tower (Whitby Mall)  
Whitby, ON L1N 2L1  
Phone: (905) 743-5790

### TORONTO

(Vaughn Barnes, Area Manager)

#### Bay and Richmond

375 Bay Street  
Toronto, ON M5H 2V5  
Phone: (416) 363-7282

#### Broadview and Danforth

838 Broadview Avenue  
Toronto, ON M4K 2R1  
Phone: (416) 463-1117

#### Danforth and Woodbine

2031 Danforth Avenue  
Toronto, ON M4C 1J8  
Phone: (416) 698-8320

#### Wellesley Queen's Park

56 Wellesley Street West, Suite 103  
Toronto, ON M5S 2S3  
Phone: (416) 928-6468

#### St. Clair Avenue

26 St. Clair Avenue East  
Toronto, ON M4T 1L7  
Phone: (416) 925-3887

#### University and Dundas

439 University Avenue  
Toronto, ON M5G 1Y8  
Phone: (416) 593-1763

#### Mississauga

214 Queen Street South  
Mississauga, ON L5M 1L5  
Phone: (905) 821-7345

### CENTRAL ONTARIO

(Angela Adam, Area Manager)

#### Brantford

171 Colborne Street  
Brantford, ON N3T 6C9  
Phone: (519) 753-4131

#### Guelph

153 Wyndham Street North  
Guelph, ON N1H 4E9  
Phone: (519) 821-2101

#### Hamilton – Jackson Square

2 King Street West  
Hamilton, ON L8P 1A1  
Phone: (905) 528-6391

#### Hamilton – Central Mall

1187 Barton Street East  
Hamilton East, ON L8H 2V4  
Phone: (905) 547-6202

#### St. Catharines

106 King Street  
St. Catharines, ON L2R 3H8  
Phone: (905) 688-4661

#### Woodstock

396 Dundas Street East  
Woodstock, ON N4S 1B7  
Phone: (519) 537-8194

### SOUTH-WEST ONTARIO

(Rolonda Taib, Area Manager)

#### Aylmer

34-36 Talbot Street West  
Aylmer, ON N5H 1J7  
Phone: (519) 765-1286

#### London

555 Wellington Road South, Unit 2  
London, ON N6C 4R3  
Phone: (519) 432-1197

#### London– Satellite Branch

151 Dundas Street, Suite 101 B  
London, ON N6A 5R7  
Phone: (519) 672-8549

#### University of Western Ontario

University Community Centre  
Rm 73  
University of Western Ontario  
London, ON N6A 3K7  
Phone: (519) 850-2550

#### Owen Sound

825 2nd Avenue East  
Owen Sound, ON N4K 5P3  
Phone: (519) 376-6025

#### Seaforth

49 Main Street South  
Seaforth, ON N0K 1W0  
Phone: (519) 527-0210

#### St. Marys

134 Queen Street, Box 100  
St. Marys, ON N4X 1A9  
Phone: (519) 284-2260

#### Walkerton

244 Durham Street East  
Walkerton, ON N0G 2V0  
Phone: (519) 881-3321

#### Windsor

545 Ouellette Avenue  
Windsor, ON N9A 4J3  
Phone: (519) 254-4324

### NORTH-EAST ONTARIO

(Sergio Fortunato, Area Manager)

#### Ottawa

99 Bank Street –G001  
Ottawa, ON K1P 6B9  
Phone: (613) 239-1469

#### Pembroke

40 Pembroke Street West  
Pembroke, ON K8A 6X3  
Phone: (613) 732-7821

#### Sudbury

159 Cedar Street, Suite 105  
Sudbury, ON P3E 6A5  
Phone: (705) 671-9525

#### Sudbury– Satellite branch Killarney

32 Commissioner Street  
Killarney, ON P0M 2A0  
Phone: (705) 287-1117

#### Thunder Bay

189 Red River Road, Suite 102  
Thunder Bay, ON P7B 1A2  
Phone: (807) 345-6686

#### Thunder Bay– Satellite branch Armstrong

Municipal office – 111 Queen Street  
Armstrong, ON P0T 1A0  
Phone: (807) 583-2667

### NORTH-EAST ONTARIO–AGENCIES

#### Pickle Lake

Northern Store  
Pickle Lake, ON P0V 3A0  
Phone: (807) 928-2968

#### Gogama

J.R. Corner Store  
41 Poupore St.  
Gogama, ON P0M 1W0  
Phone: (705) 894-2168

#### Virginiatown

42 Connell  
P.O. Box 339  
Virginiatown, ON P0K 1X0  
Phone: (705) 634-2717

#### Whitney

Charbonneau's Freshmart  
41 Post Street, Box 83  
Whitney, ON K0J 2M0  
Phone: (613) 637-5366

## ATMs

### Aylmer

34-36 Talbot Street West  
Aylmer, ON N5H 1J7

### Bay & Richmond

375 Bay Street  
Toronto, ON M5H 2V5

### Brantford

171 Colborne Street  
Brantford, ON N3T 6C9

### Danforth and Woodbine

2031 Danforth Avenue  
Toronto, ON M4C 1J8

### Guelph

153 Wyndham Street North  
Guelph, ON N1H 4E9

### Hamilton – Jackson Square

2 King Street West  
Hamilton, ON L8P 1A1

### Hamilton – Centre Mall

1187 Barton Street East  
Hamilton, ON L8H 2V4

### London

555 Wellington Road South, Unit 2  
London, ON N6C 4R3

### London– Satellite Branch

151 Dundas Street, Suite 101B  
London, ON N6A 5R7

### University of Western Ontario

University Community Centre, Rm73  
University of Western Ontario  
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### Mississauga

214 Queen Street South  
Mississauga, ON L5M 1L5

### Ottawa

99 Bank Street  
Ottawa, ON K1P 6B9

### Owen Sound

825 2nd Avenue East  
Owen Sound, ON N4K 5P3

### Pembroke

40 Pembroke Street West  
Pembroke, ON K8A 6X3

### Seaforth

49 Main Street South  
Seaforth, ON N0K 1W0

### St. Catharines

106 King Street  
St. Catharines, ON L2R 3H8

### St. Clair Avenue

26 St. Clair Avenue East  
Toronto, ON M4T 1L7

### St. Clair Avenue

95 St. Clair Avenue West  
Toronto, ON M4T 1J8

### St. Marys

134 Queen Street  
St. Marys, ON N4X 1A9

### Sudbury

159 Cedar Street, Suite 105  
Sudbury, ON P3E 6A5

### Thunder Bay

189 Red River Road, Suite 102  
Thunder Bay, ON P7B 1A2

### Walkerton

244 Durham Street East  
Walkerton, ON N0G 2V0

### Wellesley –Queen’s Park

56 Wellesley Street West, Suite 103  
Toronto, ON M5S 2S3

### Windsor

545 Ouellette Avenue  
Windsor, ON N9A 4J3

### Woodstock

396 Dundas Street East  
Woodstock, ON N4S 1B7





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“ Cooperation benefits us all—  
that’s what makes it so appealing.”

– ALPHONSE DESJARDINS



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