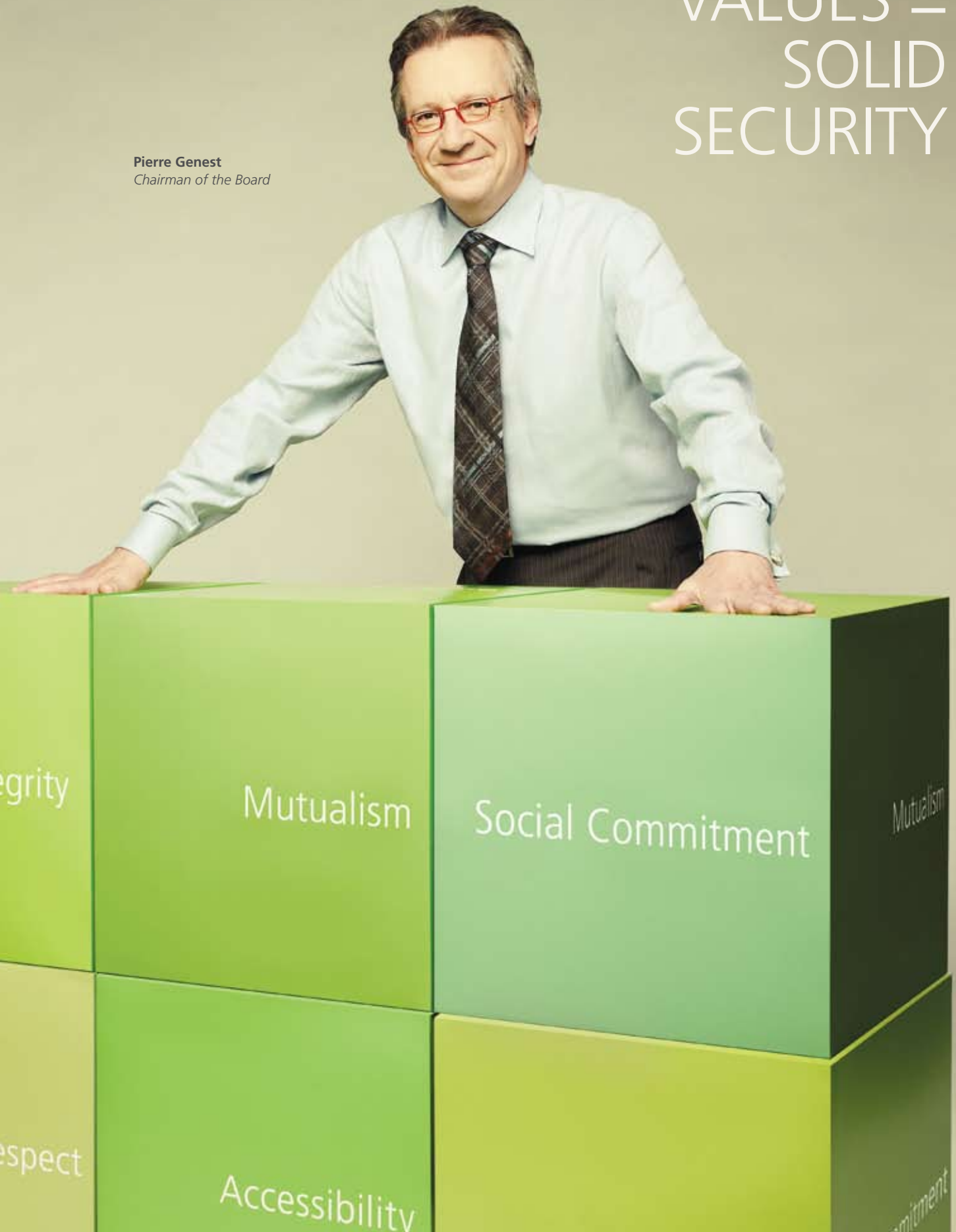


# SOLID VALUES = SOLID SECURITY

**Pierre Genest**  
*Chairman of the Board*



2008 was a year marked by major change at SSQ and around the world as market turbulence severely weakened financial institutions and undermined investor confidence. In spite of this, guided by solid core values, SSQ Financial Group successfully adapted to these changes while maintaining the financial and organizational stability of our organization.

Without a doubt, the most significant change at SSQ in 2008 occurred in September with the departure of Mr. Richard Bell, who retired after having spent his last seven years with SSQ as our Chief Executive Officer. With expert communication skills and exceptional integrity, intelligence and energy, Richard Bell was a master at rallying our team around a set of common goals. In so doing, he has made a lasting contribution to SSQ. He leaves behind the legacy of a strong company in robust financial shape with excellent prospects for continued growth. During his tenure, he steadfastly championed the mutualist values SSQ was founded on, while maintaining a careful balance between operating a profitable enterprise and meeting the interests of our members and clients. I, for one, fully endorse his approach!

On behalf of myself and all Board members, I would like to extend my sincere gratitude to Mr. Bell for his outstanding contribution to SSQ, which he accomplished while upholding the principles of mutualism we believe in so strongly.

This year the Board of Directors of SSQ appointed Mr. René Hamel as our new Chief Executive Officer. He joined our senior management team in 1986, and since then he has acquired much valuable insight into our different business lines and core values. Mr. Hamel took over his new role in September in the spirit of continuing to build on past successes while working to build a bright future for SSQ.

A number of other senior management changes were made in conjunction with the appointment of Mr. René Hamel as CEO. The Board is proud of the new management team now in place at SSQ Financial Group and is confident of its ability to continue to carry out our mission and attain the objectives of our strategic plan.

The extent to which the global financial crisis shook the confidence of investors, both large and small, in 2008 cannot be overstated. This crisis was fuelled by subprime

mortgages and high risk financial products such as asset-backed commercial paper (ABCP). Fortunately, the financial soundness of our company rendered us much less vulnerable to market volatility than many of our competitors. Indeed, SSQ was not exposed to subprime market problems and did not hold any ABCP investments. SSQ has maintained the requisite liquidity level required to meet our short-term financial obligations toward our clients. SSQ benefits not only from being well capitalized, but also from the fact that our medium- and long-term obligations are matched to investments with comparable maturity dates. Another positive point is that equity investments account for a very small percentage of our total assets. All of these factors combined enabled us to maintain our solid financial position despite the turbulence affecting financial markets and asset classes. Our management efforts have been focused on planning and safeguarding our own financial security as well as that of our members and clients.

I wish to congratulate our senior management team and the members of our Investment Committee on their wise decision to steer clear of exotic investment products. This past year, I met personally with SSQ management staff and employees to inform them of the possible impacts this year's financial turmoil could have on our financial position. This was accomplished through a number of noon-hour conferences, during which I provided an overview of SSQ's solid financial position even in the face of this economic crisis.

SSQ's Board of Directors also underwent a number of changes in 2008. In September, after 14 years of service, Mr. Jacques Fortin retired from the Board and left his position as Chair of the Audit Committee. Mr. Fortin dedication, commitment and dynamic personality played a key role in SSQ's development and growth over the years. I know that all board directors and members of senior management join me in extending our most sincere thanks to Mr. Fortin for his huge contribution to the Board and its various committees throughout his many years of service.

With the departure of Mr. Jacques Fortin came the appointment of Ms. Dominique Verreault, President of the Alliance du personnel professionnel et technique de la santé et des services sociaux (APTS), to the Board of Directors and the Ethics Committee. On behalf of the Board and our senior management team, I am very pleased to extend a warm welcome to Ms. Verreault as the newest member of the Board.

The Board is keenly aware of the importance of adopting best practices and implementing governance rules that are in compliance with the highest standards. To that end, the Board has undertaken an in-depth review of its roles and responsibilities as well as those of its various committees. In 2008, the Board closely followed the work done by the Autorité des marchés financiers (AMF) that resulted in the June publication of various draft guidelines which were the focus of public consultations. Upon the conclusion of these consultations toward the end of December, the AMF published six guidelines relating to governance, compliance, integrated risk management, outsourcing risks, interest rate risk management, and liquidity risk management. The Board will ensure that its practices and those of senior management respect the new AMF guidelines, particularly with regard to governance, compliance and integrated risk management, which the AMF considers the three pillars of prudent and sound management.

Within the framework of its governance initiatives, the Board undertook a review of the role and responsibilities of the Audit Committee, whose mandate was redefined and updated in 2008.

Furthermore, to ensure the competence and effectiveness of the Board, the Executive Committee developed a questionnaire to assess the activities of the Board including a self-evaluation component. Each board director is required to complete the questionnaire and discuss any relevant issues with the Chair.

The introduction of new accounting standards for financial instruments has resulted in changes being made to the presentation of our financial statements, in particular, the inclusion of a new statement of comprehensive income. The Board was informed about this at a special information seminar provided by senior management. The Board also received pertinent information about the new Tax-Free Savings Account (TFSA) introduced by the Canadian government effective as of January 1, 2009. Finally, the Board was also informed fully about a relatively new financial product at SSQ: Astra Guaranteed Income.

Conscious of the importance of fully understanding the business environment in which SSQ operates, the Audit Committee requested two special information sessions in 2008, both of which were granted: one dealt with reinsurance in the event of a major catastrophe and the other dealt with the constitution of actuarial reserves.

We have remained loyal to our core values and our commitment to our members and clients in order to serve THEIR interests by offering them high-quality financial products and services. SSQ's positive financial results and organizational stability even amidst global market turmoil are eloquent testimony of our refusal to seek profit at any price; instead, we prefer to generate a satisfactory return that enables us to meet our obligations toward our clients in a financially responsible manner. Our rules of governance reflect our stringent standards and help guarantee that our management practices are sound, secure, solid and highly effective. We are more convinced than ever that our values are the key to the security of our company, and, consequently, that of our members and clients. The respect that our team shows for these values constitutes our strength. I am indeed proud to be a part of such a strong and dedicated team.



**Pierre Genest**  
Chairman of the Board

# OUR VALUES

**Mutualism** SSQ has upheld cooperation and mutualism as key principles right from the very start. These same principles continue to guide the actions and decisions that we take every day. In addition, SSQ embraces the values of equality, equity, solidarity and democracy. These values are at the heart of the convictions driving us forward and guaranteeing our lasting success. In addition, as the majority of our Mutual's board directors are elected, members have a true say in the direction our company will take... and in how we will continue to grow and develop.

**Accessibility** We do everything we can to be easily accessible in order to offer our clients exemplary service. SSQ has made it easy for our clients to access our services by developing high-performance, user-friendly tools and by providing efficient and courteous customer service. We strive to be transparent in all of our communications by ensuring that the information we provide is clear, pertinent and complete.

**Expertise** Our broad range of knowledge and skills enables us to offer quality products and services adapted to meet the needs of our clients. Attention to detail and responsible actions make us a highly sought-after partner. Our qualified, committed and motivated employees accomplish their work with precision and efficiency. They are encouraged and supported to continue to upgrade their career skills to achieve their full potential.

**Social Commitment** At SSQ, social commitment means taking an active role in the development and well-being of the community. It also means supporting humanitarian and community organizations by funding a variety of projects and supporting our employees in their volunteer initiatives. Our employees demonstrate their commitment by always doing their best and continually striving to do better to achieve our common goals. And in so doing, they provide the best possible service to our clients.

**Integrity** At SSQ, we act responsibly and transparently in everything we do. We carry out our operations with honesty and integrity. We also demonstrate respect for the highest standards of conduct and confidentiality. Our reputation for integrity is what allows us to continue to build lasting relationships that are based on trust with our employees, clients, partners, and surrounding communities.

**Respect** Mutual respect is a fundamental principle upheld at SSQ, both within the company and in our relationships with clients and partners. We are very attentive to new ideas and different points of view, and in this light, are committed to recognizing the importance of the contributions of all to the overall success of our organization. In terms of our business practices, we also take respecting the privacy of our clients very seriously by protecting the confidentiality of their personal information.

# SHARING OUR VALUES...



**Judith Hallé**  
*Trainer –  
Customer Service*

**Jean Desgagnés**  
*Administrative Systems  
and Procedures Analyst –  
Disability Management*

**Paul Bisram**  
*Customer Service  
Analyst - Billing and  
Enrolment Management*

**Stéphanie Dolbec**  
*Senior Director –  
Realty Projects*

**Julie Côté**  
*Financial Security Analyst –  
Client Services and Administration*

A woman with short, wavy brown hair, wearing a white collared shirt and a light blue vest, is smiling and holding a large, solid green rectangular sign in front of her. The sign has the word "Accessibility" written in white, sans-serif font in the center. She is also wearing a watch on her left wrist.

Accessibility

**Michel Pelletier**  
*Vice-President – Actuarial  
and Product Development*

A professional photograph of Michel Pelletier, a man with short dark hair, wearing a white dress shirt, a blue tie, and dark trousers. He is standing and looking back over his right shoulder towards the camera with a slight smile. He is holding a large, solid green rectangular sign with both hands. The sign is positioned in front of him, and the words "Social Commitment" are printed on it in a white, sans-serif font. The background is a plain, light-colored wall.

Social Commitment

# ...LEADS TO SUCCESS



**Suzanne Chabot**  
*Secretary-Receptionist –  
Customer Service*



**Richard Lebrun** (Father)  
*Senior Director –  
Actuarial Services*

**Marc-Antoine Lebrun** (Son)  
*Director – Claims,  
Vehicle Operations*

**René Hamel**  
*Chief Executive  
Officer*

# SOLID VALUES = SOLID MANAGEMENT



Accessibility

Expertise

Integrity

Respect

For my first Review of Activities since being appointed Chief Executive Officer of SSQ, I decided to focus on our corporate mission and core values. That is because our values have always been, and always will be, at the heart of everything we do... and everything we aspire to do. I intend to show how our mission and values influence the decisions and actions we take every day, and, ultimately, make SSQ Financial Group unique.

Our core values were re-examined in 2007 when our current five-year strategic plan was adopted. Through this process we realized that the values brought forward by the founder of our company are the same values that continue to inspire us and influence our actions every day. At SSQ, everyone takes our values to heart, bringing our motto "We thrive on mutual trust" to life and giving it special meaning. Our values reflect our beliefs and priorities and influence the way we do business and the relationships we maintain with our partners, clients and employees. We have made our values the underlying theme of this year's annual report to underscore our steadfast commitment to conducting our business with a human touch.

Before presenting the results for fiscal 2008, I would like to first thank the members of the Board of Directors for having shown their trust in me last September by appointing me SSQ's new Chief Executive Officer. I would also like to thank my predecessor, Mr. Richard Bell, for his excellent work while at the helm of SSQ Financial Group. Thanks to him, SSQ is in a solid financial position and well prepared to meet the challenges we will have to face in the coming years. Thank you Richard!

I would also like to express my gratitude to all SSQ employees for their support throughout this period of change. Your show of solidarity has demonstrated once again the strength that unites us all at SSQ – the same strength that enables us to achieve such positive results year after year.

**2008 WAS MARKED BY A NUMBER OF CHANGES AT THE SENIOR MANAGEMENT LEVEL AT SSQ FINANCIAL GROUP.**

Ms. Marie-Josée Blanchette, former Chief Executive Officer of SSQ General Insurance, was appointed Senior Vice-President of Investments. This new position was necessary given the ongoing expansion of our Group's

components and resulting increase in work related to asset management.

Mr. Serge Boiteau, former Senior Vice-President of Corporate Actuarial and Investments, was appointed Senior Vice-President of Finance, Risk and Compliance. This new designation reflects his increased responsibilities.

Mr. Gilles Mourette was appointed the new Chief Executive Officer of SSQ General Insurance, while Mr. Michel Loranger has taken on Mr. Mourette's former position as Senior Vice-President of Information Technology.

In conjunction with Mr. Bell's retirement and my arrival on the scene as CEO, several other management appointments were made.

Ms. Johanne Goulet was appointed the new Senior Vice-President of Group Insurance. Mr. Bernard Tanguay takes over her former position, having been appointed the new Senior Vice-President of Investment and Retirement.

Rounding out this dynamic team are Mr. Denis Légaré, Senior Vice-President of Human Resources, and Mr. Jean Morency, Chief Executive Officer of SSQ Real Estate. While their job titles may not have changed, the responsibilities related to their respective sectors have continued to expand in step with our company's growth.

Moreover, additional vice-president and manager levels were integrated into our organizational structure to keep pace with the rapid growth experienced in recent years and to maintain this growth into the future.

Throughout all of this change, our principal concern was to ensure the smoothest transition possible in order to maintain quality customer service and pursue our objectives. Indeed, the objectives we set for 2008 were ambitious, especially since we had to deal with an unfavourable economic environment. Nevertheless, we reached our objectives and the results attained are in line with our strategic plan.

SSQ continued to move forward while reinforcing the position of all of our business lines. Assets under management rose from \$3.9 billion to \$4.0 billion, representing an increase of 1.9% at fiscal year-end. Premiums and premium equivalents of SSQ enterprises rose from \$1.7 billion to \$1.8 billion, representing a 5.4% increase. And SSQ recorded net income of \$25.8 million, down 7.9% over the previous year, providing an 11.3% return on shareholders' equity.

Our solid foundation enabled us to deal effectively with the economic crisis. Over the year, SSQ continued to implement prudent management practices and

maintained a vigilant approach. As a result, this crisis will not have a significant impact on us. It is noteworthy that SSQ does not own any of the riskier financial products fuelling the financial crisis, such as asset-backed commercial paper (ABCP). In addition, SSQ was relatively unexposed to stock market turbulence and maintained a high level of liquidity.

Our employees, board directors and partners can take credit for our success. They share a common vision and work together to carry out our mission which is to "serve the interests of our members and clients by offering high-quality products and services to help them plan and protect their financial security throughout their lives, while taking inspiration from the mutualist values that place people and social development at the very heart of what we do."

## FOLLOWING ARE A FEW STATISTICS FROM 2008 THAT REFLECT HOW WE ARE SUCCESSFULLY CARRYING OUT OUR MISSION:

- > Over **\$839 million** was paid out in benefits to members with group insurance.
- > Over **10 million** prescription drug claims were handled by Group Insurance.
- > **125,000 overnight** hospitalization stays were reimbursed.
- > **12,000 members** received benefits for care outside the country.
- > **2,500 members** received benefits for home care assistance.
- > **2,500 trips** were reimbursed due to a death or illness in the family.
- > Over **\$90 million** was paid out in home and auto insurance settlements, with over **33,000 claims** processed by SSQ General Insurance.
- > A total of over **700,000 telephone calls** were handled by SSQ General Insurance.
- > Over **600,000 telephone calls** and **15,000 e-mails** were handled by our Customer Service team for our Group Insurance business line.
- > Over **105,000 telephone calls** were handled by our Client Services team for our Investment and Retirement business line.
- > Over **50,000 telephone calls** were processed and **4,400 insurance contracts** sold in relation to our Individual Insurance business line.
- > Approximately **300,000 financial statements** were issued by SSQ Investment and Retirement.

IN ADDITION, OUR VALUES ARE REFLECTED IN THE MANNER IN WHICH WE HAVE CHOSEN TO CONDUCT OUR BUSINESS. OUR CORE VALUES ARE:

Mutualism  
 Accessibility  
 Expertise  
 Social Commitment  
 Integrity  
 Respect

Our values were handed down to us by Dr. Jacques Tremblay, the founding father of SSQ, as well as all those who have helped shape our company over the past 60 years. Out of concern for his fellow citizens, Dr. Tremblay created SSQ to help reduce the social inequality individuals had to deal with in times of hardship. Over time, our company has grown, steadily adding value to the products and services we offer, and all the while upholding Dr. Tremblay's ideals.

We hire employees whose values are consistent with our own. Through actions taken every day, SSQ employees show they respect our values and continue to fulfill the mission started by Dr. Tremblay. We demonstrate our commitment to our values in many ways. The following paragraphs provide a few examples.

## Mutualism

At the base of everything we do is our unwavering commitment to mutualism and its principles of solidarity, equity, equality and democracy. Given that these principles have been at the heart of our mission right from the start, it is important for us to pay homage to our roots and to understand why SSQ was founded. This is why we offer one-day employee training seminars on mutualism. Over 125 employees participated in these seminars in 2008. Further, two committees were formed a few years ago to promote mutualism within SSQ and the broader community. One committee is composed of directors and the other of employees. They serve to actively remind us of the importance of solidarity, which is the key principle underpinning the concept of insurance.

One can find plenty of examples, every day, of assistance and solidarity inspired by mutualism in our workplace. For instance, this winter, adverse weather conditions led to an unprecedented number of claims and hence a heavier workload for the claims team at SSQ General Insurance. There was no hesitation on the part of employees from other sectors to offer a helping hand to ensure that our Group's reputation for quality customer service was not compromised. This is a perfect demonstration of our conviction that, in our business, success depends on everyone pulling together.

## Accessibility

SSQ strives to be as accessible as possible to clients and to simplify their lives. For example, this year our Group Insurance sector implemented a number of new administrative measures enabling clients to manage their plans more easily and efficiently. As more proof of our commitment in this regard, a new electronic billing system was introduced this year featuring a user-friendly invoice format that makes managing information easier than ever.

In addition, we offer our clients several on-line tools to provide them with fast and easy access to important information, such as our Instant Investor Profile, electronic Retirement Calculator, Astr@net and our *Access – Service for Plan Members* Web site. SSQ relies on the skills and expertise of our employees to meet our clients' needs. The empathy and professionalism of our employees is appreciated as we are often called upon to help clients through difficult times.

We are always looking for new ways to make our services as accessible as possible; for instance, receptionists who are available to talk to clients during business hours rather than just voicemail; claims agents and experts who volunteer to work certain holiday shifts to ensure our clients can always get in touch with us; and the capability to monitor our responsiveness in real time.

With an average response time of less than one minute for customer service calls in our Group Insurance sector and a 98% customer satisfaction rate, we are continuing to meet the challenge of balancing growth, accessibility and quality service.

At SSQ, we believe every client is important and unique. That's why we ensure that each call, each e-mail and each request is given the careful attention it deserves. This is how we make sure that every single one of our clients receives the very best service possible.

### Expertise

We believe that the knowledge and skills of our employees is key to offering quality services that meet our clients' needs. Because expertise is one of our core values, we recruit only the best people and then encourage and support their efforts to upgrade their career skills to achieve their full potential. Case in point: over 3.5% of payroll was allocated to employee training this year. The following example demonstrates the importance we accord to employee expertise at SSQ. In 2008, we developed and fine-tuned a number of employee programs, such as an orientation and integration program for new employees, a training program for new managers, and the introduction of tools to assist managers including an intranet site devoted to management performance indicators and effective communication techniques. Further, the Chair of SSQ's Board of Directors met with employees in 2008 to discuss the causes and repercussions of the financial crisis.

We are proud to be able to say that a large number of the many job appointments made this year were filled internally. This shows the level of expertise and depth of our in-house talent. It also demonstrates that we stand behind promoting from within our own ranks. When we can't, we make a point of meeting with employees to identify experience that may be lacking and suggest ways to develop it.

At a time when many companies are closely re-examining their priorities from a financial point of view, we are proud to report that we are continuing to put all of SSQ's expertise to work for our clients. Just a few examples are seminars and conferences held to demystify rules governing the group insurance industry, customized employee absenteeism management, and promoting a healthy life/work balance through our *Health InSight*

program. This program offers our clients solutions to help them improve the health and well-being of individual group members and thereby reduce the human and financial costs related to illness.

At SSQ, expertise also means embracing innovation with a view to improving customer service. This year the systems development team at SSQ Investment and Retirement showed innovative thinking by undertaking a pilot project utilizing a brand-new approach called agile software development. This new technology enables results to be delivered on a regular basis, rather than having to wait until the end of a project, which allows the team to intervene much more quickly when required.

### Social Commitment

SSQ believes that one of the ways the success of a company can be measured is by how much the surrounding community benefits from its success. This is why the SSQ Foundation was created 12 years ago. In 2008, while pursuing the capitalization of this foundation, SSQ also continued to apply the recommendations of the Imagine program by donating 1% of average net profits over the past three years to community organizations. In addition to donations, SSQ also proudly supports various organizations through sponsorships. The Social Responsibility Report provides an overview of the main community-oriented activities SSQ Financial Group supports.

Our employees share our commitment to developing and strengthening communities. Approximately 200 SSQ employees are engaged in volunteer work in the community, which represents a total contribution of close to 10,000 hours per year.

Further, SSQ Financial Group's operations contribute to the economic viability of Canada. In addition to the 126 new permanent jobs SSQ created in 2008, our operations generated a significant amount of wealth.

## IN 2008, THE ECONOMIC IMPACT OF SSQ FINANCIAL GROUP WAS \$328 MILLION.

(in millions of dollars)

	<b>2008</b>
	\$
Operating expenses	<b>209.5</b>
Capital expenditures	<b>13.4</b>
Taxes	<b>8.8</b>
Net investment acquisitions	<b>95.9</b>
<b>Total</b>	<b>327.6</b>

At SSQ, social commitment also means taking good care of our employees by ensuring they have a healthy and stimulating environment in which to work. We understand the importance of good health – both that of our clients and our employees. We believe that happy and healthy employees are essential to the success of our company and that ensuring this is part of our responsibility as an employer. In keeping with this, in 2008 we continued to move forward with *HealthWise*, our employee health and wellness program, which aims to help prevent health problems and promote the overall well-being of SSQ employees. So far the results have been very positive and an internal survey has revealed that over 70% of employees have adopted a healthier lifestyle because of the program.

### Integrity

Given the serious crisis affecting financial markets in 2008, it is not surprising that consumer confidence in certain institutions has been badly shaken. A global crisis of this magnitude is a stark reminder that carrying out business with integrity is not just desirable – it is essential – for without integrity, success is often fleeting.

Integrity is the principle that guides our day-to-day operations. We have consistently staked our future on sustainable growth based on management practices that allow us to safeguard our financial health as well as that of our clients. We carry out our business with honesty and fairness and adhere to the strictest standards of conduct. All of our administrative units subscribe to the management standards in force and are subject to strict controls, notably in the form of internal and external audits. Our management philosophy is based on sound corporate governance, responsible corporate behaviour and a firm commitment to placing our clients' interests first.

When it comes to making decisions about our investments and our product offering, we are vigilant and prudent. This is precisely why we are one of the few financial institutions not to have been affected by the asset-backed commercial paper crisis. When it comes to investment and retirement savings, we are convinced that our independent and transparent management approach is the best strategy. We select only specialized and reputable investment managers, and this enables us to offer our clients a wide array of high-quality products with complete impartiality.

### Respect

At SSQ, we genuinely care about people. Our concern for the well-being of our clients is at the heart of our mission and our *raison d'être*. Showing respect for clients is our top priority, and we do this every day by providing unsurpassed quality customer service that is always courteous, attentive and professional. We believe that quality service hinges on providing accurate and transparent information. We are extremely vigilant with the personal information our clients entrust to us. This is one of the reasons the security of our computer systems is given the highest priority. Once again this year, we hired a specialized firm to test all of our IT systems. Our commitment to constantly upgrade our control and security tools further guarantees the ongoing reliability of our operating systems.

Just a few of the measures we have put in place to safeguard the sensitive personal information we are entrusted with include a comprehensive personal information protection policy, full compliance with new regulations governing telephone soliciting, a rigorous code of ethics and numerous employee training programs.

And respect is not just something we reserve for our clients. For example, a lot of attention is given to how new employees are welcomed and integrated into our company on the first day on the job at SSQ. Above and beyond the orientation programs in place, our employees themselves take special care to make new co-workers feel welcome and accepted.

SSQ believes strongly in the importance of developing and maintaining healthy relationships in the workplace. A low employee turnover rate – well below the industry average – provides ample proof of our success in this area.

For us, respect also means caring about the environment. The Social Responsibility Report provides an overview of the measures we have adopted in this regard. SSQ General Insurance has taken the initiative to recycle advertising material into promotional items for our clients and partners. This is just one example of an innovative, ethical and responsible choice!

In addition, the *Green City* real estate project headed up by SSQ Real Estate has been recognized for its originality and cutting-edge approach to sustainable development. Innovative features include a rainwater recovery system, at-source sorting of recyclable waste, and the integration of significant green space including a community garden and public park. Rehabilitation of buildings in this project has brought new life to the surrounding urban infrastructure and contributed to heritage preservation.

## An overview of our business lines

Each of our sectors of activity at SSQ plays an important role in the overall success of SSQ Financial Group. The progress made by each contributes to the advancement of the Group as a whole. Through a shared loyalty and commitment to our core values and the synergy that unites us all, we are continuing to achieve responsible and sustainable growth.

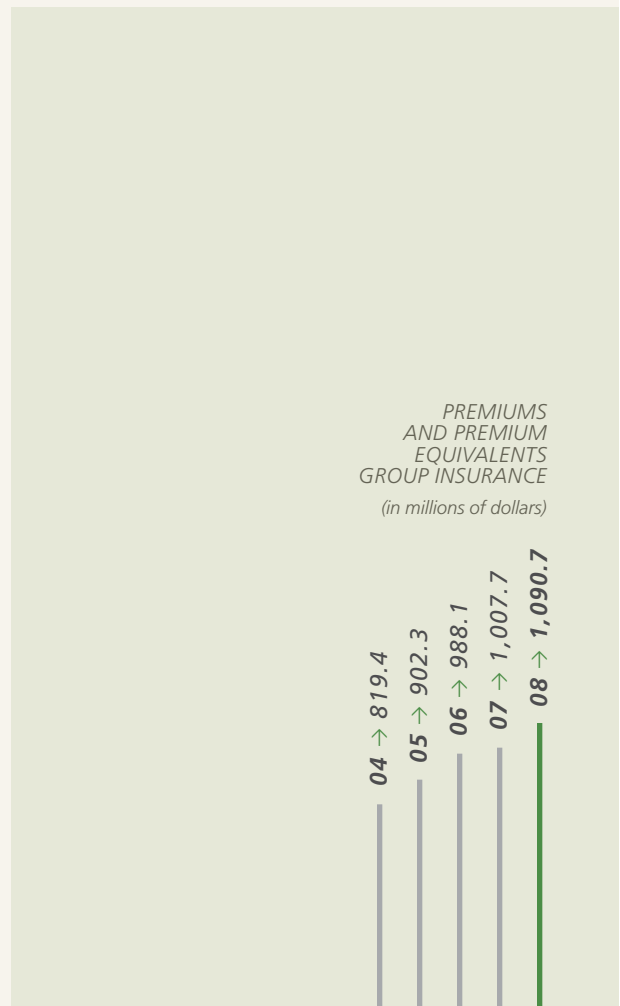
**SSQ GROUP INSURANCE** — This was the first year of the 2008-2012 strategic plan adopted by our Group Insurance sector. The year ended on quite a positive note with record sales, impressive growth in the Canadian market, a very strong group renewal rate, and increasingly solid ties with partners – all signs that SSQ is definitely on the right path.

In 2008, we strengthened our position in the Canadian group insurance market. The fiscal year ended with new sales totalling \$118 million, representing a 73% jump over the previous year. Even more impressive, 65% of these sales, that is \$77 million, come from groups outside

Quebec. This success comes from allowing our values to guide us in every business decision we make, every contract we sign with our clients and every new activity we undertake.

A number of senior appointments at SSQ resulted in management changes in our Group Insurance sector this year. Mr. François Boisjoli, former Vice-President of Sales and Marketing, was appointed Vice-President of Actuarial and Sales Support. This change led to Mr. Carl Laflamme becoming responsible for overseeing all Group Insurance sales operations at SSQ, Ms. Diane Gaulin being appointed Vice-President of Sales for Special Groups and Mr. Darryl Ingham, Vice-President of Toronto Office, joining the Senior Management Committee of our Group Insurance business line.

The results obtained in 2008 confirm that SSQ can continue to pursue the strategic objectives established in our strategic plan. Further, it looks like 2009 will get off to a good start, as the City of Montreal has signed a 10-year group insurance contract with us. This is a promising sign of continuing growth and stability in the coming years.



**SSQ INVESTMENT AND RETIREMENT** — The financial crisis has sown a large measure of doubt in the minds of many clients seeking to invest or save their money. Aware of the concerns raised by this crisis, we have taken a proactive approach to providing our clients with accurate information on the financial market situation and solid financial position of SSQ Financial Group.

Despite the downward spiral of financial markets, SSQ Investment and Retirement closed off the year with assets under management of \$2 billion.

**In striving to provide ever better client services, we continue to diversify our product offering and are quick to integrate any new financial products that become available on the market. Here are a few of our latest additions:**

- ASTRA Guaranteed Income – a product providing a guaranteed minimum amount
- SSQ High Yield Monthly Guaranteed Interest Accounts (GIA)
- Select GIA

**Several new funds were added to our family of ASTRA Funds – the cornerstone of our fund offering. These include:**

- ASTRA Celestia Fund
- ASTRA PIMPCO Bond Fund
- ASTRA Carnegie International Equity Fund
- ASTRA Treasury Fund
- ASTRA OAM Bond Fund

We are very pleased that SSQ is now recognized as a partner of choice by the principal market intermediaries. We are especially proud to be associated with the success of two of our longest standing partners: Fondation and Bâtirente.

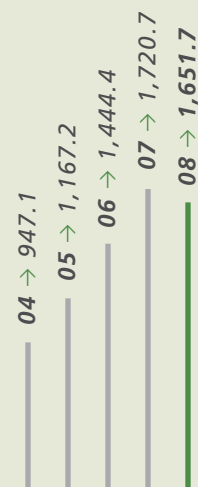
SSQ Investment and Retirement now has employees working in our Toronto office. This is a sure sign of our determination to continue to develop business relationships with partners across the country and to pursue our growth. This is in line with our objective to expand our financial operations outside the province of Quebec. Early results are promising and lead us to believe that more success will follow in the future.

A number of changes were made to the organizational structure at SSQ Investment and Retirement this year. Mr. Marc Trépanier, Vice-President of Business Development, is now in charge of all sales operations – both corporate sector sales and brokerage sector sales outside Quebec.

In addition, Ms. Marie-Josée Audet was appointed Vice-President of Client Services and Administration.

In the future, we will continue to expand our network and develop our offering of products and services, while focusing on our main strengths: the expertise and professionalism of our employees and the excellence of our client services.

SEGREGATED FUNDS  
INVESTMENT AND  
RETIREMENT  
(in millions of dollars)



**SSQ GENERAL INSURANCE** — 2008 was also marked by highly adverse climatic conditions. The frequency of extreme weather events and the magnitude of the resulting damages, combined with plunging stock market prices, had a negative impact on financial results. Evidently, our claim loss ratio was higher than forecast, ending the year at 73.8%. But at 29.2%, our expense ratio remained in line with budgetary projections.

Despite the higher claim loss ratio, SSQ General Insurance continued to show positive growth: gross written premiums grew by 3.9% while annualized written premiums increased by 13.7%, nearly double the rate of growth of our main competitors.

This strong growth is the result of the diversification of our service offering, the excellent results recorded by all distribution networks, the conclusion of more than 25 new group insurance agreements as well as the sustained efforts of our sales team and of all our employees.

In addition to the appointment of Mr. Gilles Mourette as the new Chief Executive Officer of SSQ General Insurance, a number of other organizational changes occurred this year. Mr. Denis Delmaire was appointed Vice-President of Information Technology, a new position underscoring the operational and strategic importance we place on information technology, and Ms. Karina Houde was appointed Compliance Officer, a new position reflecting our commitment to fully comply with industry and regulatory requirements.

Over the course of 2008, nearly 70 new positions were created at SSQ General Insurance. Our innovative university recruitment program has proven to be very successful. This initiative allowed us to hire 15 new candidates, all of whom obtained their licence and more than doubled their projected sales targets.

Finally, the dedication and excellent work of our employees hit the mark in 2008. Numerous awards and honours were earned, including placing in the Top 150 most admired companies in Quebec (*Commerce* magazine/ Léger Marketing), earning third place in the high-impact advertising category (Dominance Publicité Survey) and being awarded second place for customer satisfaction among Canadian home insurers (J.D. Power and Associates Survey).

These successes were possible thanks to outstanding team synergy, which enabled us to continue our sustained growth and excellent service to policyholders in spite of a record poor year for extreme weather events and insurance claims.

**SSQ REAL ESTATE** — In our ongoing efforts to develop and diversify our Group’s real estate portfolio, considerable progress was made in 2008 in relation to construction projects. After several years of preliminary work, the first phase of the Green City project was launched in the fall. Advertising is slated to begin in 2009. Having incorporated sustainable development concepts and green technologies from the initial design stage, Green City will serve as a template for future sustainable real estate projects. With this in mind, SSQ has purchased a large parcel of land in the Quebec City area for a major condominium project.



In addition, renovations have begun on the Saint-Laurent Tower at SSQ's head office. Once completed, the structure will be the first LEED-certified building renovation in Quebec City. This initiative reflects our commitment to maintain the quality of our buildings and their market attractiveness. SSQ's occupancy rates are excellent once again this year, as our two Quebec City buildings are at 100% and our Montreal building at 88%.

While busy striving to develop and promote construction projects, SSQ is always seeking new business opportunities. We continue our efforts to acquire buildings and develop construction projects in Montreal, Ottawa and Toronto. Also this year, we added another feather to our cap by obtaining our general contractor's licence.

Once again, we have proven our expertise in offering high-quality living spaces with sustainable and high-value-added real estate projects that respect human and environmental concerns.

**2008 provided an opportunity for SSQ to confirm the strength of our organization and the wisdom of our business decisions.** We have always favoured steady-growth strategies. Against a backdrop of market turmoil and corporate woes, the results we obtained this year reflect the soundness of our judgment. During this turbulent period, it is evident that a management approach based on solid core values is what has allowed SSQ to stay on course.

In addition to these positive results, we received a number of client testimonials thanking us for the speed of our service, the clarity of our information and the professionalism of our employees. The fact that our clients feel secure and have confidence in us is all the confirmation we need to know that we are successfully carrying out SSQ's mission. It is also confirmation that the values that guide us are indeed the right ones.

In closing, I must extend my gratitude to our clients for the trust they continue to place in SSQ, year after year. I also want to thank our partners, board directors and employees for their excellent work. By drawing daily inspiration from the mutualist values that place people and social development at the very heart of what we do, you are truly contributing to fulfilling the mission of SSQ Financial Group.



René Hamel  
Chief Executive Officer