CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS

MANAGEMENT DISCUSSION AND ANALYSIS

This annual management discussion and analysis (MD&A) supplements the financial statements and contains financial highlights but does not reproduce the full annual financial statements of Capital régional et coopératif Desjardins (the Company). It presents management's assessment of the Company's results for the period reported in the financial statements, as well as its financial position and any material changes to it.

The Company's annual and compounded returns expressed in this MD&A are net of expenses and income taxes while returns by activity or investment profile represent returns before expenses and income taxes.

This disclosure document contains management's analysis of forward-looking statements. Caution should be exercised in the interpretation of this analysis and these statements since management often makes reference to objectives and strategies that contain risks and uncertainties. Due to the nature of the Company's operations, the associated risks and uncertainties could cause actual results to differ from those anticipated in forward-looking statements. The Company disclaims any intention or obligation to update or revise such statements based on any new information or new event that may occur after the reporting date.

Copies of the annual financial statements may be obtained free of charge, on request, by calling 514 281-2322 or (toll free) 1 866 866-7000, extension 2322, by writing to 2 Complexe Desjardins, P.O. Box 760, Desjardins Station, Montréal, Québec H5B 1B8, or from our website at capitalregional.com or SEDAR at www.sedar.com.

Interim financial information may be obtained in the same way.

FINANCIAL HIGHLIGHTS AS AT DECEMBER 31

The following charts present key financial data and are intended to assist in understanding the Company's financial results for the preceding five fiscal years. This information is derived from the Company's audited annual financial statements. Financial information for fiscal 2014 is presented in accordance with International Financial Reporting Standards ("IFRS"). Financial information for fiscal 2013 has been restated to conform to IFRS presentation and ensure comparability with information presented for fiscal 2014. This restatement resulted in no change in the Company's net assets and net income (refer to note 20 to the audited annual financial statements for additional information). Financial information for fiscal years 2010 to 2012 is presented in accordance with Canadian generally accepted accounting principles ("GAAP") then in effect.

RATIOS AND SUPPLEMENTAL DATA

(in thousands of $, unless indicated otherwise)

	2014 (IFRS)	2013 (IFRS)	2012 (GAAP)	2011 (GAAP)	2010 (GAAP)
Revenue	**44,422**	51,982	53,491	46,894	44,970
Net income	**49,245**	24,950	53,435	122,588	18,696
Net assets	**1,502,462**	1,470,576	1,356,446	1,220,427	1,019,846
Shares outstanding (number, in thousands)	**124,665**	126,165	118,243	110,776	102,908
Total operating expense ratio[(1)] (%)	**2.1**	2.0	2.4	3.0	2.8
Total expense and share issue expense ratio[(1)] (%)	**2.2**	2.2	2.4	3.0	2.8
Portfolio turnover rate:					
– Investments impacting the Québec economy (%)	**19**	16	23	28	11
– Other investments (%)	**102**	108	67	110	112
Trading expense ratio[(2)] (%)	**0.0**	0.0	0.0	0.0	0.0
Number of shareholders (number)	**96,236**	100,861	103,052	106,577	111,476
Issues of shares	**62,906**	149,995	149,994	153,955	180,982
Share issue expenses, net of related taxes	**764**	1,740	–	–	–
Redemptions of shares	**79,501**	59,075	67,410	75,962	85,753
Investments impacting the Québec economy at cost	**675,355**	671,547	625,414	498,984	473,331
Fair value of investments impacting the Québec economy	**710,923**	733,907	659,045	541,909	439,550
Funds committed but not disbursed	**193,764**	227,593	142,350	151,822	200,485

(1) Total operating expense ratio is calculated by dividing total expenses (before income taxes) as shown on the statement of comprehensive income by the Company's average total equity for the fiscal year. Total expense and share issue expense ratio is computed on the same basis but adding the share issue expenses as shown on the statement of changes in net assets to total expenses.
(2) Trading expense includes brokerage fees and other portfolio transaction costs. These expenses are not material to the Company.

CHANGES IN NET ASSETS PER SHARE

	2014 (IFRS)	2013 (IFRS)	2012 (GAAP)	2011 (GAAP)	2010 (GAAP)
	($)	($)	($)	($)	($)
Net assets per share, beginning of year	**11.66**	**11.47**	**11.02**	**9.91**	**9.73**
Increase (decrease) attributable to operations	**0.40**	**0.20**	**0.46**	**1.15**	**0.19**
Interest, dividends and negotiation fees	**0.36**	0.41	0.46	0.43	0.45
Operating expenses	**(0.25)**	(0.23)	(0.28)	(0.31)	(0.27)
Income taxes and capital tax	**(0.06)**	(0.07)	(0.09)	(0.07)	(0.07)
Realized gains (losses)	**0.52**	0.03	0.48	0.20	(0.36)
Unrealized gains (losses)	**(0.17)**	0.06	(0.11)	0.90	0.44
Difference attributable to share issues and redemptions	**(0.01)**	**(0.01)**	**(0.01)**	**(0.04)**	**(0.01)**
Net assets per share, end of year	**12.05**	**11.66**	**11.47**	**11.02**	**9.91**

OVERVIEW

The Company closed fiscal 2014 with net income of $49.2 million ($25.0 million in 2013), representing a return of 3.4% (1.7% in 2013). Based on the number of shares outstanding, this brings net assets per share to $12.05 at year-end, compared with $11.66 at the end of fiscal 2013.

Investments impacting the Québec economy posted a return of 7.3% in 2014, compared with a return of 8.9% in 2013. As at December 31, 2014, the cost of Investments impacting the Québec economy disbursed totalled $675.4 million and investments made during the year reached $144.5 million. As at December 31, 2014, commitments made but not disbursed, which represent investments already agreed upon with companies, cooperatives or funds and that will be disbursed at a later date, amount to $193.8 million. Since its capitalization is limited, the Company constantly seeks innovative ways to make a greater contribution to the development of Québec's economy. As the driving force, the Company pursues its mission through several levers it develops with its manager, Desjardins Venture Capital (DVC). Those levers underpin the Company's entrepreneurial ecosystem which comprises funds designed to promote and preserve the best entrepreneurship in Québec.

Other investments generated a return of 5.4% for fiscal 2014, compared with a return of 0.5% for fiscal 2013. Return in 2014 was driven mainly by the rise in value of the bond portfolio related to the decline in bond rates.

Capital subscriptions during the year reached $63 million. Share redemptions amounted to $80 million and the balance of shares eligible for redemption as at December 31, 2014 totalled $399 million. Net assets stood at $1,502.5 million, up 2.2% compared with the previous year. The number of shareholders as at December 31, 2014 was 96,236.

THE COMPANY'S VISION FOR QUÉBEC ENTREPRENEURSHIP

A recent study[1] states that various indicators show Québec's performance lagging behind that of other Canadian provinces in terms of entrepreneurship. Among the reasons cited, a culture less inclined toward entrepreneurship and a heavy administrative burden are stressed in particular. Québec must devote significant effort to developing the entrepreneurial spirit and culture of Québecers.

Business transfers and the survival of existing businesses are also key issues. So deploying entrepreneurial energy to take over the helm for a business is crucial for Québec.

Last, Québec faces a huge challenge – developing and growing existing businesses. Businesses in Québec tend to remain too small and to overleverage themselves, putting a healthier capital structure at risk. Undercapitalization has serious repercussions on their performance, including low productivity and a low level of activity in international markets, which ultimately lowers Québec's ability to create and retain its fair share of highly paid jobs – jobs that are needed for the tax base to maintain healthy public finances for the province.

In carrying out its mission, the Company aims to stand tall and play a unique role in addressing these diverse issues that guide its actions every day.

ECONOMIC ENVIRONMENT

Global economic performance was somewhat muted in 2014. The first half of the year showed some signs of greater stability, giving a glimmer of hope for renewed growth, in particular in the industrialized nations. That growth, however, fell short of expectations. Once again, economic advances in the euro zone were weak, creating more pronounced disinflationary pressures. The troubles brought on by the crisis in Ukraine and plunging oil prices in the second half of the year heightened uncertainty. Euro zone growth for 2014 is estimated at only 0.8%. The United Kingdom posted better results and racked up strong growth quarters. Japan took a hit over tax policy and after a good start to the year, the economy declined for two straight quarters. Japanese real GDP is expected to post only a 0.2% rise. Economies in most of the emerging countries continued to slow. Overall for 2014, China chalked up real GDP growth of only 7.4%, a slowdown from the 7.7% growth posted in 2013. That gain is increasingly far from the average 10.8% churned out between 2003 and 2011 The economies of both Russia and Brazil shrank.

2014 was a relatively upbeat year for North American financial markets. The S&P 500 closed the year with a positive 11% gain while Canada's stock market advanced 7.4% in spite of a difficult second half of the year for the energy industry. Bond markets also did very well as interest rates pulled back strongly under the influence of international developments, in particular difficulties in the euro zone and collapsing oil prices. The economic outlook is brighter for the United States than for other economies, causing the greenback to surge spectacularly while the Canadian dollar slumped on the oil crash.

The United States was impacted by an extremely hard winter early in 2014, and real GDP in the first quarter was down 2.1% at an annualized rate. Aside from this temporary setback, the U.S. economy turned in good results, and 2014 to some extent heralded a turning point. Real GDP surged ahead 4.6% in the spring and 5.0% during the summer. Businesses showed greater willingness to make investments and take on new hires. Employment figures returned to their 2008 cyclical high in May and the job market scored its best year for recruitments since 1999. The decline in gas prices since mid-year has been a positive factor for the U.S. economy, expressed by improved household confidence levels. Car sales were also up. And the lack of a budget crisis on the political scene was a plus for economic conditions. The housing sector is still trending upward, but growth has been rather slow and uneven. Homebuilder confidence improved greatly over the year. Annual GDP growth weighed in at 2.4% for 2014.

In Canada, economic growth accelerated slightly in 2014 with an expected advance in real GDP of 2.4%. The combined benefits of improving U.S. demand and a declining Canadian dollar led to more rapid growth in exports. The manufacturing sector was at the forefront of this improvement, in particular giving a boost to Ontario's economy. After a more difficult lead-in to the year, non-residential investment picked up speed starting in the spring, driven by increased business confidence and greater use of existing production capacity. Household consumer spending also quickened, mainly outlays for purchases of durable goods, which were fuelled by brisk automobile and furniture sales. Interest rates remained very low throughout the year and the job market behaved well, with unemployment rates dropping from an average of 7.1% in 2013 to 6.9% in 2014. Overall, the real estate market continued to climb, but significant regional disparities became apparent, with a noticeable slowdown in Québec and the Maritimes, but an upward trend in Ontario and the Western provinces. That being said, 2014 ended on a negative note due to sharply sagging energy prices. Although the negative impacts of the decline were felt to a small degree as 2014 came to a close, it is the outlook for 2015 that will take the hit.

[1] Desjardins Group and CIRANO, *For a more entrepreneurial and prosperous Quebec*, April 2014

In Québec, 2014 was disappointing for the economy on several fronts. Expectations for job creation were not met and the jobless rate rose slightly, totalling an average 7.7%. Household confidence continued soft despite falling oil prices. Retail sales notched up modest growth of 2.7% while inflation logged in at 1.4%. Québec's housing market stayed fairly stable. Housing starts advanced only weakly, sales of existing homes plateaued and average prices grew 1.3%. Amid lower investment by businesses and more restrained spending by governments, domestic demand was left without much support. The turnaround in exports, though, was a game changer, and pushed real GDP growth to 1.5% in 2014 compared with 1.0% in 2013.

ECONOMIC OUTLOOK FOR 2015

Lower oil prices should have a positive effect on global growth, albeit creating winners and losers. On the winning side should be most of the industrialized nations, which are net importers of oil. China is also likely to see benefits. Among the losers, Russia and Brazil should top the list. The impact should be more neutral for emerging economies, where oil prices are often controlled or subsidized. Its effects on consumer price indexes should be particularly striking. Global inflation will likely show a downward trend and a number of economies could experience temporary deflation, which would be worrisome for central banks. Some, like the European Central Bank, have already begun to react with more muscle, but growth in the euro zone should remain slow. Despite the positive impacts of lower oil prices on Chinese manufacturing, we can expect China's economy to slow slightly more in 2015 to achieve growth of 7.2%. Global GDP growth should be 3.5% for 2015.

The United States will likely continue to benefit from lower gas prices, and the higher confidence that will inspire should have an increasingly greater effect on the real economy, particularly on the consumer side. Growth in employment can be expected to continue, and a gain of nearly 2,500,000 jobs is forecast for 2015. The unemployment rate could even converge with the long-term rate set by the Federal Reserve (Fed). Non-residential investment will likely continue to increase, and the housing sector should reap the benefit of a further drop in mortgage interest rates. The picture is slightly more worrisome as regards inflation, which is heavily influenced by sharply lower gas prices. The annual change in the consumer price index should be negative through the first six months of the year. However, base inflation, which excludes food and energy, will likely remain stable, which would be soothing for the Fed. Strong economic growth, continued improvement in the job market and a hoped-for rise in wages should encourage the Fed to begin hiking key rates before the end of the year.

In Canada, a 2.0% gain in real GDP is expected for 2015, compared with an advance of 2.4% in 2014. As Canada is a net exporter of energy, this decline would likely stem from the damaging effects of the significant pullback in oil prices that occurred in the last few months of 2014 and early 2015. After a first half of the year in which economic growth is anticipated to be more difficult, the gradual recovery in oil prices expected to start around mid-2015 should spur real GDP growth in the second half of the year. Since oil and gas industry spending represents nearly 30% of all investment by Canadian companies, non-residential investment can be expected to suffer as a number of energy producers delay or cancel certain expansion projects. Overall income and assets are also likely to feel the effect, which could mean lower consumer spending. That being said, the negative spinoffs should be very different from one region to another. The oil-producing provinces of Alberta, Saskatchewan and Newfoundland and Labrador can expect to be the hardest hit. The other provinces are more likely to see the benefits of a lower Canadian dollar on non-energy exports and of softer gas prices on household spending and production costs for many businesses, particularly in the manufacturing industry. As a result, Ontario is likely to see the fastest economic growth in Canada in 2015 with a 2.8% advance in real GDP against 2.2% in 2014. Under those conditions, after lowering its key rates early in 2015, the Bank of Canada will likely opt for the status quo at least until the end of the year, and delay any rate hikes into 2016. This could continue to exert downward pressure on Canadian short-term bond rates. Conversely, the beginnings of monetary tightening in the United States should bring with it a rise in North American medium-term bond rates. Given international conditions, however, rate hikes are expected to be small and very gradual. The low interest rate environment could continue for quite some time to come.

In Québec, the combination of an expected upturn in the job market and low interest rates should sustain the demand for both new and existing homes in 2015. In contrast, the glut of condo units, which grew over last year, and the rise in vacancy rates for rental housing should put the brakes on new construction projects. Overall, housing starts and sales of existing homes should remain fairly stable in the province. The balance in the resale market, which is expected to continue, is likely to mean an increase in average prices of about 1% again in 2015.

Last, based on an estimate by Desjardins Group, the drop in gas prices should free up potential savings of more than $2 billion per year for Québec households, businesses and governments. Despite this breather, no growth in consumer spending is forecast for 2015 as the budget conditions of the different levels of government should continue to urge caution. The winds should blow more favourably for businesses. Exports should continue to pick up steam thanks to strength in the U.S. and Ontario economies. A weak Canadian dollar and soft energy prices should also be plusses for the province's businesses. Accordingly, investment is expected to rise over the next few quarters. Given an improved contribution by businesses to economic growth, real GDP growth should gain speed and GDP is expected to total 1.7% in 2015.

MANAGEMENT'S DISCUSSION OF FINANCIAL PERFORMANCE

OPERATING RESULTS

COMPANY NET RESULTS AND RETURNS

The Company closed its fiscal year ended December 31, 2014 with net income of $49.2 million, or a return of 3.4%, compared with net income of $25.0 million (return of 1.7%) for the preceding year. Based on the number of shares outstanding, this performance brings net assets per share to $12.05 as at year-end, compared with $11.66 at the end of fiscal 2013. For information purposes, at a price of $12.05 effective February 19, 2015, shareholders who invested seven years earlier would obtain an annual after-tax return of more than 11.1%, taking into account the 50% income tax credit as per the rate applicable on February 19, 2008.

The Company's performance results primarily from Investments impacting the Québec economy and Other investments, which generated contributions of 3.6% and 2.6% respectively while expenses, net of administrative charges and income taxes had an impact of 2.8% on Company performance.

The Company's asset allocation strategy allows it to enjoy a more balanced overall portfolio profile, while actively contributing to Québec's economic development. This should limit the volatility of the Company's returns in periods of substantial market turbulence.

INVESTMENTS IMPACTING THE QUÉBEC ECONOMY

During 2014, investments of $144.5 million were made and proceeds from disposals of $202.6 million were received, for a net balance of $58.1 million. Combined with realized and unrealized net gains of $35.7 million, these net disposals of investments brought the fair value of the Company's investment portfolio, including foreign exchange contracts, to $710.9 million as at December 31, 2014 ($733.5 million as at December 31, 2013). Of the $144.5 million in investments made during the year, $50 million was disbursed to Agropur Coopérative in December 2014 to support the growth of this flagship Québec business. Also, an amount of $41.8 million is attributable to direct investments made by the Company in a number of other companies and cooperatives and the remaining $52.7 million was earmarked to the funds comprising the entrepreneurial ecosystem, which is discussed further on in this MD&A. The volume of investments sold in 2014 was high as the Company took advantage of opportunities to sell all or a portion of certain major investments in its portfolio on attractive terms.

Investments impacting the Québec economy should also be measured taking into account funds committed but not disbursed, which amounted to $193.8 million as at December 31, 2014, compared with $227.6 million as at December 31, 2013. Total commitments at cost as at December 31, 2014 amounted to $869.1 million in 131 companies, cooperatives and funds, of which $675.4 million was disbursed. As at December 31, 2014, backed by its entrepreneurial ecosystem, the Company directly supported growth in 380 companies, cooperatives and funds.

Notes payable and financial liabilities with a fair value of $22.1 million ($15.0 million as at December 31, 2013) were largely attributable to the November 30, 2010 acquisition of certain investments from Desjardins Venture Capital L.P. Their fair value is adjusted according to changes in the fair value of these investments held by the Company. During the year ended December 31, 2014, the Company repaid $3.7 million in notes and the fair value of notes and financial liabilities was adjusted upwards by $10.9 million, which, combined with gains of $16.7 million on these investments, generated a net gain of $5.8 million.

RETURN BY ACTIVITY	**2014**				2013			
	Average assets under management ($M)	**Weighting (%)**	**Return 1 year (%)**	**Contribution 1 year (%)**	Average assets under management ($M)	Weighting (%)	Return 1 year (%)	Contribution 1 year (%)
Investments impacting the Québec economy	**704**	**48.5**	**7.3**	**3.6**	683	49.5	8.9	4.3
Other investments and cash	**746**	**51.5**	**5.4**	**2.6**	698	50.5	0.5	0.3
	1,450	**100.0**	**6.2**	**6.2**	1,381	100.0	4.6	4.6
Expenses, net of administrative charges			**(2.3)**	**(2.3)**			(2.3)	(2.3)
Income taxes			**(0.5)**	**(0.5)**			(0.6)	(0.6)
Company's return			**3.4**	**3.4**			1.7	1.7

During fiscal 2014, Investments impacting the Québec economy generated a contribution of $51.6 million, a 7.3% return, compared with $61.4 million in 2013 (a return of 8.9%).

CONTRIBUTION GENERATED BY INVESTMENTS IMPACTING THE QUÉBEC ECONOMY (in thousands of $)	2014	2013
Revenue	**26,720**	33,194
Gains and losses	**24,832**	28,234
	51,552	61,428

Revenue, consisting of interest, dividends and negotiation fees related to Investments impacting the Québec economy, provides a solid income base that promotes overall portfolio profitability. Negotiation fees, which amounted to $2.5 million for fiscal 2014 ($2.8 million in 2013), are earned by Desjardins Venture Capital (DVC) and a credit for that amount is applied against the management fees paid to DVC by the Company. Negotiation fees are included in the contribution generated by the Investments impacting the Québec economy as they are included in the profitability analysis of the investments. The profile of the investments held by the Company is changing over time and the amounts earmarked for the funds in its ecosystem are increasingly larger (refer to the following section for further information). This accounts in large part for the decrease in revenue generated by the investments directly held by the Company as revenue increases on the investments held by ecosystem funds. This revenue, of which the Company's share amounted to $10.8 million for fiscal 2014 ($8.5 million in 2013), is reported as "Gains and losses" as it makes a positive contribution to the fair value of the Company's interest in these funds.

The Company accounts for its Investments impacting the Québec economy at fair value. Two comprehensive portfolio reviews are carried out each year, with one covering the six-month period ending June 30 and the other covering the six-month period ending December 31.

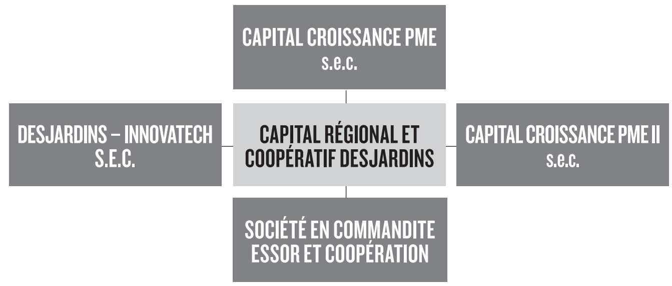
The Company recorded a realized and unrealized gain of $24.8 million in its results for the fiscal year compared with a gain of $28.2 million for fiscal 2013. These favourable changes in fair value on the Company's results are explained by the disposal on attractive terms of certain interests, gains generated by the ecosystem funds and the sound performance of a number of portfolio companies, despite the more difficult economic environment that affected certain companies.

As at December 31, 2014, the overall risk level of the Investments impacting the Québec economy portfolio had slightly deteriorated compared with its December 31, 2013 level, due to more difficult economic conditions that resulted in slowdowns in the business activities of certain portfolio companies, as discussed in the Credit and counterparty risk section.

ENTREPRENEURIAL ECOSYSTEM

The Company invests directly in Québec companies and also fulfils its economic development role via investments through the funds it has helped create, each of which has a specific mission. With this approach of seeking capital from various partners, the Company can leverage its resources, thereby enhancing its positive impact on Québec's economic development.

Main funds of the entrepreneurial ecosystem



These funds, which are also managed by the Company's manager DVC are, in particular:

- Capital croissance PME s.e.c. (CCPME), created on July 1, 2010, whose main goal is to invest in Québec's small- and medium-sized businesses, primarily in the form of subordinated debt securities for amounts not exceeding $5 million. The Company and the Caisse de dépôt et placement du Québec (CDPQ), as sponsors of the fund, agreed to invest equal amounts totalling a maximum of $220 million. As at December 31, 2014, the Company had disbursed $100.2 million of its total commitment of $110 million. As CCPME's investment period closed on December 31, 2013, funds committed but not disbursed totalling $9.8 million will be used for reinvestment and to pay the Fund's operating expenses until its scheduled winding up date of July 1, 2021. As at December 31, 2014, CCPME had committed $132.2 million to support a total of 165 companies and funds. Since its inception, the Fund has injected $186.9 million to support a total of 183 companies.

- In 2013, the Company announced the renewal of the partnership agreement with CDPQ, establishing the Capital croissance PME II s.e.c. fund (CCPME II) as of January 1, 2014. A maximum additional amount of $230 million, most of which will be invested over a three-year period, will allow the two partners to continue supporting small- and medium-sized enterprises in Québec. The Company's interest in CCPME II is 50%. As at December 31, 2014, the Company had disbursed $34.6 million of its total commitment of $115 million. At the close of its first year of operation, CCPME II had committed $73.5 million in 66 companies.

- The Company is also the sponsor of the Desjardins – Innovatech S.E.C. fund (DI). DI has undertaken to inject a total of $85 million to support Québec technology or innovation businesses through each stage of their development. As at December 31, 2014, DI had committed $55.2 million to support a total of 37 companies and funds. The Company's interest in DI is 54.5%.

- The objective of the Société en commandite Essor et Coopération (Essor et Coopération) is to support the creation, growth and capitalization of cooperatives in Québec. This fund is expected to have a capital of $44 million, in respect of which the Company and another partner have made commitments of $40 million and $4 million, respectively. The partnership also entered into an agreement with the Business Development Bank of Canada and the Sociétés d'aide au développement des collectivités and Centres d'aide aux entreprises network to make joint investments into projects, thereby making available a total amount of almost $60 million to Québec cooperatives. Since inception of the Essor et Coopération fund on January 1, 2013, the Company has disbursed $17.6 million of its total commitment of $40 million, allowing the Essor et Coopération fund to support the development of 12 cooperatives.

The investments earmarked for these funds are increasing over time. To better manage its operations, the Company now monitors changes in asset allocation and performance by investment profile.

Each investment profile includes the assets held by the Company and similar assets held by funds in its ecosystem according to their respective interests.

The investment profiles related to Investments impacting the Québec economy are:

- Debt: investments in the form of advances and/or mainly unsecured loans and/or preferred shares;

- Equity: investments comprising common shares that may be combined with advances and/or mainly unsecured loans in companies other than those included under the Venture capital profile;

- External funds: investments in funds outside the Company's entrepreneurial ecosystem;

- Venture capital: investments in companies specializing in technological innovations.

The entrepreneurial ecosystem's sound performance stems primarily from the Equity investment profile, which gained 9.3%. This return is attributable to the higher profitability of some portfolio companies and given the significant assets allocated to this profile, it made a major contribution to the ecosystem's return of 7.3% for fiscal 2014. Due to their volume, the External funds and Venture capital investment profiles have a very limited impact on the portfolio's total return.

OTHER INVESTMENTS

Managing the Other investments portfolio involves the portion of assets not earmarked for Investments impacting the Québec economy, including temporarily available cash resources prior to their investment in companies.

This portfolio, consisting primarily of bonds, money market instruments and preferred shares, provides stable current revenue for the Company and ensures the necessary liquidity to fund share redemptions and investments. Constantly seeking to optimize its returns while limiting risks, the Company adjusted its asset allocation in 2014 to introduce interests in real estate funds which at maturity should represent 5% of its net assets.

As at December 31, 2014, the Company's Other investments portfolio, including cash but excluding foreign exchange contracts, totalled $778.7 million compared with $717.2 million as at December 31, 2013. These funds were invested mainly in the fixed-income securities market in highly liquid, low-credit risk instruments. As at December 31, 2014, 66% of portfolio bond securities were government-guaranteed (62% as at December 31, 2013).

The Other investments portfolio accounted for 52% of total net assets as at the end of fiscal 2014 (49% as at December 31, 2013). This growth stemmed in particular from the significant volume of disposals of investments impacting the Québec economy carried out in 2014. This percentage is expected to decrease as the Company identifies new and attractive investment opportunities. Commitments already made but not disbursed of $193.8 million, representing nearly 13% of net assets, will eventually be covered from the Company's Other investments portfolio and allocated to Investments impacting the Québec economy.

The Company expects Other investments portfolio over the long term to represent around 35% to 40% of total net assets as the pace of redemptions levels off as anticipated. In keeping with its core mission, this will allow an increase in funds allocated to Investments impacting the Québec economy.

The Company has implemented liquidity management strategies for the Other investments portfolio to optimize potential return while retaining the required liquidities to meet liquidity needs arising from redemption requests from shareholders and Investments impacting the Québec economy it expects to make.

Entrepreneurial ecosystem performance

RETURN BY INVESTMENT PROFILE	2014				2013			
	Average assets under management ($M)	**Weighting (%)**	**Return 1 year (%)**	**Contribution 1 year (%)**	Average assets under management ($M)	Weighting (%)	Return 1 year (%)	Contribution 1 year (%)
Debt	**212**	**14.6**	**5.5**	**0.7**	182	13.2	3.8	0.5
Equity	**395**	**27.3**	**9.3**	**2.8**	405	29.3	11.6	3.2
External funds	**34**	**2.4**	**0.8**	**0.0**	31	2.3	21.1	0.5
Venture capital	**17**	**1.1**	**(4.8)**	**0.0**	17	1.2	15.8	0.2
Investment profiles subtotal	**658**	**45.4**	**7.5**	**3.5**	635	46.0	9.9	4.4
Other asset items held by ecosystem funds	**46**	**3.1**	**4.4**	**0.1**	48	3.5	(2.5)	(0.1)
Ecosystem total	**704**	**48.5**	**7.3**	**3.6**	683	49.5	8.9	4.3

CONTRIBUTION GENERATED BY OTHER INVESTMENTS (in thousands of $)	2014	2013
Revenue	**19,778**	21,098
Gains and losses	**18,052**	(17,564)
	37,830	3,534

Revenue consists mainly of interest and dividends related to Other investments. Interest income (primarily from bonds) is recognized at the bond rate in effect at the acquisition date.

Other investments made a contribution of $37.8 million in fiscal 2014 compared with a contribution of $3.5 million in 2013. Current revenue was down slightly compared with 2013, due to persistently low interest rates.

For fiscal 2014, the Company recorded a gain of $18.1 million on its Other investments portfolio. The gain stemmed primarily from the decrease in bond rates. Five-year Government of Canada benchmark bonds posted yields of 1.34% as at December 31, 2014, due to a sharp decline of 61 basis points during the year.

Over the last few years, the fair value of the bond portfolio benefited from repeated interest rate decreases. A potential rise in rates will have a negative impact on unrealized changes in value. The Company's financial asset management strategy is to match the average maturity of Other investments with the average maturity of expected cash outflows, thereby limiting the long-term effect of interest rates on the Company's results.

CAPITAL RAISING

The Company shares are offered to the public only through the Desjardins caisse network, which consists of about 320 caisses and 790 service centres, totalling 1,100 points of sale.

Following the tabling of the recent provincial budget on June 4, 2014, the Company announced the new terms governing the sale of its shares as of the 2014 issue. Given that its $1,250 million capital limit has been reached and pursuant to its constituting act, the Company was limited to issuing, for its 2014 issue, an amount equal to the redemptions during the period of the previous issue. Accordingly, the authorized amount for the 2014 issue was $63 million. For the 2015 issue, the Company has been exceptionally authorized by the Québec government to raise $150 million.

To allow as many shareholders as possible to buy Company shares, purchases are capped at $3,000 per investor for each of the 2014 and 2015 issues.

As of the date of this report, purchases of the Company's shares entitle shareholders to receive a non-refundable tax credit of 45% against Québec tax only.

This tax credit was 50% for shares purchased from November 10, 2007 to February 28, 2014, inclusively and before March 24, 2006, and 35% for shares purchased from March 24, 2006 to November 9, 2007, inclusively.

The minimum holding period for shares of the Company before a shareholder would normally be eligible for a redemption is seven years to the day from the date of purchase. Note however that shareholders who withdraw some or all of their shares after the seven-year holding period may no longer claim a tax credit for any subscription for which the tax credit would apply in the current tax year or in any subsequent tax year.

Each 12-month capitalization period begins on March 1 of each year. A special tax is payable by the Company if it fails to comply with the authorized issuance amounts, and control mechanisms have been implemented by the Company to ensure compliance.

As at December 31, 2014, the Company had $1,278.7 million in share capital for 124,664,633 outstanding shares.

For fiscal 2014, the Company has accepted subscriptions of $63 million, or the authorized maximum for its 2014 issue. For comparison purposes, in 2013, the Company also raised the authorized maximum of $150 million for that year's issue.

During fiscal 2014, redemptions and purchases by agreement totalled $80 million ($59 million in 2013).

As at December 31, 2014, the balance of shares eligible for redemption totalled $399 million. During fiscal 2015, additional shares with an approximate value of $151 million will also become eligible for redemption, bringing potential redemptions close to $550 million for fiscal 2015. The Company feels that the current economic conditions and low interest rates in particular are behind the low volume of redemptions in the last few years.

Subscriptions and redemptions for fiscal 2014 brought the number of shareholders to 96,236 as at December 31, 2014, compared with 100,861 as at December 31, 2013.

The Company's policy is to reinvest income from operations rather than pay dividends to its shareholders in order to increase the capital available for investment in eligible entities and to create share value appreciation.

EXPENSES AND INCOME TAXES

EXPENSES (in thousands of $)	2014	2013
Management fees	**24,623**	23,533
Other operating expenses	**4,008**	3,749
Shareholder services	**2,155**	1,832
	30,786	29,114

The Company has entrusted DVC with its management and operations, in accordance with the strategies and objectives approved by the Board of Directors. The five-year management agreement is effective January 1, 2013. The agreement provides for the invoicing of separate fees for the Desjardins caisse network's contribution in distributing the Company's shares. Under the management agreement, certain governance expenses are allocated to the Company. Negotiation fees, which amounted to $2.5 million for the fiscal year ended December 31, 2014, are earned by DVC and a credit for that amount is applied against the management fees paid by the Company.

Under this agreement, the Company is committed until December 31, 2015 to pay management fees equal to 2.02% of the Company's annual average asset value, less any amounts payable related to Investments impacting the Québec economy and Other investments. These fees will be renegotiated between the Company and its manager for fiscal 2016. An adjustment is made to the management fees charged to the Company to avoid double billing relative to the Company's interest in some funds.

The $0.3 million increase in Other operating expenses results mainly from certain non-recurring professional fees recorded in 2014 related to significant transactions. The Company has appointed Desjardins Trust Inc. as shareholder registrar and share transfer agent. Desjardins Trust also acts as an intermediary for various shareholder support services. Since the Company began operations, Desjardins Trust has represented the largest component of the Company's shareholder service expenses. The agreement, which expired on December 31, 2014 was renewed at the same conditions until June 30, 2015 except for the fee rate, which was adjusted on January 1, 2015 and will continue to apply until December 31, 2019. Note that Desjardins Trust served as scrutineer until December 31, 2013. That mandate was awarded to Computershare Investor Services Inc. effective January 1, 2014.

The Company has appointed Fédération des caisses Desjardins du Québec to distribute its shares through the Desjardins caisse network. The agreement is for a term of one year and, unless the parties agree to terminate it, will renew each year barring written notice to the contrary given three months in advance by one of the parties. Moreover, share issue expenses net of related taxes of $0.8 million payable to the Desjardins caisse network for the 2014 issue have been recognized as a reduction of share capital.

Income taxes for fiscal 2014 amounted to $7.3 million, compared with $8.6 million for the same period in 2013. Revenue type has a significant impact since, unlike business income, capital gains are eligible for deductions and mechanisms allowing for income tax refunds.

LIQUIDITY AND CAPITAL RESOURCES

For fiscal 2014, cash outflows from redemptions net of subscriptions totalled $16.6 million (cash inflows from subscriptions net of redemptions of $88.3 million in 2013). Operating activities generated cash inflows of $48.9 million, compared with net cash outflows of $79.0 million in 2013.

Cash acquisitions in Investments impacting the Québec economy amounted to $132.8 million for fiscal 2014 ($131.9 million in 2013) while proceeds on disposals totalled $189.4 million ($107.3 million in 2013). The Other investments portfolio, which posted net investments of $16.8 million for fiscal 2014 compared with net investments of $57.6 million for fiscal 2013.

As at December 31, 2014, cash and cash equivalents totalled $52.5 million ($20.3 million as at December 31, 2013).

The Company has an authorized line of credit of $10 million. In the event that liquidity needs exceed expectations, this line of credit could be used on a temporary basis to cover the Company's obligations. This additional flexibility optimizes cash levels held and reduces the risk of having to dispose of assets hastily under potentially less advantageous conditions. The line of credit was not used during fiscal 2014 and fiscal 2013.

Given the management approach of matching the average maturity of Other investments with the average maturity of its expected cash outflows, the Company does not anticipate any shortfall in liquidities in the short or medium terms and expects to be able to repurchase shares issued at least seven years earlier from those shareholders who make such a request.

COMPANY VISION, MISSION, OBJECTIVES AND STRATEGIES

On the initiative of the Desjardins Group, the Company was founded on July 1, 2001, following adoption of the Act constituting Capital régional et coopératif Desjardins (the Act) by Québec's National Assembly on June 21, 2001. DVC manages the Company's activities.

VISION AND MISSION

The Company strives to value and nurture the best of Québec entrepreneurship that is part of the collective wealth that is ours to have and to hold. Accordingly, the Company has defined its vision as follows:

> *Making our economic future take root, here and now. That's… capital.*

With that in mind, the Company's mission will be to:

> *Energize our entrepreneurship. Prioritize Québec ownership. Grow our collective wealth and make it last for generations to come. By crossing over our walkways to tomorrow, together we can contribute to the vitality of an entire economy.*

OBJECTIVES

To fulfil its mission, the Company pursues three main objectives:

- Offering financial packages and development strategies tailored to new business needs such as transfers or buyouts to keep jobs and retain business ownership in Québec;
- Growing its partner companies;
- Ensuring integrated management of financial assets to generate reasonable shareholder return.

The Company expects to meet its investment objectives, in particular by maintaining a presence in all Québec regions via its manager's twenty-some business offices, and by supporting the growing need for business transfers.

STRATEGIES

Fulfilment of the Company's mission and vision is driven by the following four strategic goals:

- Strengthen regional economic development
- Ensure reasonable return on capital
- Ensure adequate capitalization to meet our business objectives
- Optimize the impact of our distribution network

To achieve this, the Company's manager organizes its teams to optimize efficiency and management fee control. This administrative organization aims to appropriately fulfil the mandate of driving regional and cooperative development and Québec's economic development in general.

As discussed previously, to better manage and keep track of its operations, the Company now monitors changes in asset allocation and performance by investment profile.

Each investment profile includes the assets held by the Company and similar assets held by funds in its ecosystem according to their respective interests.

The Company also has the mandate to maximize total shareholder returns while maintaining their capital value. Using a global approach to managing its financial assets, the Company manages its portfolio of Investments impacting the Québec economy jointly with its Other investments portfolio. This allows the Company to balance its overall investment portfolio and limit volatility in share price due to changing economic conditions over the entire holding period.

To do this, the Company's strategy for managing financial assets is as follows:

- The Company takes an integrated and overall approach to managing its financial assets, which means that target asset allocation must include diversification to reduce the risks inherent in certain asset classes within the investment portfolios.
- The objective is to optimize the after tax risk/return ratio of the Company's financial assets in compliance with its role as an economic development agent, to limit six-month fluctuations in the price of its shares and secure reasonable returns for shareholders.
- A sufficient portion of the Company's financial assets must be invested in liquid securities to meet any share redemption requests that exceed issues of shares.
- A sufficient portion of the Company's financial assets must be invested in securities that generate current income to meet the Company's expenses.

Last, the Company must fulfil its mission within certain guidelines that include investing 60% of its average net assets in eligible Québec companies while 35% of those investments must be in Québec's resource regions or in eligible cooperatives. If these criteria were not met, the Company could be subject to penalties. As at December 31, 2014, no amount was owing by the Company under these criteria.

RISK MANAGEMENT

RISK GOVERNANCE

The Board of Directors (the "Board") is made up of 13 members, the majority of whom are independent, and chaired by an independent director. The Board of Directors manages the Company's business and oversees the fulfilment of its mission. To do so, its primary duties are twofold: directing and overseeing all of the Company's activities and the risks to which it is exposed.

Its guidance duties consist in particular of ensuring adherence to the Company's mission and approving broad strategic directions. Its supervisory duties involve, among others, ensuring that significant risks are managed by the different committees and monitoring strategic and reputational risks related to investment.

To do this, the Board is supported by seven committees that regularly report to it and make appropriate recommendations. Also, the manager reports on outsourced activities through its executives who attend meetings of the Board and the committees.

During fiscal 2014, the Board completed implementation of the risk management process and, with its committees, undertook to monitor the indicators associated with each type of risk within their respective areas of responsibility. In addition, the Board revised the charter of its two investment committees to incorporate amendments to the Company's governance and align it with the charters of the Company's other committees which were revised in 2013.

Other than specific mandates given to them by the Boards from time to time, the main responsibilities of the committees are presented below:

Executive Committee

The Executive Committee is made up of five Directors, a majority of whom are independent. The Committee is authorized to exercise all of the Board's powers, except those statutory powers that must be exercised exclusively by the Board and any powers expressly reserved to it.

The Committee's duties contemplate seven main areas: (i) governance and performance measurement, (ii) risk management, (iii) board and committee functions, (iv) subscriptions,(v) investment (credit and counterparty risk), (vi) share ownership (accountability to shareholders and disclosure) and (vii) other functions (operational risks).

More specifically, in addition to having responsibility for the overall risk management process, its duties include monitoring the following special risks: credit and counterparty, outsourcing, reputational (general), non-compliance with statutes, the constituting act and the Company's regulatory framework (subscriptions), litigation and dependence related to partnership with Desjardins.

Audit Committee

The Audit Committee currently consists of four exclusively independent directors who have sufficient financial literacy to discharge their duties and who collectively represent an appropriate range of expertise.

The Committee's general mandate is to assist the Board in its oversight and accountability roles with aspects relating to the quality, reliability and integrity of financial reporting and continuous disclosure. Its role also includes a component related to the work, performance, independence, appointment and compensation of the independent auditor.

More specifically, it oversees operational risks related to non-compliance with accounting standards and financial regulations, internal and external fraud, information system malfunctions, transaction processing and lack of effectiveness of internal financial controls associated with processes outsourced to the Company's manager.

Financial Asset Management Committee
The Financial Asset Management Committee is currently made up of six directors, a majority of whom are independent, who have a range of complementary expertise and sufficient literacy in finance, accounting and economics to properly understand the nature of the financial assets held by the Company and the related financial risks.

The Committee's primary mandate is the coordination and matching of the Company's financial assets to optimize overall risk/return ratio. The Committee monitors the Company's performance and ensures its compliance with regulatory targets.

It also has oversight duties with respect to the following risks: market (interest rate, stock market and currency), liquidity, credit and counterparty, concentration (geographic and sector) and outsourcing to securities advisors.

Governance and Ethics Committee
The Governance and Ethics Committee is currently made up exclusively of three independent directors who represent a range of complementary expertise and experience in governance, ethics, professional conduct or law.

Its general mandate is to report to the Board concerning all matters pertaining to the application of the Company's Code of Ethics and Professional Conduct that the Board has submitted to it and takes an advocacy role with respect to such code towards the Board members, committee members and the manager's resources. With the Board, the Committee oversees compliance with the Company's mission and values. It updates the governance policy and committee charters, assesses conflict of interest situations and monitors governance regulations and trends.

The Committee also oversees related party transaction risk as well as non-compliance risk related to governance, the independence of Directors and committee members, Board committee member profiles and governance structure, as well as investment-related reputational risk.

Investment committees
The Subordinated Debt Investment Committee and the Equity Investment Committee each comprise seven members, including two Company directors and five external members. The Chair of each committee must be a director of the Company and a majority of the members are independent. The members are appointed on the basis of their understanding and their knowledge of the sectors targeted under the various policies governing the investment activities, and for their ability to assess the quality of a transaction and detect any related risks.

The general mandate of these committees is, within the limits of the decision-making process approved by the Board, to authorize or make recommendations on the investment, re-investment or disinvestment transactions presented by the Company's manager.

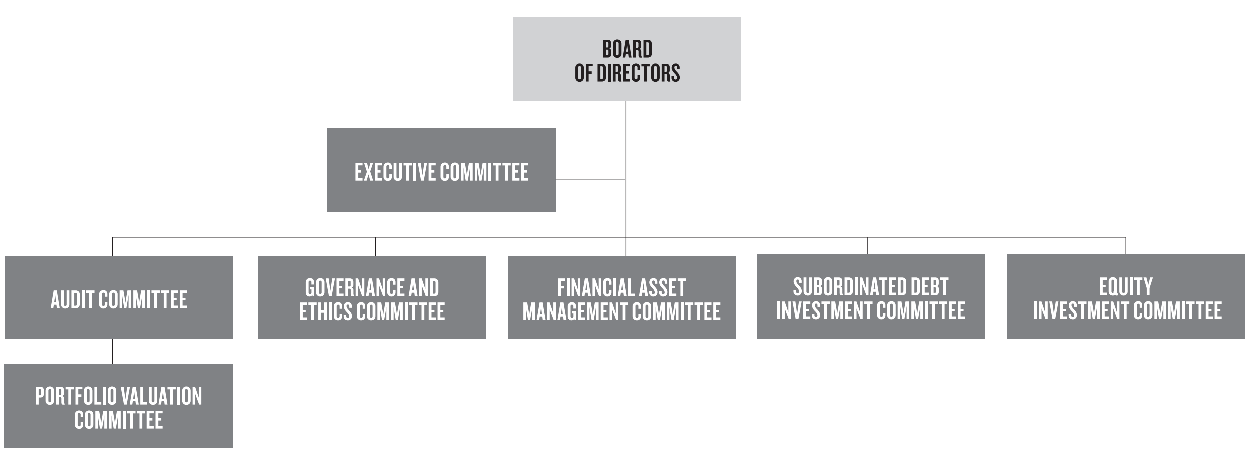
The Subordinated Debt Investment Committee reviews transactions requiring hybrid financing which combines equity and traditional financing. The Equity Investment Committee reviews companies requiring equity or a combination of equity and subordinated debt.

These committees' duties also include monitoring the credit and counterparty risks and operational risks related to the selection of directors of businesses in which the Company is a direct or indirect investor. In addition, they are responsible for overseeing management of the investment process, and investment-related reputational risks and the risk of financial loss arising from failure to comply with the environmental regulatory framework.

Portfolio Valuation Committee
The Portfolio Valuation Committee is made up of five members, who include two of the Company's independent directors, one of whom is the chair, and three external members. The majority of the members are qualified independent valuators collectively representing a range of expertise appropriate to their mandate.

The Committee's general mandate is to provide oversight of operational risk related to non-compliance with the portfolio valuation methodology. Its role consists in reviewing all relevant information concerning valuation of the Company's Investments impacting the Québec economy portfolio in order to provide reasonable assurance that the valuation process complies with the regulations applicable to the Company.

The governance framework in 2014 is as follows:



ATTENDANCE RECORD AND COMPENSATION

The following table presents the attendance record and compensation of the Company's directors and external committee members for fiscal 2014.

NAME	BOARD OF DIRECTORS	EXECUTIVE COMMITTEE	AUDIT COMMITTEE	FINANCIAL ASSET MANAGEMENT COMMITTEE	GOVERNANCE AND ETHICS COMMITTEE	SUBORDINATED DEBT INVESTMENT COMMITTEE	EQUITY INVESTMENT COMMITTEE	PORTFOLIO VALUATION COMMITTEE	COMPENSATION
(Number of meetings and training sessions)	8	7	5	4	5	16	18	3	($)
Chantal Bélanger	8/8		5/5		4/4			3/3	31,200
Ève-Lyne Biron	7/7			3/3					20,644
Évangéliste Bourdages	8/8				5/5				27,500
Roger Demers	7/7						13/15		25,744
Marlène Deveaux	8/8	4/4	5/5		1/1	14/16			34,500
Maurice Doyon	8/8	7/7		4/4		16/16			43,500
Francine Ferland	2/2		2/2		1/1				5,833
André Gabias	7/7				3/4				20,344
Pierre Gauvreau	1/1	3/3		1/1					6,800
André Lachapelle	8/8	7/7		4/4					49,400
Jean-Claude Loranger	7/8			4/4					23,400
Bruno Morin	8/8	7/7		4/4			16/18		60,000
Jacques Plante	8/8	7/7	5/5					3/3	43,400
Claudine Roy	8/8			4/4					22,800
Xavier Simard	7/7		3/3						18,567
Pierre Barnès *							18/18		15,350
Marie-Claude Boulanger *						12/12			10,333
Guy Delisle *						13/16			11,750
Marc-André Dionne *							18/18		15,650
Michel Duchesne *						14/16			12,350
Marie-Claude Gévry *							10/15		10,333
Yves Lavoie *						16/16			12,950
Lynn McDonald *							14/15		13,033
Gilles Metcalfe *							3/3		3,217
Sébastien Mailhot *								3/3	6,350
Michel Martineau *								3/3	6,350
Guy Morin *						0/1			597
Marcel Ostiguy *							17/18		14,750
George Rossi *								3/3	6,350
Michel Rouleau *						14/16			12,350
Nancy Wilson *						4/4			3,217
Total compensation									**588,564**

* External committee member

EXPLANATORY NOTES TO TABLE:

Compensation includes retainers and fees paid for attending meetings of the Board of Directors and the committees, welcoming sessions, training sessions and working meetings of the special committees.

Bruno Morin, General Manager, has received a fixed salary of $60,000 per year since January 1, 2014.
Pierre Gauvreau served as a Director until March 31, 2014.
Francine Ferland served as a Director until April 10, 2014.
André Gabias and Roger Demers have served as Directors since March 28, 2014.
Ève-Lyne Biron has served as a Director since April 1, 2014.
Xavier Simard has served as a Director since April 10, 2014.

Guy Morin served as a member of the Subordinated Debt Investment Committee until February 12, 2014.
Gilles Metcalfe served as a member of the Equity Investment Committee until April 10, 2014.
Nancy Wilson served as a member of the Subordinated Debt Investment Committee until April 14, 2014.
Marie-Claude Boulanger has served as a member of the Subordinated Debt Investment Committee since May 1, 2014.
Marie-Claude Gévry and Lynn McDonald have served as members of the Equity Investment Committee since May 1, 2014.

NOTE TO THE READER

The following sections regarding market risks, credit and counterparty risks and liquidity risks have been reviewed by the Company's independent auditor as part of the audit of the financial statements on which an independent auditor's report was issued on February 19, 2015.

MARKET RISKS

Market risks pertain to the Company's role in the capital markets and, indirectly, to general changes in economic conditions. They also pertain to the impact of capital market movements on the value of the Company's assets. The various risks that make up market risks directly impacting the Company are listed below.

In accordance with the Company's global financial asset management approach, the impact of these interest rate and stock market risks and their interrelatedness are taken into account when determining overall asset allocation.

Interest rate risk

Interest rate fluctuations have an impact on the market value of fixed-income securities and the real estate fund held in the portfolio for which fair value is determined based on market conditions. Fixed-income securities held in the Other investments portfolio include money market instruments, bonds and preferred shares with a total fair value of $766.5 million ($707.5 million as at December 31, 2013; $670.8 million as at January 1, 2013). Fixed-income securities held in the Investments impacting the Québec economy portfolio include loans and advances and preferred shares with a fair value of $257.7 million ($271.1 million as at December 31, 2013; $308.6 million as at January 1, 2013).

Money market instruments with a fair value of $46.4 million ($12.3 million as at December 31, 2013; $13.5 million as at January 1, 2013) have not been valued based on fluctuations in the interest rates due to their very short-term maturity and the Company's intention to hold them until maturity.

Bonds with a fair value of $648.1 million ($621.7 million as at December 31, 2013; $592.6 million as at January 1, 2013) are directly affected by fluctuations in interest rates. A 1% increase in interest rates would have resulted in a decrease of $24.5 million in net earnings, representing a 1.6% decrease in the Company's share price as at December 31, 2014 ($27.3 million for 1.9% as at December 31, 2013; $27.8 million for 2.1% as at January 1, 2013). Similarly, a 1% decrease in interest rates would have had the opposite effect, resulting in a $25.7 million increase in net earnings, representing a 1.7% increase in share price ($28.7 million for 2.0% as at December 31, 2013; $29.4 million for 2.2% as at January 1, 2013). Given that the Company matches the maturities of bonds held in its portfolio with the average maturity of expected cash outflows, the long-term effect of interest rates on results should be limited.

The real estate fund and preferred shares with a fair value of $3.0 million (no investment as at December 31, 2013 and as at January 1, 2013) and $72.1 million ($73.5 million as at December 31, 2013; $64.7 million as at January 1, 2013), respectively, may also be affected by interest rate fluctuations. However, unlike bonds, there is no perfect correlation between interest rate fluctuations and changes in the fair value of these two classes of assets. Also, the interest rate risk related to the real estate fund and preferred shares is limited given the amounts in question.

The loans and advances and preferred shares held in the Investments impacting the Québec economy portfolio, for which the Company also holds participating shares in the same business as well as those that have been discounted, with a total fair value of $105.4 million ($141.4 million as at December 31, 2013; $167.2 million as at January 1, 2013), are not sensitive to fluctuations in interest rates. Conversely, the other loans and advances and preferred shares held in the portfolio with a total fair value of $152.3 million ($129.7 million as at December 31, 2013; $141.4 million as at January 1, 2013) are sensitive to interest rate fluctuations. However, the interest rate risk related to the other loans and advances and preferred shares held in the portfolio is limited given the amounts in question.

Stock market risk

Stock market trends have a twofold impact on the Company. In addition to the direct impact on the market values of publicly traded stocks, the valuations of some private portfolio companies may also be affected by changes in stock prices.

As at December 31, 2014, the Investments impacting the Québec economy portfolio included listed equities in the amount of $0.9 million ($1.6 million as at December 31, 2013; $2.0 million as at January 1, 2013). As a result, stock market fluctuations did not have a significant direct impact on the Company's net income.

Currency risk

Changes in currency values have an impact on the activities of a number of the Company's partner companies. The net effect of an appreciation in the Canadian dollar is not necessarily always negative for these companies, nor is a depreciation necessarily positive. However, rapid fluctuations in the Canadian dollar heighten the difficulties faced by these companies.

Currency fluctuations impact the fair value of assets valued initially in a foreign currency and subsequently translated into Canadian dollars at the prevailing rate of exchange. These assets, whose value varies in step with fluctuations in foreign currencies, represent a fair value of $78.6 million, or 5.2% of net assets as at December 31, 2014, compared with $142.0 million or 9.7% of net assets as at December 31, 2013 and $116.7 million or 8.6% of net assets as at January 1, 2013.

The Company aims to systematically hedge currency risk for assets measured in foreign currency. A $5 million line of credit has been granted to the Company for its foreign exchange contract transactions. As at December 31, 2014, the Company held foreign exchange contracts under which it must deliver US$70.5 million (US$133.0 million as at December 31, 2013; US$114.0 million as at January 1, 2013) at the rate of CAD/USD 1.1629 (CAD/USD 1.0623 as at December 31, 2013; CAD/USD 0.9946 as at January 1, 2013) on March 31, 2015.

As at December 31, 2014, the Company's net exposure to foreign currencies is therefore limited to $3.2 million ($0.4 million as at December 31, 2013; $1.9 million as at January 1, 2013). Any fluctuation in the Canadian dollar will therefore not have a significant impact on the Company's results.

CREDIT AND COUNTERPARTY RISKS

In pursuing its Investments impacting the Québec economy mission, the Company is exposed to credit and counterparty risks related to potential financial losses if a partner company fails to fulfill its commitments or experiences a deterioration of its financial position. By diversifying its investments by investment profile and financial instrument type and by limiting the potential risk of each partner company, the Company has limited portfolio volatility due to negative events.

The Company does not generally require guarantees to limit credit risk on its loans. Requiring guarantees would contravene the eligibility rules for Investments impacting the Québec economy.

Investments impacting the Québec economy, except those carried out through funds, are first ranked by risk from 1 to 9 based on the criteria defined by Moody's RiskAnalyst tool. Companies with a ranking of 7 and above are reviewed on a monthly basis to spread them across ranks 7 to 12.

Investments impacting the Québec economy made as funds are presented in the Low to acceptable risk category due to the structure of this type of product, and because they generally involve no leverage.

The following table shows a slight increase in the percentage of investments with a risk rating of 7 and above compared with fiscal 2013. Ranked by risk, the breakdown of Investments impacting the Québec economy is as follows (fair value amounts):

		AS AT DECEMBER 31, 2014		AS AT DECEMBER 31, 2013		AS AT JANUARY 1, 2013	
Rank		**(in thousands of $)**	**(as a %)**	(in thousands of $)	(as a %)	(in thousands of $)	(as a %)
1 to 6.5	Low to acceptable risk	**671,168**	**94.4**	706,932	96.4	643,223	97.6
7 to 9	At risk	**17,265**	**2.4**	19,160	2.6	11,963	1.8
10 to 12	High risk and insolvent	**22,490**	**3.2**	7,815	1.0	3,859	0.6

For the bond portfolio, which represents 84.2% of the fair value of the Other investments portfolio, credit risk is managed by diversification across numerous issuers with a credit ratings as follows:

	AS AT DECEMBER 31, 2014	AS AT DECEMBER 31, 2013	AS AT JANUARY 1, 2013
Rank	**(in thousands of $)**	(in thousands of $)	(in thousands of $)
AAA	**301,901**	219,467	237,072
AA	**100,851**	97,466	98,660
A	**190,205**	249,190	218,950
BBB	**51,878**	54,104	37,917
BB	**3,238**	1,452	–

Credit risk ratings are established by recognized credit agencies.

Counterparty risk is limited to the immediate short term and is associated with the Company's counterparty when entering into cash transactions.

The concentration of the five largest Investments impacting the Québec economy and the five largest Other investments is as follows (percentages are based on fair asset value):

	AS AT DECEMBER 31, 2014		AS AT DECEMBER 31, 2013		AS AT JANUARY 1, 2013	
	% of portfolio	**% of net assets**	% of portfolio	% of net assets	% of portfolio	% of net assets
Investments impacting the Québec economy	**36.1**	**17.1**	42.6	21.3	39.2	19.0
Other investments*	**43.3**	**22.1**	45.8	21.7	52.0	25.8

* Government issuers accounted for 100.0% (100.0% as at December 31, 2013; 90.4% as at January 1, 2013) of the Other investments portfolio's five largest issuers or counterparties.

The portfolio summary presented at the end of this MD&A also provides relevant information for assessing credit concentration risk.

Counterparty risk is low for foreign exchange contracts given the amounts in question and that the contract counterparty is Caisse centrale Desjardins.

LIQUIDITY RISKS

The Company must maintain sufficient liquid assets to fund share redemptions and committed Investments impacting the Québec economy. If it failed to do so, the Company would be dependent on the markets and could be forced to carry out transactions under unfavourable conditions. With liquid investments that should represent approximately 35% to 40% of assets under management once the pace of redemptions has stabilized at the expected level, and using a management approach that ensures that the average maturity of bonds is close to the average maturity of expected outflows, the Company can confirm that liquidity risks are adequately covered. Furthermore, credit facilities have also been put in place to provide greater cash management flexibility. The credit facilities were not used during fiscal 2014 and fiscal 2013.

RECENT EVENTS

ACCOUNTING POLICIES – INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

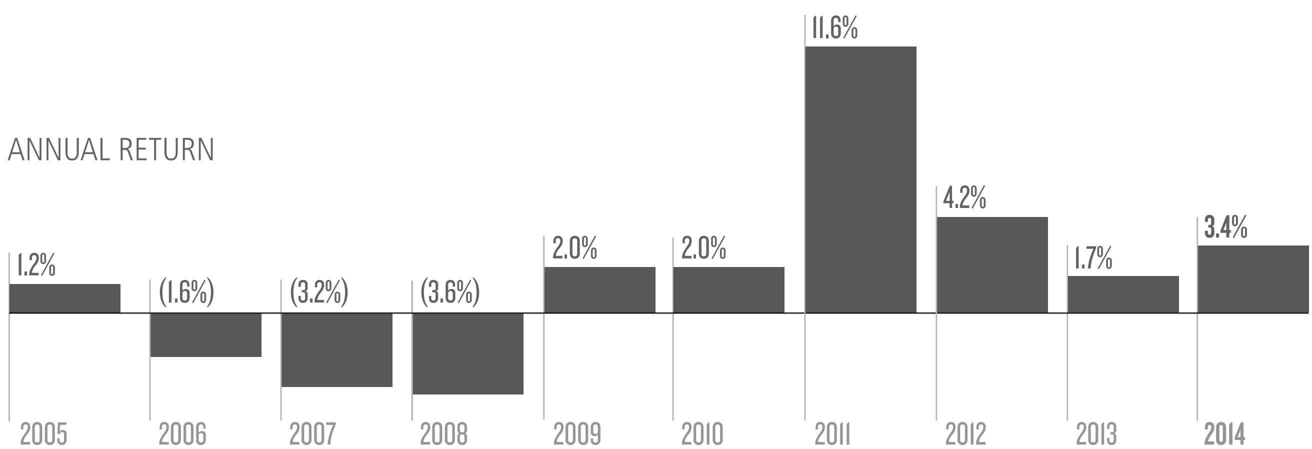
The Company's financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board. The Company adopted that basis of accounting for its fiscal year that began on January 1, 2014, as required by Canadian securities legislation and the Canadian Accounting Standards Board. The Company previously prepared its financial statements in accordance with GAAP as defined in Part V of the CPA Canada Handbook. Note 20 of the financial statements discloses the impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's financial statements prepared under Canadian GAAP. The transition to IFRS had no impact on the Company's share price.

PAST PERFORMANCE

This section presents the Company's historical returns. These returns do not include the $50 administration fee paid by shareholders or the tax credit they enjoy as a result of their investment. Past performance is not necessarily indicative of future returns.

ANNUAL RETURNS

The following chart shows the Company's annual returns and illustrates the change in returns from one period to the next for the past ten fiscal years. Annual return is calculated by dividing income (loss) per share for the period by the share price at the beginning of the period.



COMPOUNDED RETURN OF THE SHARE AS AT DECEMBER 31, 2014

The compounded return is calculated based on the annualized change in the price of the share over each of the periods shown.

10 YEARS	7 YEARS	5 YEARS	3 YEARS	1 YEAR
1.6%	2.9%	4.4%	3.0%	3.3%

PORTFOLIO SUMMARY

MAIN INVESTMENT PROFILES

As at December 31, 2014, assets in the Company's Investments impacting the Québec economy and Other investments portfolios were allocated on a fair value basis as follows:

INVESTMENT PROFILE	% OF NET ASSETS
Investments impacting the Québec economy*	
Debt	15.7
Equity	23.7
External funds	2.5
Venture capital	2.5
Other asset items held by ecosystem funds	2.9
Total – Investments impacting the Québec economy	**47.3**
Other investments	
Cash and money market instruments	3.7
Bonds	43.1
Preferred shares	4.8
Real estate fund	0.2
Total – Other investments	**51.8**

* Including foreign exchange contracts

MAIN INVESTMENTS HELD

As at December 31, 2014, on a fair value basis, the issuers of the 25 main investments held by the Company were as follows:

ISSUER	% OF NET ASSETS
Investments impacting the Québec economy – 14 issuers*	31.8
Toronto – Dominion Bank NHA (CMHC guaranteed)	8.4
Canada Housing Trust	4.3
Financement Québec	3.5
Government of Canada	3.1
Province of Ontario	2.9
Province of Québec	2.7
Royal Bank of Canada	2.5
Scotiabank	2.4
The Toronto – Dominion Bank	2.2
Bank of Montreal	1.5
Cadillac Fairview Finance Trust	1.3

* The 14 issuers who collectively represent 31.8% of the Company's net assets are:

- A. & D. Prévost Inc.
- ACCEO Solutions Inc.
- Agropur Coopérative
- Avjet Holding Inc.
- Camso inc.
- Capital croissance PME s.e.c. I
- Capital croissance PME s.e.c. II
- Desjardins – Innovatech S.E.C.
- Exo-s Inc.
- Groupe Solotech inc.
- Industries Fournier inc. (Les)
- La Coop fédérée
- Skywave Mobile Communications inc.
- TELECON Group

This summary of the Company's portfolio may change at any time due to transactions carried out by the Company.

February 19, 2015

February 19, 2015

MANAGEMENT'S REPORT

The Company's financial statements together with the financial information contained in this annual report are the responsibility of the Board of Directors, which delegates the preparation thereof to management.

In discharging its responsibility for the integrity and fairness of the financial statements, management has ensured that the manager maintains an internal control system to provide reasonable assurance that the financial information is reliable, that it provides an adequate basis for the preparation of the financial statements and that the assets are properly accounted for and safeguarded.

Furthermore, the Company's General Manager and Chief Financial Officer have certified that the method used to determine the fair value of each of the Investments impacting the Québec economy complies with the requirements of the Autorité des marchés financiers and have confirmed the reasonableness of the aggregate fair value of the portfolio of Investments impacting the Québec economy.

The Board of Directors fulfils its responsibility for the financial statements principally through its Audit Committee. The Committee meets with the independent auditor appointed by the shareholders with and without management present to review the financial statements, discuss the audit and other related matters and make appropriate recommendations to the Board of Directors. The Committee also analyzes the management discussion and analysis to ensure that the information therein is consistent with the financial statements.

The financial statements present the financial information available as at February 19, 2015. These statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and audited by PricewaterhouseCoopers LLP.

The Board of Directors has approved the financial statements, together with the information in the management discussion and analysis. The financial information presented elsewhere in this report is consistent with the Company's financial statements.

(signed) Yves Calloc'h, CPA, CA

Chief Financial Officer