

GROWING YOU STRONGER

2017 INTERIM
FINANCIAL REPORT



Desjardins
Capital régional
et coopératif



THE INTERIM FINANCIAL REPORT INCLUDES:

- MANAGEMENT DISCUSSION AND ANALYSIS
- MANAGEMENT'S REPORT
- COMPLETE AUDITED SEPARATE FINANCIAL STATEMENTS, INCLUDING THE NOTES AND THE INDEPENDANT AUDITOR'S REPORT
- AUDITED SCHEDULE OF COST OF INVESTMENTS IMPACTING THE QUÉBEC ECONOMY
- STATEMENT OF OTHER INVESTMENTS
- INDEX OF THE COMPANY'S SHARE IN INVESTMENTS MADE BY SPECIALIZED FUNDS AND PARTNER FUNDS, AT COST



CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS

MANAGEMENT DISCUSSION AND ANALYSIS

This interim Management Discussion and Analysis ("MD&A") supplements the financial statements and contains financial highlights but does not reproduce the complete interim financial statements of Capital régional et coopératif Desjardins (CRCD). It presents management's assessment of CRCD's results for the period reported in the financial statements, as well as its financial position and any material changes to it.

CRCD'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 CRCD's operations, the associated risks and uncertainties could cause actual results to differ from those anticipated in forward-looking statements. CRCD 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 interim financial statements may be obtained free of charge, on request, by calling 514-281-2322 or (toll free) 1-866-866-7000, extension 5552322, by writing to 2 Complexe Desjardins, P.O. Box 760, Desjardins Station, Montréal, Québec H5B 1B8, or from our website at www.capitalregional.com or SEDAR at www.sedar.com.

Annual financial information may be obtained in the same way.

FINANCIAL HIGHLIGHTS

The following charts present key financial data and are intended to assist in understanding CRCD's financial results for the preceding five fiscal years and for the six-month period ended June 30, 2017.

RATIOS AND SUPPLEMENTAL DATA ⁽¹⁾

(in thousands of \$, unless indicated otherwise)

	JUNE 30, 2017 (IFRS)	DEC. 31, 2016 (IFRS)	DEC. 31, 2015 (IFRS)	DEC. 31, 2014 (IFRS)	DEC. 31, 2013 (IFRS)	DEC. 31, 2012 (GAAP)
Revenue	25,417	44,449	45,269	44,422	51,982	53,491
Gains on investments	60,001	78,869	64,035	42,884	10,670	42,376
Net earnings	68,700	85,957	74,806	49,245	24,950	53,435
Net assets	1,811,480	1,789,417	1,642,076	1,502,462	1,470,576	1,356,446
Common shares outstanding (number, in thousands)	131,412	134,944	130,183	124,665	126,165	118,243
Total operating expense ratio ⁽²⁾ (%)	1.6	2.0	1.9	2.1	2.0	2.4
Total expense and common share issue expense ratio ⁽²⁾ (%)	1.6	2.2	2.0	2.2	2.2	2.4
Portfolio turnover rate:						
– Investments impacting the Québec economy (%)	7	11	19	19	16	23
– Other investments (%)	42	126	131	102	108	67
Trading expense ratio ⁽³⁾ (%)	0.0	0.0	0.0	0.0	0.0	0.0
Number of shareholders (number)	101,289	104,317	102,222	96,236	100,861	103,052
Issues of common shares	1,523	133,401	149,882	62,906	149,995	149,994
Common share issue expenses, net of related taxes	18	1,579	1,750	764	1,739	–
Redemption of common shares	48,142	70,438	83,324	79,501	59,075	67,410
Investments impacting the Québec economy at cost	847,799	787,142	738,596	675,355	671,547	625,414
Fair value of investments impacting the Québec economy	1,022,414	921,518	817,199	710,923	733,907	659,045
Funds committed but not disbursed	148,962	189,121	171,082	193,764	227,593	142,350

⁽¹⁾ This information is derived from CRCD's separate audited annual and interim financial statements. Financial information for the first six months of fiscal 2017 and fiscal years 2013 to 2016 is presented in accordance with International Financial Reporting Standards ("IFRS"). Financial information for fiscal year 2012 is presented in accordance with Canadian generally accepted accounting principles ("GAAP") then in effect.

⁽²⁾ Total operating expense ratio is calculated by dividing total expenses (before income taxes) as shown on the separate statements of comprehensive income by net assets as at the end of the period or by average net assets for the financial year, pursuant to Section 68 of the *Regulation respecting Development Capital Investment Fund Continuous Disclosure*. The total operating expense and common share issue expense ratio is computed on the same basis but adding the common share issue expenses as shown on the separate statements of changes in net assets to total expenses.

⁽³⁾ Trading expense includes brokerage fees and other portfolio transaction costs. These expenses are not material to CRCD.

CHANGES IN NET ASSETS PER COMMON SHARE

(\$)

	JUNE 30, 2017 (IFRS)	DEC. 31, 2016 (IFRS)	DEC. 31, 2015 (IFRS)	DEC. 31, 2014 (IFRS)	DEC. 31, 2013 (IFRS)	DEC. 31, 2012 (GAAP)
Net assets per common share, beginning of period/year	13.26	12.61	12.05	11.66	11.47	11.02
Increase attributable to operations	0.52	0.66	0.59	0.40	0.20	0.46
Interest, dividends, negotiation fees and distributions	0.19	0.34	0.35	0.36	0.41	0.46
Operating expenses	(0.11)	(0.26)	(0.23)	(0.25)	(0.23)	(0.28)
Income taxes	(0.01)	(0.03)	(0.03)	(0.06)	(0.07)	(0.09)
Realized gains (losses)	0.04	0.18	0.29	0.52	0.03	0.48
Unrealized gains (losses)	0.41	0.43	0.21	(0.17)	0.06	(0.11)
Difference attributable to common share issues and redemptions	0.00	(0.01)	(0.03)	(0.01)	(0.01)	(0.01)
Net assets per common share, end of of period/year	13.78	13.26	12.61	12.05	11.66	11.47

OVERVIEW

CRCD closed the first six months of fiscal 2017 with net earnings of \$68.7 million (\$40.0 million for the same period in 2016), representing a non-annualized return of 3.9% (2.5% as at June 30, 2016), resulting in an increase in net assets per share to \$13.78 based on the number of shares outstanding as at June 30, 2017, compared with \$13.26 at the end of fiscal 2016. CRCD aims to strike an appropriate balance between shareholder return and its mission of Québec economic development. The financial asset management strategy adopted by CRCD several years ago provides the benefits of strong complementarity between the Investments impacting the Québec economy and Other investments portfolios and limits volatility in periods of substantial market turbulence. In fact, CRCD has generated favourable returns for over eight years.

Investments impacting the Québec economy posted a non-annualized return of 7.3% for the six-month period ended June 30, 2017, compared with a return of 5.0% for the same period a year earlier. As at June 30, 2017, the cost of Investments impacting the Québec economy totalled \$847.8 million, of which \$110.6 million was disbursed during the first six months of fiscal 2017. As at June 30, 2017, funds committed but not disbursed, which represent investments already agreed upon with companies, cooperatives or funds to be disbursed by CRCD at a later date, amounted to \$149.0 million. New commitments for the period were \$70.4 million.

Other investments generated a non-annualized return of 2.5% for the first six months of 2017, compared with a non-annualized return of 2.6% for the same period in 2016. During the six-month period, issues of common shares totalled \$1.5 million, that is, the balance of the 2016 issue which was completed as scheduled on February 28, 2017, reaching the authorized maximum of \$135 million. The subscription period for the 2017 issue will begin in the fall. For more information, please see the Subscriptions section of this MD&A. Share redemptions totalled \$48.1 million. Net assets amounted to \$1,811.5 million. There were 101,289 shareholders as at June 30, 2017. The balance of shares eligible for redemption as at June 30, 2017 amounted to nearly \$749 million.

CRCD'S VISION FOR QUÉBEC ENTREPRENEURSHIP

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 significant 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 to maintain a healthy economy for the province.

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

GROWING BUSINESSES STRONGER

From the support, networking or training we offer our partner companies through to enhancing our product offering and sharing our business network, CRCD acts on many levels to grow Québec SMEs and cooperatives.

CRCD has developed an innovative offering focused on simplifying and streamlining our documentation to achieve enhanced flexibility.

A real catalyst in the business development process of its existing and potential partners, CRCD pays regular visits to entrepreneurs across Québec to apprise them of economic prospects in their region and gather feedback from local business people.

CRCD's partner companies also have the opportunity to showcase their expertise and promote their products and services through activities or networking platforms aimed at broad spectrum target audiences.

This proximity in the field sparks rewarding discussions and gives CRCD the opportunity to consistently better target and meet entrepreneurs' needs. Accordingly, CRCD helps the different players in our entrepreneur and professional networks build bridges and forge alliances to promote business relationships, create business partnerships or initiate acquisitions.

Our support goes beyond sharing our vast internal network and external business relationships. Various agreements have been negotiated, with Desjardins Group as well as other specialized external firms, to offer value-added services to our entrepreneurs in achieving their objectives.

Furthermore, CRCD offers tailored support for implementing and monitoring sound SME governance practices and delivers entrepreneurs positive value added. Very active in this area, CRCD has a pool of some 200 directors with experience and skills unequalled in the industry. Their role is to help entrepreneurs set up a governance forum to support business growth. They receive training on a regular basis and are provided with work tools, and are evaluated to ensure they can effectively meet the needs of companies they work with. Our entrepreneurial governance model, based on agility, simplicity, strategic thinking and alignment with business needs, is a unique type of support greatly appreciated by partner entrepreneurs.

ECONOMIC BACKGROUND

ECONOMIC ENVIRONMENT AND OUTLOOK

In general, the world's stock indices continued to climb in the second quarter of 2017. Stock markets were sustained by the good performance of the world economy and higher corporate earnings, particularly in the U.S. Investors' optimism around the world can be traced to the election of Emmanuel Macron in France. However, the last few months have been a difficult time for oil prices, which briefly fell below US\$45 per barrel due to a sharp rise in U.S. production, which has raised fears of a continued surplus on the global market. This situation, as well as renewed concerns about the Canadian financial system, weighed on the Toronto Stock Exchange. Long-term bond yields generally fell; it appears that certain investors who still have doubts about the health of the global economy revised their inflation expectations downward.

But in spite of it all, even though investors appear to be relatively cautious, the central banks seem to be very encouraged by the signs of accelerating economic activity and the good performance of labour markets in many economies. In the U.S., the Federal Reserve raised its federal funds rate by 0.25% in mid-June, for a third consecutive quarter, and is expected to begin gradually reducing its bond holdings in the second half of 2017. Europe's central banks also continued to adopt a more positive tone. In Canada we saw a shift in rhetoric, as the monetary authorities openly wondered whether the time had come to reverse the two rate cuts made in 2015. The Canadian economy's excess capacity was quickly disappearing, so Canadian key interest rates began to rise in July 2017. Such expectations of monetary tightening drove the Canadian dollar up to approximately US\$0.77 at the end of the quarter, despite weak oil prices. The gradual implementation of monetary tightening policies in North America suggests an upward trend in bond rates over the next few quarters. Rates are nevertheless expected to remain low in historical terms, and inflation should remain subdued.

Conditions are improving in the world economy. The Organisation for Economic Co-operation and Development's leading indicators for the industrialized countries and the BRICS countries (Brazil, Russia, India, China and South Africa) are decidedly positive. There has also been a relatively broad-based improvement in the consumer and business confidence indices. Global trade appears to be on a better track. In addition, political risks that had weighed heavily on the economic outlook have been mitigated.

Good news continues to flow from the U.S., including from the labour market. The unemployment rate fell to 4.3% in May 2017, a level slightly below the trough of the last economic cycle. Consumer and business confidence indices have improved since the fall of 2016. The results for real GDP in the latest quarter of 2017 were nevertheless disappointing, although there was a rebound in the spring, even if certain indicators fell short of expectations. It is worth noting that business investment is now on a better footing. The political problems faced by the Trump administration have led to a reappraisal of certain assumptions regarding the measures to be taken by the new administration. Forecasts of real U.S. GDP growth are 2.3% for 2017 and 2.4% for 2018.

In Canada, the economy has performed well since mid-2016. Following gains of 4.2% and 2.7% (annual rates) in the third and fourth quarters, respectively, of 2016, real GDP grew 3.7% in the first quarter of 2017. Moreover, domestic demand rose 4.7% in the winter of 2017 due to strong growth in household consumption, a rebound in capital investments in machinery and equipment, and sustained growth in residential investment. Even if certain risks remain, the outlook for growth in the Canadian economy in 2017 is rather good, with an expected 2.7% increase in real GDP. Growth of 2.0% is forecast for 2018.

In Quebec, the strength of the economy in the first quarter of 2017 produced 4.3% growth in real GDP (annual rate). The fact that every component of domestic demand posted positive growth, with households playing a leading role, confirms that economic growth is on sound foundations. Consumption is strong, the residential sector has performed well, and business and government spending are both growing. Exports were weak in the first quarter due to tepid growth in the U.S. economy during the period, even if the Canadian dollar hovered around US\$0.75. It remains unclear whether international exports will rebound any time soon. Rising protectionism in the U.S. raises uncertainties over the future of Quebec's international exports. Strong domestic demand has however amply offset the problems in external trade. This spring's results could be negatively affected by the difficult climate that has delayed several seasonal activities, in particular, buying for the summer. However, growth in real GDP should exceed 2% in 2017.

MANAGEMENT'S DISCUSSION OF FINANCIAL PERFORMANCE

OPERATING RESULTS

CRCD'S NET RESULTS AND RETURNS

CRCD ended the first half of the year on June 30, 2017 with net earnings of \$68.7 million, or a non-annualized return of 3.9%, compared with net earnings of \$40.0 million (non-annualized return of 2.5% for the same period in 2016). Based on the number of common shares outstanding, net assets per share increased to \$13.78 as at the end of the six-month period, compared with \$13.26 at the end of fiscal 2016. For illustrative purposes, at a price of \$13.78 effective August 17, 2017, shareholders who invested seven years earlier would obtain an annual after-tax return of more than 13.3%, taking into account the 50% income tax credit as per the rate applicable on August 17, 2010.

CRCD's performance is driven primarily by Investments impacting the Québec economy and Other investments, which generated non-annualized returns of 7.3% and 2.5%, respectively, while expenses, net of administrative charges and income taxes had an impact of 1.1% on CRCD's non-annualized return.

CRCD'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 CRCD's returns in periods of substantial market turbulence.

RETURN BY ACTIVITY	JUNE 30, 2017				JUNE 30, 2016			
	Average assets under management (\$M)	Weighting (%)	Non-annualized return 6 months (%)	Non-annualized contribution 6 months (%)	Average assets under management (\$M)	Weighting (%)	Non-annualized return 6 months (%)	Non-annualized contribution 6 months (%)
Activities related to Investments impacting the Québec economy *	971	54.8	7.3	3.8	845	52.0	5.0	2.5
Other investments and cash	802	45.2	2.5	1.2	780	48.0	2.6	1.3
	1,773	100.0	5.0	5.0	1,625	100.0	3.8	3.8
Expenses, net of administrative charges			(1.0)	(1.0)			(1.1)	(1.1)
Other investments and cash			(0.1)	(0.1)			(0.2)	(0.2)
CRCD's return			3.9	3.9			2.5	2.5

* Includes Investments impacting the Québec economy, amounts receivable on disposal of investments, notes payable and foreign exchange contracts.

INVESTMENTS IMPACTING THE QUÉBEC ECONOMY

Investments of \$111.6 million and disposals of \$57.7 million were made for a net balance of \$53.9 million. Combined with realized and unrealized net gains of \$48.2 million, these net investments brought the fair value of the investment portfolio, including foreign exchange contracts, to \$1,023.3 million as at June 30, 2017 (\$921.2 million as at December 31, 2016). Investments in the funds comprising the entrepreneurial ecosystem, as described below, in the amount of \$111.6 million, and an \$80.1 million aggregate investment in five companies, mainly accounted for the investments of \$25.2 million made during the first half of the year.

Investments impacting the Québec economy should also be measured taking into account funds committed but not disbursed, which amounted to \$149.0 million as at June 30, 2017, compared with \$189.1 million as at December 31, 2016. Total commitments at cost as at June 30, 2017, amounted to \$996.8 million in 91 companies, cooperatives and funds, of which \$847.8 million was disbursed. As at June 30, 2017, backed by its entrepreneurial ecosystem, CRCD supported growth in 430 companies, cooperatives and funds.

Notes payable and financial liabilities with a fair value of \$24.0 million (\$25.2 million as at December 31, 2016) 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 CRCD. During the six months ended on June 30, 2017, CRCD repaid financial liabilities in the amount of \$1.5 million and the fair value of notes and financial liabilities was adjusted upward by \$0.3 million, arising from gains recognized on the underlying investments.

During the first six months of fiscal 2017, Investments impacting the Québec economy generated a positive contribution of \$66.4 million, for a return of 7.3%, compared with \$40.4 million for the same period of 2016 (a return of 5.0%).

CONTRIBUTION GENERATED BY INVESTMENTS IMPACTING THE QUÉBEC ECONOMY (in thousands of \$)	SIX MONTHS ENDED JUNE 30, 2017	SIX MONTHS ENDED JUNE 30, 2016
Revenue	18,570	13,192
Gains and losses	47,870	27,196
	66,440	40,388

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. The \$5.4 million increase in revenue between the two six-month periods stemmed primarily from higher dividends. Negotiation fees, which amounted to \$2.0 million for the six-month period ended June 30, 2017 (\$1.4 million for the same period in 2016), are earned by the manager, Desjardins Venture Capital (DVC), and a credit for that amount is applied against the management fees paid to DVC by CRCD. 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 CRCD 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). Therefore, investments held by these ecosystem funds generate revenue in addition to the revenue generated by CRCD. This revenue, of which CRCD's share amounted to \$6.7 million for the first six months of fiscal 2017 (\$6.2 million for the same period in 2016), is reported as "Gains and losses" as it makes a positive contribution to the fair value of CRCD's interest in these funds.

CRCD 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.

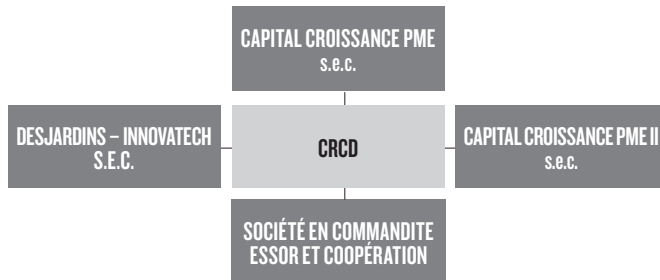
CRCD recorded in its results for the six-month period a realized and unrealized gain of \$47.9 million compared with a gain of \$27.2 million for the same period in 2016. For more information, please see Entrepreneurial ecosystem performance in the following section.

As at June 30, 2017, the overall risk level of the Investments impacting the Québec economy portfolio was stable compared with its December 31, 2016 level, as discussed in the Credit and counterparty risk section.

ENTREPRENEURIAL ECOSYSTEM

CRCD 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, CRCD 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 DVC, CRCD's manager, are:

- 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. CRCD 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 June 30, 2017, CRCD had disbursed \$104.7 million of its total commitment of \$110 million. As CCPME's investment period closed on December 31, 2013, funds committed but not disbursed totalling \$5.3 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 June 30, 2017, CCPME had made disbursements of \$63.2 million to support a total of 113 companies and funds. Since its inception, the Fund has made commitments totalling \$191.0 million to 184 companies.
- The renewal of the partnership agreement with CDPQ has created the Capital croissance PME II s.e.c. fund (CCPME II) as of January 1, 2014. An additional amount of \$230 million, most of which was invested over a three-year period, will allow the two partners to continue supporting small- and medium-sized enterprises in Québec. In 2016, an agreement between the two partners adding a further \$90 million provided for a maximum amount of \$320 million to extend the investment period until December 31, 2017. CRCD has a 50% interest in CCPME II. As at June 30, 2017, CRCD had disbursed \$114.5 million of its total commitment of \$160 million. As at that date, CCPME II had made commitments of \$191.7 million to support a total of 199 companies and funds. Since its inception, the Fund has made commitments totalling \$220.0 million to 207 companies.

- CRCD 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. CRCD's interest in DI is 54.5%. DI has participated in the creation of innovative business accelerators in partnership with specialized organizations located in various regions of Québec, enabling it to support businesses from the embryonic stage through commercialization. As at June 30, 2017, DI had made commitments of \$59.1 million to support a total of 58 companies and funds.

- The objective of the Société en commandite Essor et Coopération fund (Essor et Coopération), founded on January 1, 2013 is to support the creation, growth and capitalization of cooperatives in Québec. CRCD and other partners, including three from the cooperative sector, have made commitments totalling \$89.9 million. CRCD has a 94.6% interest in the Essor fund. Since the inception of this fund, CRCD has disbursed \$28.1 million of its total commitment of \$85 million. As at June 30, 2017, Essor et Coopération had made commitments totalling \$29.7 million to support 15 cooperatives.

In total, as at June 30, 2017, CRCD and its ecosystem supported the growth of 430 companies, cooperatives and funds in various industries spanning all Québec regions with commitments of \$1,064.5 million, while helping to create and retain over 68,800 jobs. Of that total, 20 cooperatives benefited from commitments of \$194.3 million by CRCD and its ecosystem.

Given the size of the amounts allocated to these funds and to better manage and keep track of its operations, CRCD monitors changes in asset allocation and performance by investment profile.

Each investment profile includes assets held by CRCD together with similar assets held by the funds in its ecosystem based on CRCD's proportionate share in each fund.

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 and preferred shares in companies other than those included under the Venture capital profile;
- External funds: investments in funds outside CRCD's entrepreneurial ecosystem;
- Venture capital: investments in companies specializing in technological innovations.

Entrepreneurial ecosystem performance

RETURN BY INVESTMENT PROFILE	JUNE 30, 2017				JUNE 30, 2016			
	Average assets under management (\$M)	Weighting (%)	Non-annualized return 6 months (%)	Non-annualized contribution 6 months (%)	Average assets under management (\$M)	Weighting (%)	Non-annualized return 6 months (%)	Non-annualized contribution 6 months (%)
Debt	285	16.0	3.5	0.5	273	16.8	4.0	0.7
Equity	584	33.0	10.7	3.2	465	28.6	7.0	1.8
External funds	55	3.1	(16.4)	(0.6)	61	3.7	(0.2)	(0.0)
Venture capital	31	1.8	42.2	0.7	24	1.5	(2.4)	(0.0)
Investment profiles subtotal	955	53.9	7.5	3.8	823	50.6	5.1	2.5
Other asset items held by ecosystem funds	16	0.9	(1.3)	(0.0)	22	1.4	1.5	0.0
Ecosystem total	971	54.8	7.3	3.8	845	52.0	5.0	2.5

The entrepreneurial ecosystem's sound performance stems from the Equity investment profile, which posted a non-annualized return of 10.7%. This gain is mainly attributable to the higher profitability of several portfolio companies, and given the large amount of assets allocated to this profile, it made a major contribution to the ecosystem's return of 7.3% for the first six months of 2017. Debt investment profile return was slightly lower than for the same period of 2016, owing to less favourable financial positions of certain portfolio companies. The respective returns of the External funds and Venture capital investment profiles were primarily influenced by the values of two specific securities. Due to their volume, these two profiles have a 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 liquid assets, includes fixed-income securities, real estate funds, global equity funds, and Canadian equity funds. This portfolio provides stable current revenue for CRCD, ensures the necessary liquidity to fund common share redemptions and investments and ensures sound diversification.

As at June 30, 2017, CRCD's Other investments portfolio, including cash but excluding foreign exchange contracts, totalled \$758.9 million compared with \$844.6 million as at December 31, 2016. As at June 30, 2017, 68% of portfolio bond securities were government-guaranteed (68% as at December 31, 2016).

Other investments accounted for 42% of the portfolio's total net assets as at the end of the first six months of 2017 (47% as at December 31, 2016). Commitments made but not disbursed in an amount of \$149.0 million, representing 8% of net assets, will eventually be covered from CRCD's Other investments and allocated to Investments impacting the Québec economy.

CRCD expects Other investments to represent nearly 35% of total net assets over the long term. In keeping with its core mission, this will allow an increase in funds allocated to Investments impacting the Québec economy.

CRCD has implemented management strategies for the Other investments portfolio to optimize potential returns 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.

CONTRIBUTION GENERATED BY OTHER INVESTMENTS (in thousands of \$)	SIX MONTHS ENDED JUNE 30, 2017	SIX MONTHS ENDED JUNE 30, 2016
Revenue	8,737	9,097
Gains and losses	12,131	11,189
	20,868	20,286

Revenue consists primarily of interest, dividends, distributions and trading activities 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 \$20.9 million in the first six months of 2017 compared with a contribution of \$20.3 million a year earlier. Current revenue was down slightly compared with the same period of 2016.

For the first six months of 2017, CRCD recorded a net gain of \$12.1 million on its Other investments portfolio. The global equity fund portfolio gained \$5.1 million in a strongly rising market while the Canadian equity fund generated a gain of \$1.8 million amid favourable economic conditions. The preferred share portfolio also posted a gain of \$1.8 million for the current six-month period. Given that the future outlook for this asset class appears less attractive, the gradual transfer of this portfolio into low-volatility Canadian equity funds will be completed by the end of fiscal 2017.

The bond portfolio recorded a gain of \$2.5 million owing primarily to the timely sales made during the first quarter, even though bonds such as five-year Government of Canada bonds posted a yield to maturity of 1.38% as at June 30, 2017 following an increase of 27 basis points since December 2016.

Over the last few years, the fair value of the bond portfolio benefited from repeated interest rate decreases. The current rise in rates had a negative impact on unrealized changes in value during the past six-month period. CRCD's financial asset management strategy aims to diversify the market risks associated with the Other investments portfolio through the use of Canadian and global securities not unrelated to bond markets. Moreover, CRCD aims to match the average maturity of the bond portfolio with the average maturity of expected cash outflows, thereby limiting the long-term effect of bond rates on CRCD's results.

CAPITAL RAISING

CRCD offers its common shares for subscription exclusively through the Desjardins caisse network in Québec.

On February 28, 2014, CRCD reached its capitalization limit. Despite the provisions of its constituting act, the Minister of Finance of Québec in his Budget Speech of March 17, 2016, authorized CRCD exceptionally to raise a maximum amount of \$135 million for each of the capitalization periods from March 1, 2016 to February 28, 2017 and from March 1, 2017 to February 28, 2018. The provincial tax credit granted by the Québec government for purchasing shares was set at 40%.

To allow as many shareholders as possible to buy CRCD shares, the maximum annual amount allowable was capped at \$3,000 per investor, for a tax credit of \$1,200.

This tax credit was 45% for shares purchased from March 1, 2014 to February 29, 2016, inclusively, and 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 CRCD shares 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 CRCD if it fails to comply with the authorized issuance amounts, and control mechanisms have been implemented by CRCD to ensure compliance.

As at June 30, 2017, CRCD had \$1,400.3 million in share capital for 131,411,796 outstanding common shares.

During the six-month period, issues of common shares totalled \$1.5 million, or the balance of the 2016 issue which was completed as scheduled on February 28, 2017, reaching the authorized maximum of \$135 million. The subscription period for the 2017 issue will begin in the fall. The pre-subscription period will run from September 5 to September 25, 2017. The issue expense will be 2.9% for fiscal 2017 as presented in the prospectus for the 2017 issue.

During the first six months of 2017, share redemptions totalled \$48.1 million (\$39.5 million for the same period of 2016).

The balance of shares eligible for redemption amounted to nearly \$749 million as at June 30, 2017. During the second half of 2017, additional shares valued at approximately \$100 million will also become eligible for redemption, bringing total potential redemptions to some \$849 million for fiscal 2017. CRCD 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 during the first six months of 2017 brought the number of shareholders to 101,289 as at June 30, 2017, compared with 104,317 as at December 31, 2016.

CRCD'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 \$)	SIX MONTHS ENDED JUNE 30, 2017	SIX MONTHS ENDED JUNE 30, 2016
Management fees	10,986	13,621
Other operating expenses	2,659	2,021
Shareholder services	1,198	983
	14,843	16,625

CRCD 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. For the year ending December 31, 2017, management fees will equal a maximum 1.95% of CRCD's annual average asset value (2.02% for the year ended December 31, 2016), less any amounts payable related to Investments impacting the Québec economy and Other investments. An adjustment is made to the management fees charged to CRCD to avoid double billing relative to CRCD's interest in some funds. An adjustment could also be made to allow CRCD to benefit from the economies of scale achieved by DVC with regard to the growth of CRCD's assets and the increase in the balance of CRCD shares eligible for redemption over the last few years. Such a downward adjustment of \$1.65 million was made for the year ended December 31, 2016. Negotiation fees earned by DVC are applied against the management fees paid by CRCD. A new agreement for the fiscal years 2018 to 2020 is currently under negotiation.

The \$0.6 million increase in other operating expenses resulted primarily from investments in information technology.

CRCD 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 CRCD's inception, Desjardins Trust has represented the largest component of CRCD's shareholder service expenses. This agreement is effective from July 1, 2016 to December 31, 2020.

CRCD has appointed Fédération des caisses Desjardins du Québec to distribute its shares through the Desjardins caisse network. For the year ended December 31, 2016, CRCD paid fees in the amount of \$325,000 for these services. The agreement, which is currently under review, will be effective as of fiscal 2017 for a four-year period. CRCD has further agreed to pay project fees, as needed, to cover work required to upgrade the tools and applications supporting the CRCD share distribution processes.

Income taxes for the first six months of fiscal 2017 amounted to \$1.9 million, compared with \$2.8 million for the same period in 2016. Revenue type has a significant impact since, unlike interest income, dividends are typically non-taxable and capital gains are eligible for deductions and mechanisms allowing for income tax refunds.

LIQUIDITY AND CAPITAL RESOURCES

For the six-month period ended June 30, 2017, cash outflows from redemptions net of issues amounted to \$46.7 million (cash outflows from redemptions totalled \$39.5 million in 2016). Operating activities generated net cash inflows of \$51.4 million, compared with cash inflows of \$38.2 million in 2016.

Cash outflows related to Investments impacting the Québec economy amounted to \$110.6 million for the first six months of 2017 (\$68.1 million in 2016). The Other investments portfolio recorded net sale proceeds of \$104.7 million, compared with net sales proceeds of \$67.4 million for the same period in 2016.

As at June 30, 2017, cash and cash equivalents totalled \$23.9 million (\$19.1 million as at December 31, 2016).

CRCD has an authorized line of credit of \$50 million as at June 30, 2017. In the event that liquidity needs exceed expectations, this line of credit could be used on a temporary basis to cover CRCD's obligations. This additional flexibility optimizes the level of liquid assets 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 the first six months ended June 30, 2017 or during fiscal 2016.

Given the management approach for Other investments of matching the average maturity of bonds held with the average maturity of its expected cash outflows, CRCD 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.

CRCD'S VISION, MISSION, STRATEGIC PRIORITIES AND STRATEGIES

On the initiative of Desjardins Group, CRCD was founded on the July 1, 2001 effective date of the *Act constituting Capital régional et coopératif Desjardins* (the Act) adopted on June 21, 2001 by Québec's National Assembly. DVC manages its operations.

CRCD's vision, mission, objectives and strategies remain substantially similar to those described in its most recent annual MD&A.

RISK MANAGEMENT

GOVERNANCE

The Board of Directors (the "Board") is made up of 13 directors, the majority of whom are independent, and chaired by an independent director. The Board has the general authority to manage the affairs of CRCD and oversee the fulfilment of its mission. To do so, it is responsible for directing and overseeing all of CRCD's activities and the risks to which it is exposed.

To do this, the Board is supported by 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.

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

Governance and Human Resources Committee

The Governance and Human Resources Committee is made up of five directors, four of whom are independent, and is chaired by the Chair of the Board.

This Committee's mandate is to provide oversight of the application of the rules relating to governance, independence, conflicts of interest, ethics and professional conduct. It is in particular responsible for drawing up skills and experience profiles for the General Manager and Board members. It also recommends to the Board an evaluation process for the performance of the Chair of the Board, the General Manager of CRCD, the Board, the Committees and the manager, DVC.

Audit Committee

The Audit Committee is made up four independent directors.

The Committee's mandate is to assist the Board in its oversight and accountability roles on aspects relating to the quality, reliability and integrity of financial reporting and continuous disclosure. It ensures the existence and effectiveness of DVC's internal controls over financial reporting, and verifies that DVC implements and maintains adequate compliance mechanisms relating to legal and statutory requirements likely to have a material effect on financial reporting. It also has responsibility for the oversight of CRCD's overall integrated risk management process. Its role also includes a component related to the work, performance, independence, appointment and recommendation of the independent auditor.

Financial Asset Management Committee

The Financial Asset Management Committee is made up of five directors, three of whom are independent.

The Committee's mandate is to coordinate and match CRCD's financial assets to optimize overall risk/return ratio. The Committee monitors CRCD's performance and ensures its compliance with the legislation and regulations relating to financial assets. It also oversees the implementation of and compliance with the *Global Financial Asset Management Policy* and related guidelines.

Investment committees

The Subordinated Debt Investment Committee is currently made up of seven members and the Equity Investment Committee is made up of six members. The Innovation Investment Committee is currently made up of five members (two directors of CRCD and three external members).

Effective September 30, 2017, the Subordinated Debt and Equity Investment Committees will be merged to form the Debt/Equity Investment Committee, made up of seven members (four directors and three external members).

The majority of members of the Debt/Equity Investment Committee and the Innovation Investment Committee are independent with six and five independent members, respectively.

The general mandate of the investment committees is to evaluate, authorize and oversee transactions related to investments impacting the Québec economy within the limits of the decision-making process approved by the Board.

The Debt/Equity Investment Committee reviews financing requests for subordinated debt, equity or a combination of subordinated debt and equity.

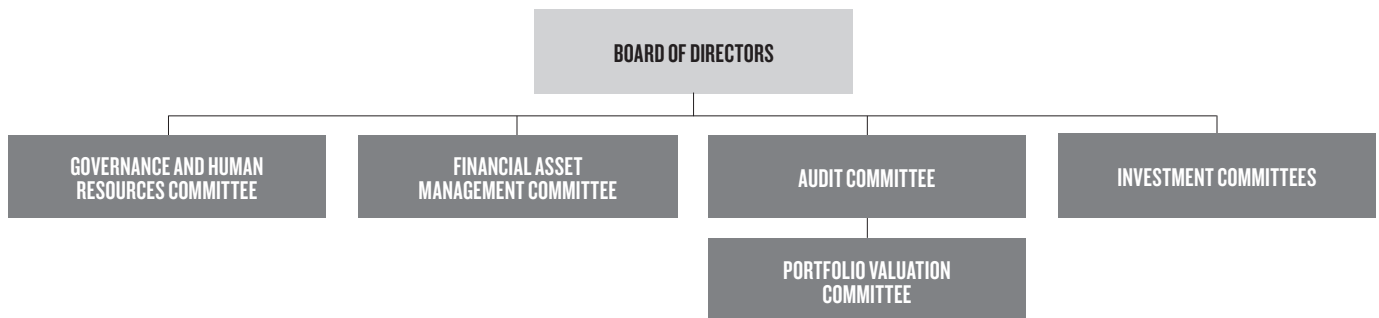
The Innovation Investment Committee reviews financing requests for equity or a combination of subordinated debt and equity which promote technological or industrial innovation or advance new uses for existing technologies.

Portfolio Valuation Committee

The Portfolio Valuation Committee is made up of two independent directors and three external members who are independent qualified valuers. The majority of members must be independent qualified valuers in accordance with the *Regulation respecting development capital investment fund continuous disclosure* (the "Regulation").

This Committee's mandate is to review all relevant information concerning valuation of CRCD's Investments impacting the Québec economy portfolio on a semi-annual basis to provide reasonable assurance that the valuation process complies with the requirements of the Regulation and to report to the Audit Committee and the Board.

The governance structure is as follows:



NOTE TO THE READER

The following sections regarding market risks, credit and counterparty risks, concentration risks and liquidity risks have been reviewed by CRCD's independent auditor as part of the audit of the separate financial statements concerning which an independent auditor's report was issued on August 17, 2017.

MARKET RISKS

Market risks pertain to CRCD'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 CRCD's assets. The various risks that make up market risks directly impacting CRCD are listed below.

In accordance with CRCD'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 real estate funds held in the portfolio for which fair value is determined based on market conditions. The fair value of these assets as at June 30, 2017 was \$755.4 million (\$899.7 million as at December 31, 2016). Fixed-income securities held in the Other investments portfolio include money market instruments, bonds and preferred shares. Fixed-income securities held in the Investments impacting the Québec economy portfolio include loans and advances and preferred shares.

Money market instruments with a fair value of \$26.7 million (\$22.2 million as at December 31, 2016) have not been valued based on fluctuations in the interest rates due to their very short term maturity and CRCD's intention to hold them until maturity.

Bonds with a fair value of \$435.0 million (\$580.3 million as at December 31, 2016) are directly affected by interest rate fluctuations. A 1% increase in interest rates would have resulted in a decrease of \$24.9 million in net earnings, representing a 1.4% decrease in CRCD's share price as at June 30, 2017 (\$33.1 million for 1.9% as at December 31, 2016). Similarly, a 1% decrease in interest rates would have had the opposite effect, resulting in a \$26.6 million increase in net earnings, representing a 1.5% increase in share price (\$35.3 million for 2.1% as at December 31, 2016). CRCD's financial asset management strategy aims to diversify the portfolio securities which will lead to a reduced exposure to long-term bonds. Given that CRCD 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.

Real estate funds and preferred shares with respective fair values of \$84.9 million (\$64.1 million as at December 31, 2016) and \$20.8 million (\$59.9 million as at December 31, 2016), may also be affected by interest rate fluctuations. However, unlike bonds, there is no direct correlation between interest rate fluctuations and changes in the fair value of these two classes of assets.

The loans and advances and preferred shares held in the Investments impacting the Québec economy portfolio, for which CRCD also holds participating shares in the same business as well as those that have been discounted, with a total fair value of \$188.5 million (\$153.3 million as at December 31, 2016), 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 \$188.0 million (\$173.2 million as at December 31, 2016) 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 CRCD. 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 June 30, 2017, global and Canadian equity funds, valued at \$172.8 million (\$105.1 million as at December 31, 2016), which were managed by external managers and held in the Other investments portfolio, consisted primarily of listed equities. Accordingly, a 10% increase or decrease in the quoted market prices of listed equities would have resulted in a \$17.3 million increase or decrease, respectively, in net results, representing a 0.9% change in CRCD's share price.

The Investments impacting the Québec economy portfolio included listed equities in the amount of \$0.4 million (\$0.6 million as at December 31, 2016). As a result, for these investments, any stock market fluctuations would not have a significant direct impact on CRCD's net income.

Currency risk

Changes in currency values have an impact on the activities of a number of CRCD'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. In the Investments impacting the Québec economy portfolio, the assets, whose value varies in step with fluctuations in the value of a foreign currency, represent a fair value of \$82.7 million, or 4.6% of net assets as at June 30, 2017, compared with \$111.1 million, or 6.2% of net assets as at December 31, 2016.

CRCD aims to systematically hedge currency risk for assets measured in foreign currency, unless the exposure stems from the long-term expected returns of certain asset classes. A \$5 million line of credit has been granted to CRCD for its foreign exchange contract transactions. As at June 30, 2017, CRCD held foreign exchange contracts under which it must deliver US\$64.1 million (US\$82.3 million as at December 31, 2016) at the rate of CAD/USD 1.3135 (CAD/USD 1.3360 as at December 31, 2016) on September 30, 2017.

As at June 30, 2017, the net exposure of CRCD's Investments impacting the Québec economy portfolio to foreign currencies is limited to \$0.4 million (\$1.2 million as at December 31, 2016). Any fluctuation in the Canadian dollar will therefore not have a significant impact on CRCD's results.

For the Other investments portfolio, the net exposure of investments to foreign currencies amounted to \$104.3 million. Accordingly, a 10% decrease (increase) in value of the Canadian dollar relative to all of the other foreign currencies would have a \$10.4 million increase (decrease) in net results representing a 0.6% change in CRCD'S share price.

CREDIT AND COUNTERPARTY RISKS

In pursuing its Investments impacting the Québec economy mission, CRCD 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 by limiting the potential risk of each partner company, CRCD has limited portfolio volatility due to the possibility of negative events.

CRCD 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.

The maximum credit risk is the carrying amount of the financial instruments at the end of the reporting period, in addition to funds committed but not disbursed.

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. Subsequently, all the investments are reviewed monthly to identify those that meet the criteria for a ranking of 10.

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

The table below shows the stability in the Investments impacting the Québec economy portfolio, ranked by risk (fair value amounts):

		AS AT JUNE 30, 2017		AS AT DECEMBER 31, 2016	
Rating		(in thousands of \$)	(in %)	(in thousands of \$)	(in %)
1 to 6.5	Low to acceptable risk	997,894	97.6	894,154	97.0
7 to 9	At risk	17,586	1.7	20,161	2.2
10	High risk and insolvent	6,934	0.7	7,203	0.8

Furthermore, CRCD is exposed to credit risk on financial instruments not recognized in assets, which are funds committed but not disbursed in connection with the Investments impacting the Québec economy portfolio. The table below shows the breakdown, by risk rating, of funds committed but not disbursed as at the reporting date:

		AS AT JUNE 30, 2017		AS AT DECEMBER 31, 2016	
Rating		(in thousands of \$)	(in %)	(in thousands of \$)	(in %)
1 to 6.5	Low to acceptable risk	148,562	99.7	188,721	99.8
7 to 9	At risk	400	0.3	400	0.2

For the bond portfolio, which represents 58.7% of the fair value of the Other investments portfolio (69.8% as at December 31, 2016), credit risk is managed by diversification across numerous issuers with credit ratings as follows:

	AS AT JUNE 30, 2017	AS AT DECEMBER 31, 2016
Rating *	(in thousands of \$)	(in thousands of \$)
AAA	165,777	269,452
AA	172,557	194,174
A	51,739	55,695
BBB	41,107	57,966
BB	3,865	3,049

*Credit risk ratings are established by recognized credit agencies.

Consistent with the global financial asset management policy, preferred shares and money market instruments have respective minimum credit ratings of Pfd-2 (low), and A-2 or R-1 (low). Such high credit ratings limit the credit risk associated with these financial instruments.

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

Counterparty risk is low for foreign exchange contracts given the amounts in question and that the contract counterparty is Fédération des caisses Desjardins du Québec.

CONCENTRATION RISKS

Concentration risks arise from the possibility that a significant portion of CRCD's Investments impacting the Québec economy portfolio or Other investments portfolio might become concentrated in a single entity, industry, region or financial product, which could render CRCD vulnerable to any financial difficulties experienced by such entity, industry, region or financial product.

Risk of concentration in an entity

Pursuant to its constituting act, policies and internal guidelines, the amount that CRCD may invest in any one entity or in a group of associates is limited to a percentage of its assets for both the Investments impacting the Québec economy and Other investments portfolios.

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 and funds committed but not disbursed):

	AS AT JUNE 30, 2017		AS AT DECEMBER 31, 2016	
	% of portfolio	% of net assets	% of portfolio	% of net assets
Investments impacting the Québec economy*	40.4	26.2	38.0	23.6
Other investments**	42.5	17.4	44.5	20.7

* CRCD's interest in the ecosystem fund accounted for 47% (55% as at December 31, 2016) of the five largest Investments impacting the Québec economy.

** Government issuers accounted for 65% (86% as at December 31, 2016) of the Other investments portfolio's five largest issuers or counterparties.

Risk of concentration by region

In keeping with its mission of Québec economic development, the Investments impacting the Québec economy portfolio chiefly comprises businesses whose employees are, in the majority, residents of Québec. Furthermore, at least 35% of its investments must be made in companies located in the resource regions or in cooperatives. Portfolio performance therefore depends heavily on economic conditions in Québec and the resource regions. As at June 30, 2017, the Investments impacting the Québec economy portfolio represented 56.2% of net assets (51.6% as at December 31, 2016).

CRCD has adopted a global financial asset management and investment guidelines policy to govern the Other investments portfolio activities which currently limit the option of holding foreign securities. As at June 30, 2017, the Other investments portfolio includes a portion of foreign securities resulting primarily from its interest in global equity funds and comprises 86.3% of Canadian securities (88.7% as at December 31, 2016). Other investments portfolio performance therefore depends heavily on economic conditions in Canada. As at June 30, 2017, the Other investments portfolio represented 41.8% of net assets (47.2% as at December 31, 2016).

Risk of concentration in a financial product

The global financial asset management policy favours global integrated management of the Investments impacting the Québec economy and Other investments portfolios. The policy establishes limits by asset class and these limits are applied by the manager. As at June 30, 2017, bond securities represented 24.0% of net assets (32.4% as at December 31, 2016). The lower percentage allocated to this asset class stems from the increase in the weighting for Investments impacting the Québec economy and aims to diversify the portfolio by adding new asset classes, strike an overall balance for the portfolio between risk and return and meet CRCD's cash requirements.

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

LIQUIDITY RISKS

CRCD must maintain sufficient liquid assets to fund share redemptions and committed Investments impacting the Québec economy. If it failed to do so, CRCD would be dependent on the markets and could be forced to carry out transactions under unfavourable conditions. With liquid investments that should represent approximately 30% of assets under management, and using a management approach that ensures that the average maturity of bonds is close to the average maturity of expected outflows, CRCD can confirm that liquidity risks are adequately covered. Furthermore, credit facilities have been put in place to provide greater cash management flexibility. The credit facilities remained undrawn for the first six months of fiscal 2017 and fiscal 2016.

This work takes into account the expected higher balance of redeemable shares of CRCD. Initiatives have been implemented to encourage the redemption of shares and a \$50 million increase in the line of credit has been granted, since 2016.

CRCD, through its balanced financial strategy and integrated risk management, has the necessary sources of funding to cover its financial obligations and pursue its mission among Québec businesses.

RECENT EVENTS

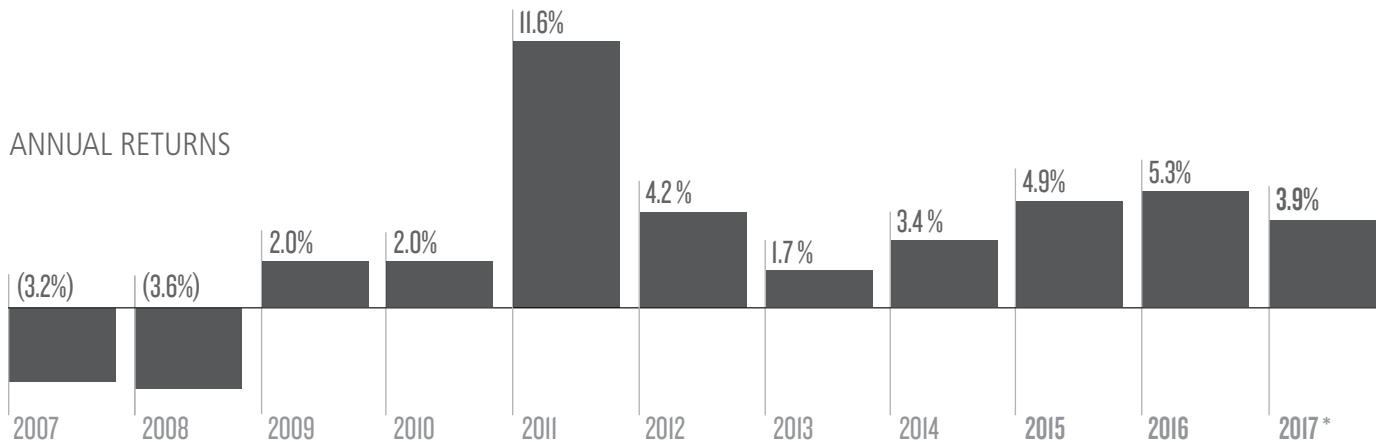
Following the 2016-2017 budget speech, the Québec government announced changes to CRCD's governance pertaining to the composition of its Board of Directors and the concept of independence. The proposed legislative amendments must be adopted by the National Assembly and will be implemented gradually.

PAST PERFORMANCE

This section presents CRCD'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 CRCD's annual returns and illustrates the change in returns from one period to the next for the past ten fiscal years and for the six-month period ended June 30, 2017. Annual return is calculated by dividing income (loss) per share for the period by the share price at the beginning of the period.



* Non-annualized return for the six-month period ended June 30, 2017.

COMPOUNDED RETURN OF THE COMMON SHARE AS AT JUNE 30, 2017

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
3.3%	5.0%	4.1%	4.9%	6.6%

PORTFOLIO SUMMARY

CORE INVESTMENT PROFILES

As at June 30, 2017, assets in CRCD'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	16.2
Equity	34.7
External funds	2.4
Venture capital	1.9
Other asset items held by ecosystem funds	1.0
Total – Investments impacting the Québec economy	56.2
Other investments	
Cash and money market instruments	2.5
Bonds	24.0
Preferred shares	1.1
Global equity funds	6.1
Canadian equity funds	3.4
Real estate funds	4.7
Total – Other investments	41.8

* Including foreign exchange contracts

Net assets are made up of 98.0% investment profiles and 2% other asset items.

MAIN INVESTMENTS HELD

As at June 30, 2017, on a fair value basis, the issuers of the 25 main investments held by CRCD were as follows:

ISSUERS	% OF NET ASSETS
Investments impacting the Québec economy – 13 issuers*	35.7
Hydro-Québec	4.4
Government of Canada	3.6
Merrill Lynch Canada, Inc.	3.3
Desjardins IBrix Low Volatility Global Equity Fund (I-Class Units)	3.1
Desjardins Global Dividend Fund (I-Class Units)	3.1
Province of Ontario	2.5
Fiera Properties CORE Fund	2.4
Bentall Kennedy Prime Canadian Property Fund	2.3
Canada Housing Trust	2.0
BMO Low Volatility Canadian Equity ETF	1.7
Fidelity Canadian Low Volatility Equity Institutional Trust	1.7
Royal Bank of Canada	1.4

* The 13 issuers who collectively represent 35.7% of CRCD's net assets are:

- ACCEO Solutions Inc.
- Agropur Coopérative
- Avjet Holding Inc.
- Camso inc.
- Capital croissance PME s.e.c.
- Capital croissance PME II s.e.c.
- Congebec Logistic Inc.
- Desjardins – Innovatech S.E.C.
- Exo-s Inc.
- Fournier Industries Group Inc.
- La Coop fédérée
- Société en commandite Essor et Coopération
- Telecon Inc.

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

August 17, 2017

August 17, 2017

MANAGEMENT'S REPORT

CRCD's separate financial statements together with the financial information contained in this interim 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, CRCD'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 August 17, 2017. These statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and audited by PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.

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

(signed) Yves Calloc'h, CPA, CA

Chief Financial Officer

Capital régional et coopératif Desjardins

Separate Financial Statements
June 30, 2017 and 2016
(in thousands of Canadian dollars)



August 17, 2017

Independent Auditor's Report

To the Shareholders of Capital régional et coopératif Desjardins

We have audited the accompanying separate financial statements of Capital régional et coopératif Desjardins (the financial statements), which comprise the balance sheets as at June 30, 2017 and December 31, 2016 and the statements of comprehensive income, changes of net assets and cash flows for the six-month periods ended June 30, 2017 and 2016, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

*PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.
1250 René-Lévesque Boulevard West, Suite 2500, Montréal, Quebec, Canada H3B 4Y1
T: +1 514 205 5000, F: +1 514 876 1502*



We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Capital régional et coopératif Desjardins as at June 30, 2017 and December 31, 2016, its financial performance and its cash flows for the six-month periods ended June 30, 2017 and 2016 in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP¹

¹ CPA auditor, CA, public accountancy permit No. A111799

Capital régional et coopératif Desjardins

Separate Balance Sheets

(in thousands of Canadian dollars, except for number of common shares outstanding and net asset value per common share)

	Note	As at June 30, 2017 \$	As at December 31, 2016 \$
Assets			
Investments impacting the Québec economy	7	1,022,414	921,518
Other investments	8	741,399	831,130
Income taxes recoverable	18	21,227	19,634
Accounts receivable	10	45,783	35,414
Cash	11	18,713	13,021
		<u>1,849,536</u>	<u>1,820,717</u>
Liabilities			
Notes payable and financial liabilities	12	24,014	25,233
Income taxes payables	18	1,657	-
Accounts payable	13	12,385	6,067
		<u>38,056</u>	<u>31,300</u>
Net assets	15	<u>1,811,480</u>	<u>1,789,417</u>
Number of common shares outstanding		<u>131,411,796</u>	<u>134,943,941</u>
Net asset value per common share		13.78	13.26

On behalf of the Board of Directors of Capital régional et coopératif Desjardins,

Sylvie Lalande, ASC, C. Dir., Director

Chantal Bélanger, FCPA, FCGA, Director

The accompanying notes are an integral part of these separate financial statements.

Capital régional et coopératif Desjardins

Separate Statements of Comprehensive Income

For the six-month periods endend June 30

(in thousands of Canadian dollars, except for weighted average number of common shares and net earnings per common share)

	Note	2017 \$	2016 \$
Revenue			
Interest	7	11,810	13,432
Dividends		13,474	7,463
Administrative charges		133	106
		<u>25,417</u>	<u>21,001</u>
Gains on investments			
Realized		5,791	14,854
Unrealized		54,210	23,531
		<u>60,001</u>	<u>38,385</u>
Total revenue and gains on investments		<u>85,418</u>	<u>59,386</u>
Expenses			
Management fees		10,986	13,621
Other operating expenses	17	2,659	2,021
Shareholder services	17	1,198	983
		<u>14,843</u>	<u>16,625</u>
Earnings before income taxes		<u>70,575</u>	<u>42,761</u>
Income taxes	18	1,875	2,779
Net earnings for the period		<u>68,700</u>	<u>39,982</u>
Weighted average number of common shares		<u>132,701,684</u>	<u>128,161,610</u>
Net earnings per common share		<u>0.52</u>	<u>0.31</u>

The accompanying notes are an integral part of these separate financial statements.

Capital régional et coopératif Desjardins

Separate Statements of Changes in Net Assets

For the six-month periods ended June 30

(in thousands of Canadian dollars)

	Share capital (note 15)		Retained earnings	Net assets
	Number	\$	\$	\$
Balance – December 31, 2016	134,943,941	1,434,668	354,749	1,789,417
Net earnings for the period	-	-	68,700	68,700
Share capital transactions*				
Issuance of common shares	117,423	1,523	-	1,523
Share issue expenses, net of \$16 in taxes	-	(18)	-	(18)
Redemption of common shares	(3,649,568)	(35,856)	(12,286)	(48,142)
Balance – June 30, 2017	131,411,796	1,400,317	411,163	1,811,480
Balance – December 31, 2015	130,182,509	1,357,689	284,387	1,642,076
Net earnings for the period	-	-	39,982	39,982
Share capital transactions*				
Redemption of common shares	(3,155,723)	(31,040)	(8,506)	(39,546)
Balance – June 30, 2016	127,026,786	1,326,649	315,863	1,642,512

* This data does not include the redemption requests made within 30 days of subscription.

The accompanying notes are an integral part of these separate financial statements.

Capital régional et coopératif Desjardins

Separate Statements of Cash Flows

For the six-month periods ended June 30

(in thousands of Canadian dollars)

	2017 \$	2016 \$
Cash flows from (used in) operating activities		
Net earnings for the period	68,700	39,982
Non-cash items:		
Losses (gains) on investments	(60,001)	(38,385)
Amortization of premiums and discounts on other investments	(1,179)	(270)
Deferred taxes	1,744	736
Capitalized interest and other non-cash items	(1,068)	(583)
Changes in operating assets and liabilities:		
Income taxes recoverable	(1,664)	(1,791)
Accounts receivable	(8,751)	12
Accounts payable	(3,432)	15
Losses (gains) on cash-related foreign exchange contract	-	513
Acquisitions of investments impacting the Québec economy	(110,580)	(68,133)
Proceeds from disposals of investments impacting the Québec economy	62,910	38,722
Acquisitions of other investments	(355,011)	(453,109)
Proceeds on disposal of other investments	439,725	520,459
	<u>51,393</u>	<u>38,168</u>
Cash flows from (used in) financing activities		
Issuance of common shares	1,489	-
Redemption of common shares	(48,142)	(39,546)
	<u>(46,653)</u>	<u>(39,546)</u>
Net change in cash and cash equivalents during the period	4,740	(1,378)
Cash and cash equivalents – Beginning of period	<u>19,117</u>	<u>32,595</u>
Cash and cash equivalents – End of period	<u>23,857</u>	<u>31,217</u>
Supplemental information about cash flows from operating activities		
Interest received	10,219	13,019
Dividend and distribution received	12,087	6,645
Income taxes paid	1,795	3,834

The accompanying notes are an integral part of these separate financial statements.

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

(tabular amounts are in thousands of Canadian dollars, unless otherwise specified)

1 Governing statute, administration and investments

Governing statute

Capital régional et coopératif Desjardins (“CRCD”) is constituted by an Act of the National Assembly of Québec (C.Q.L.R. chapter C-6.1) (the “Act”) and is deemed to have been constituted by the filing of articles on July 1, 2001. CRCD began its activities on November 5, 2001 and is a legal person with share capital. CRCD has business offices at 2 Complexe Desjardins, East Tower, Suite 1717, Montréal, Québec, Canada, and its head office is located at 100 Rue des Commandeurs, Lévis, Québec, Canada.

Administration

The affairs of CRCD are administered by a Board of Directors consisting of 13 members:

- Eight persons appointed by the President of Desjardins Group;
- Two persons elected by the General Meeting of Shareholders;
- Two persons appointed by the aforementioned 10 members from among the persons considered by those members to be representative of the eligible entities described in the Act;
- The Chief Executive Officer of CRCD.

Investments

CRCD may make investments with or without a guarantee or security, mainly in eligible entities. Eligible entities include eligible cooperatives and partnerships or a legal person actively operating an enterprise, the majority of whose employees are resident in Québec and whose assets are less than \$100 million or whose net equity is less than or equal to \$50 million.

CRCD may invest up to 5% of its assets (as established on the basis of the latest valuation by the chartered professional accountants) in the same eligible company or cooperative, and the investment is generally planned for a period of five to fifteen years. The percentage may be increased up to 10% to enable CRCD to acquire securities in an entity carrying on business in Québec but that is not an eligible entity. In such a case, CRCD may not, directly or indirectly, acquire or hold shares carrying more than 30% of the voting rights that may be exercised under any circumstances.

Pursuant to the Act, other investments may qualify, such as investments in certain investment funds, provided the required specific conditions set out in the Act have been met.

As of the fiscal year that began on January 1, 2006, and during each subsequent fiscal year, CRCD’s eligible investments, as defined in the Act, must represent on average at least 60% of CRCD’s average net assets for the preceding year. As of the fiscal year beginning January 1, 2016, this percentage is gradually increased by 1% per year to reach 65% for the fiscal years beginning after December 31, 2019.

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

(tabular amounts are in thousands of Canadian dollars, unless otherwise specified)

Furthermore, a portion representing at least 35% of that percentage (from 60% to 65%) must be made in entities situated in the resource regions of Québec or in eligible cooperatives, as defined in the Act.

If one of these targets is not met, CRCD will be subject to a reduction of the authorized issue of capital for the capitalization period following the end of the fiscal year.

2 Basis of presentation

Statement of compliance

CRCD has prepared its separate financial statements (the “financial statements”) in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These financial statements were approved by the Board of Directors on August 17, 2017.

Basis of measurement

These financial statements have been prepared on a fair value basis, except with respect to the financial instruments classified as loans and receivables and other financial liabilities, as well as taxes, which are measured at amortized cost and at cost.

Investment entity

CRCD has several shareholders that are not related parties and holds a number of investments directly or indirectly in underlying funds. Ownership interests in CRCD are in the form of redeemable shares, subject to certain conditions, which are reported in net assets, in accordance with the puttable instrument exemption under IAS 32, *Financial Instruments: Presentation*.

CRCD has concluded that it constitutes an investment entity within the meaning of IFRS 10, *Consolidated Financial Statements*, as it obtains funds from multiple shareholders, commits to its shareholders to invest funds for returns from capital appreciation, and measures and evaluates the performance of its investments on a fair value basis. Accordingly, investments in subsidiaries and associates reported in investments impacting the Québec economy are recognized at fair value.

3 Significant accounting policies

The significant accounting policies used in preparing these financial statements are set out below.

Financial instruments

CRCD accounts for its financial instruments at fair value on initial recognition. Purchases and sales of financial assets are recognized at the trade date. Financial assets and financial liabilities are classified into various categories based on their characteristics and CRCD’s intention upon their acquisition and issuance.

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

(tabular amounts are in thousands of Canadian dollars, unless otherwise specified)

Investments impacting the Québec economy, other investments, amounts receivable on disposal of investments impacting the Québec economy and notes payable and financial liabilities are designated at fair value through profit or loss. Those financial instruments are part of a portfolio managed in accordance with a documented investment management strategy and whose performance is evaluated on a fair value basis. In addition, information about the portfolio is provided internally on that basis to CRCDD's key management personnel.

Cash and accounts receivable are classified in loans and receivables, and accounts payable, in other financial liabilities. Those financial instruments are recognized at amortized cost, which approximates their fair value.

Financial liabilities are derecognized when the liability is extinguished, that is when the obligation specified in the contract is discharged or cancelled, or expires.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value of assets and liabilities traded in a market

The fair value of assets and liabilities traded in a market considered as active is based on the quoted price within the bid-ask spread that is most representative of fair value in the circumstances. In certain cases, if the market is not considered an active market, the most recent quoted price between the bid-ask spread may be adjusted to adequately reflect fair value.

Fair value of assets and liabilities not traded in a market

When assets and liabilities are not market traded, fair value is determined using valuation techniques chosen based on set criteria and prevailing market conditions at each reporting date. The principal financial instruments not traded in a market are included in investments impacting the Québec economy. The techniques used are based on valuation principles including guidelines generally used in the industry by business valuation professionals. Those valuation principles have been approved by CRCDD's Board of Directors. The valuation method for a financial instrument is generally consistent from period to period, except where a change will result in more accurate estimates of fair value. Given the evolving environment specific to each entity underlying the financial instruments, changes to valuation techniques occur in each reporting period.

Loans and advances, non-participating shares

The fair value of loans and advances and non-participating shares is determined by discounting CRCDD's expected contractual cash flows using a discount rate reflecting the return it would demand in light of entity-specific credit risk.

Participating shares

The main technique used to determine the fair value of participating shares is the capitalization of cash flows. Two key variables used in that technique are representative cash flow and the capitalization rate. To determine representative cash flow, recurring cash flows are estimated using the entity's historical results

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

(tabular amounts are in thousands of Canadian dollars, unless otherwise specified)

and/or financial forecasts. A risk weight is subsequently applied to each of the cash flows thus determined to reflect its probability of occurrence. The rate used to capitalize the representative cash flow thus obtained reflects the way in which the entity could fund its operations and the risks associated with the occurrence of that representative cash flow.

Where the price of a recent arm's length market transaction between knowledgeable, willing parties is available, this valuation technique is used. It may also be appropriate to use a technique based on a third party purchase offer when deemed bona fide and credible. The use of judgment is required in determining whether the fair value of the recent transaction or purchase offer is the best evidence of fair value at the measurement date. The period during which it is deemed appropriate to refer to a past transaction or purchase offer depends on the circumstances specific to each investment.

Another valuation technique used is adjusted net assets, which consists in remeasuring all assets and liabilities on the balance sheet of the entity or fund at their fair value at the measurement date. The key adjustments made are related to the fair value of assets and liabilities, newly available information and significant events that occurred between the balance sheet date of the entity or the fund and the measurement date.

Global equities, Canadian equities and real estate funds

Interests in global equity, Canadian equities and real estate funds are recorded at their fair value. Fair value represents the net assets per unit as determined by the funds as at the balance sheet date.

Guarantee

When it is probable that CRCD is required to make a payment under guarantee it has provided, the liability to be recognized is estimated using an asset-based approach and a liquidation value method.

Notes payable and financial liabilities

Notes payable and financial liabilities are related to acquisitions of certain investments impacting the Québec economy and are recognized at fair value, which represents the amount payable by CRCD under the notes and financial liabilities' underlying contractual agreements at the reporting date.

Amounts receivable on disposal of investments impacting the Québec economy

The fair value of amounts receivable on disposal of investments impacting the Québec economy is determined by discounting contractual cash flows and considers the debtor's credit risk in particular. Typically, estimating the amounts receivable and the timing of their collection depends on whether specified future events occur or conditions are met.

Cash and cash equivalents

Cash and cash equivalents consist of cash and money market instruments with purchased maturities of less than 90 days.

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

(tabular amounts are in thousands of Canadian dollars, unless otherwise specified)

Share capital

The shares of CRCD are redeemable at the holder's option subject to certain conditions and therefore constitute financial liabilities. However, they are reported in net assets, as they have all of the following features:

- They entitle the shareholder to a pro rata share of CRCD's net assets in the event of CRCD's liquidation;
- They are in the class of instruments that is subordinate to all other classes of instruments of CRCD;
- They have identical features to all other instruments in that class;
- Apart from the contractual obligation for CRCD to repurchase or redeem the instrument for cash or another financial asset, they do not include any contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to CRCD, and it is not a contract that will or may be settled in CRCD's shares;
- The total expected cash flows attributable to the shares over their life are based substantially on net earnings, the change in recognized net assets or the change in fair value of the recognized and unrecognized net assets of CRCD over the life of the shares (excluding any effects of the shares).

Share issuance costs, net of taxes, are reported in the Separate Statements of Changes in Net Assets.

Revenue recognition

Interest

For investments impacting the Québec economy, interest is recognized at the contractual rate, as collection is reasonably assured. For other investments, interest is recognized using the effective interest method. Amortization of premiums and discounts, calculated using the effective interest method, is recognized in profit or loss under "Interest."

Dividends and distributions

Dividends are recognized as at the holder-of-record date and when they are declared by the issuing companies or received.

Distributions are recognized when they are declared by the funds in the Other investments portfolio.

Administrative charges

Administrative charges are recognized at the time of a shareholder's initial subscription and on the closure of that account by the shareholder.

Gains and losses

Realized gains and losses on investments are recognized at the time of sale and represent the difference between sales proceeds and cost. Variations in the fair value of amounts receivable on disposal of investments

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

(tabular amounts are in thousands of Canadian dollars, unless otherwise specified)

are considered adjustments to sales proceeds and are therefore recorded as realized gains and losses. Realized gains and losses on a note payable or financial liability are recognized when paid and represent the difference between the amount CRCD paid to settle the note or financial liability and its initial value. The realized gains and losses do not take into account the unrealized gains and losses recognized in previous period, which are reversed and reported in unrealized gains and losses for the current year.

Functional currency and foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars, CRCD's functional currency, at the exchange rate prevailing at the end of the reporting period. Revenues and expenses are translated at the exchange rate prevailing on the transaction date. Realized and unrealized gains and losses on investments arising from those translations are accounted for in the Separate Statements of Comprehensive Income under "Gains (losses) on investments". For other monetary assets and liabilities denominated in foreign currencies, changes related to foreign currency translation are reported under "Other operating expenses" in the Separate Statements of Comprehensive Income. CRCD aims to systematically hedge currency risk for assets measured in foreign currency, unless the exposure stems from the long-term expected returns of certain asset classes. CRCD has decided not to apply hedge accounting.

Taxes

The income tax expense comprises current taxes and deferred taxes. Income taxes are recognized in the Separate Statements of Comprehensive Income, unless they relate to items that were recognized outside earnings directly in the Separate Statements of Changes in Net Assets. In such cases, income taxes are also recognized outside profit or loss directly in net assets.

Current tax is the tax payable on the taxable income for the reporting period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except for deferred tax on unrealized gains, discussed in the following paragraph. Deferred tax is calculated on an undiscounted basis using enacted or substantively enacted tax rates and legislation at the end of the reporting period that are expected to apply in the period in which the deferred tax asset will be realized and the deferred tax liability will be settled. Deferred tax assets are generally recognized only to the extent that it is probable that future taxable income will be available against which temporary differences can be utilized.

CRCD is subject to federal and Québec income taxes. It is also subject to the tax rules applicable to mutual fund corporations. For federal tax purposes, CRCD may, in particular, obtain a refund of its tax paid on capital gains through the redemption of its shares. CRCD considers it is, in substance, exempt from federal income tax related to capital gains (losses) for the purposes of applying IFRS and, accordingly, does not recognize any deferred taxes relating to unrealized gains (losses) on investments or deferred taxes related to unrealized recoveries resulting from tax mechanisms related to refundable capital gains tax on hand. For Québec tax purposes, realized capital gains (losses) are not taxable (deductible).

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

(tabular amounts are in thousands of Canadian dollars, unless otherwise specified)

Net earnings per common share

Net earnings per common share are computed by dividing net earnings by the weighted average number of common shares outstanding during the period.

4 Significant judgments, estimates and assumptions

The preparation of financial statements in accordance with IFRS requires CRCD to make judgments, estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenue and expenses and the related disclosures. Changes in assumptions can have a material effect on the financial statements for the period in which those assumptions were changed. CRCD considers the assumptions used to be appropriate and accordingly that its separate financial statements present fairly its financial position and its results.

The significant accounting policy that required CRCD to make subjective or complex judgments, often about matters that are inherently uncertain, pertains to the fair value measurement of assets and liabilities not traded in an active market.

A significant judgment is made in the assumptions used in the valuation techniques. While those techniques make as much use as possible of observable inputs, fair value is also determined based on internal inputs and estimates (unobservable inputs) that take into account the features specific to the financial instrument and any relevant measurement factor. The use of unobservable inputs requires CRCD to exercise judgment to ensure that those inputs reflect the assumptions that market participants would use to determine fair value based on the best information available in the circumstances. CRCD considers observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Fair value reflects market conditions on a given date and, for that reason, may not be representative of future fair values.

In accordance with the requirements contained in the *Regulation Respecting Development Capital Investment Fund Continuous Disclosure* issued by the Autorité des marchés financiers, CRCD has implemented various controls and procedures to ensure that financial instruments are appropriately and reliably measured. The valuations have been prepared by a team of qualified valuers relying on a structured process composed of several validation and review stages. The Portfolio Valuation Committee, whose members consist mainly of independent qualified valuers, monitors operational risk related to non-compliance with the portfolio valuation methodology and reports to the Board of Directors semi-annually. More specifically, its role consists in performing semi-annual reviews of all relevant information regarding the valuations of CRCD's portfolio of investments impacting the Québec economy to provide reasonable assurance that the valuation process meets regulatory requirements.

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

(tabular amounts are in thousands of Canadian dollars, unless otherwise specified)

5 Accounting standards issued but not yet adopted

The accounting standards to be applied by CRCD that have been issued by the IASB but were not yet effective on June 30, 2017 are discussed below.

IFRS 15, *Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, which establishes a single comprehensive accounting model for all contracts with customers except for contracts within the scope of other standards, such as insurance contracts and financial instruments. IFRS 15 supersedes the two main revenue recognition standards, IAS 18, *Revenues*, and IAS 11, *Construction Contracts*, as well as the related interpretations. The core principle of this new standard is that revenue recognition should depict the transfer of goods or services in an amount that reflects the value of the consideration received or expected to be received in exchange for those goods or services. The new standard also provides more guidance on certain types of transactions and will result in enhanced revenue disclosures.

In April 2016, the IASB issued amendments to IFRS 15 to further clarify revenue recognition and transition provisions with respect to the initial application.

CRCD assessed the impact of adopting IFRS 15, which will be effective for annual periods beginning on or after January 1, 2018. Only administrative charges under revenue will be affected, but given the size of the amount, adoption of this standard will have no significant impact.

IFRS 9, *Financial Instruments*

In July 2014, the IASB issued the complete and final version of IFRS 9, *Financial Instruments*, which will replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 covers requirements related to the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and general hedge accounting requirements.

IFRS 9 establishes a new classification and measurement model for financial assets to determine whether a financial asset must be classified as measured at amortized cost, at fair value through profit or loss or at fair value through other comprehensive income. This model is based on the characteristics of the contractual cash flows of the financial asset and on the business model under which it is held. For the classification and measurement of financial liabilities, the new standard essentially follows the current requirements under IAS 39.

The standard also introduces a single impairment model for financial assets that requires recognizing expected credit losses instead of incurred losses, which is the requirement under the current impairment model. The model provides for recognition of 12-month expected credit losses from the date of the initial recognition of the financial asset and to recognize lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition.

Lastly, IFRS 9 includes a new hedge accounting model to align hedge accounting more closely with risk management activities. However, IFRS 9 allows the existing hedge accounting requirements under IAS 39 to continue in place of the hedge accounting requirements under IFRS 9.

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

(tabular amounts are in thousands of Canadian dollars, unless otherwise specified)

Following analysis of IFRS 9, CRCDD concluded that there will be no significant impact on the measurement or recognition of financial assets or liabilities following adoption of this standard.

6 Risks associated with financial instruments

The risks associated with financial instruments that affect CRCDD's financial position are discussed in detail in the audited sections "Market Risks," "Credit and Counterparty Risk", "Concentration Risk" and "Liquidity Risk" of CRCDD's Management's Discussion and Analysis and are an integral part of these audited separate financial statements.

7 Investments impacting the Québec economy

The Audited Schedule of Cost of Investments Impacting the Québec Economy is available on written request to CRCDD's head office or on our website at www.capitalregional.com and on SEDAR at www.sedar.com. The Schedule does not form an integral part of the financial statements.

	As at June 30, 2017		
	Cost	Unrealized	Fair
	\$	gain (loss)	value
		\$	\$
Unsecured			
Common shares	310,778	89,691	400,469
Preferred shares	221,020	27,678	248,698
Fund units	189,294	56,126	245,420
Loans and advances	123,512	1,591	125,103
Secured			
Loans and advances	3,195	(471)	2,724
	847,799	174,615	1,022,414
	As December 31, 2016		
	Cost	Unrealized	Fair
	\$	gain (loss)	value
		\$	\$
Unsecured			
Common shares	294,646	49,675	344,321
Preferred shares	198,285	22,062	220,347
Fund units	188,398	62,354	250,752
Loans and advances	100,899	2,135	103,034
Secured			
Loans and advances	4,914	(1,850)	3,064
	787,142	134,376	921,518

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

(tabular amounts are in thousands of Canadian dollars, unless otherwise specified)

Investments impacting the Québec economy include investments measured in U.S. dollars with a fair value of \$64.5 million (\$85.6 million as at December 31, 2016).

Agreements related to investments impacting the Québec economy may include clauses providing conversion and redemption options.

Loans and advances bear interest at a weighted average rate of 10.2% (10.4% as at December 31, 2016). The interest rate is fixed for substantially all interest-bearing loans and advances. For the period ended June 30, 2017, interest income recognized at the contractual rate amounted to \$6.2 million (\$6.1 million for the period ended June 30, 2016). Substantially all of the change in the fair value of loans and advances resulted from changes in credit risk.

Loans and advances have an annual residual maturity of 3.1 years (3.7 years as at December 31, 2016) and the fair market value of the current portion is \$33.1 million (\$6.1 million as at December 31, 2016).

Allocation of investments and funds committed by segment

Investments and funds committed are allocated by segment as follows:

As at June 30, 2017					
Segment	Investments at cost \$	Unrealized gain (loss) \$	Fair value \$	Funds committed but not disbursed* \$	Total commitment \$
Manufacturing	421,168	77,391	498,559	16,959	515,518
Services	212,651	64,806	277,457	1,900	279,357
Technological innovations	24,685	(23,707)	978	-	978
Funds	189,295	56,125	245,420	130,103	375,523
Total	847,799	174,615	1,022,414	148,962	1,171,376
As at December 31, 2016					
Segment	Investments at cost \$	Unrealized gain (loss) \$	Fair value \$	Funds committed but not disbursed* \$	Total commitment \$
Manufacturing	366,817	62,437	429,254	25,966	455,220
Services	206,303	33,836	240,139	1,900	242,039
Technological innovations	25,624	(24,251)	1,373	-	1,373
Funds	188,398	62,354	250,752	161,255	412,007
Total	787,142	134,376	921,518	189,121	1,110,639

* Funds committed but not disbursed are not included in CRCD's assets.

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

(tabular amounts are in thousands of Canadian dollars, unless otherwise specified)

Funds committed but not disbursed

Funds committed but not disbursed represent investments that have already been agreed upon and for which amounts have been committed but not disbursed by CRCD at the reporting date. Future disbursements are subject to certain conditions. Assuming that the conditions are met, the estimated instalments over the coming years ended December 31 will be as follows:

2017 (6 months) \$	2018 \$	2019 \$	2020 \$	2021 and thereafter \$	Total \$
32,807	33,031	12,150	20,383	50,591	148,962

Investments in subsidiaries and associates

Subsequent to quantitative and qualitative analyses, CRCD has determined that it has control (subsidiaries) or exercises significant influence (associates) over the following number of entities:

	As at June 30, 2017		As at December 31, 2016	
	Number	Fair value \$	Number	Fair value \$
Subsidiaries				
Partner companies	12	330,453	10	262,075
Associates				
Partner companies	21	181,212	20	160,078
Funds	7	225,932	7	225,304

The principal place of business of these entities is in Québec, and the country of incorporation is Canada.

The increase in the number of partner companies as at June 30, 2017 resulted from the acquisition of one associate and the acquisition of two new subsidiaries.

Interests in the share capital of these partner companies comprise common shares and preferred shares. The percentage of equity securities held by CRCD in each of the partner companies is equal to or over 50% for the subsidiaries, and between 15% and 49% for associates. Except for a subsidiary, one subsidiary as at June 30, 2017 and December 31, 2016, the voting rights for these partner companies are equivalent to the proportion of interests held.

As sponsor, CRCD has invested in certain funds over which it exercises significant influence. As at June 30, 2017 and December 31, 2016, the interests are made up of units and the holding percentage varies from 20.0% to 94.6%.

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

(tabular amounts are in thousands of Canadian dollars, unless otherwise specified)

8 Other investments

The Unaudited Statement of Other Investments is available on written request to CRCD's head office or on our website at www.capitalregional.com and on SEDAR at www.sedar.com. The Statement does not form an integral part of the financial statements.

	As at June 30, 2017		
	Cost	Unrealized	Fair
	\$	gain (loss)	value
		\$	\$
Bonds			
Federal or guaranteed	153,661	(1,580)	152,081
Provincial, municipal or guaranteed	149,421	(931)	148,490
Financial institutions	84,128	63	84,191
Companies	49,384	899	50,283
	<u>436,594</u>	<u>(1,549)</u>	<u>435,045</u>
Money market instruments ⁽¹⁾	26,689	-	26,689
Foreign exchange contracts ⁽²⁾	-	1,187	1,187
Global equity funds	60,050	1,831	61,881
Canadian equity funds	103,290	7,629	110,919
Real estate funds	82,422	2,490	84,912
Preferred shares	21,486	(720)	20,766
	<u>730,531</u>	<u>10,868</u>	<u>741,399</u>
Total			

Breakdown of bonds by maturity date

	As at June 30, 2017			
	Under	1 to 5	Over	Total
	1 year	years	5 years	\$
	\$	\$	\$	
Cost	5,353	147,165	284,076	436,594
Par value	5,275	146,932	302,638	454,845
Fair value	5,410	146,780	282,855	435,045
Average nominal rate ⁽³⁾	3.97%	1.95%	2.19%	2.13%
Average effective rate	2.88%	1.87%	2.26%	2.14%

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

(tabular amounts are in thousands of Canadian dollars, unless otherwise specified)

	As at December 31, 2016		
	Cost \$	Unrealized gain (loss) \$	Fair value \$
Bonds			
Federal or guaranteed	252,129	(2,008)	250,121
Provincial, municipal or guaranteed	160,693	(1,750)	158,943
Financial institutions	108,897	650	109,547
Companies	60,932	793	61,725
	582,651	(2,315)	580,336
Money market instruments ⁽¹⁾	22,169	-	22,169
Foreign exchange contracts ⁽²⁾	-	(433)	(433)
Global equity funds	102,540	2,546	105,086
Real estate funds	62,552	1,566	64,118
Preferred shares	64,413	(4,559)	59,854
Total	834,325	(3,195)	831,130

Breakdown of bonds by maturity date

	As at December 31, 2016			
	Under 1 year \$	1 to 5 years \$	Over 5 years \$	Total \$
Cost	1,049	229,734	351,868	582,651
Par value	1,000	228,827	371,068	600,895
Fair value	1,045	230,145	349,146	580,336
Average nominal rate ⁽³⁾	6.50%	2.10%	2.14%	2.13%
Average effective rate	6.50%	1.94%	2.20%	2.11%

⁽¹⁾ Money market instruments consist of term deposits, treasury bills and strip bonds with an original maturity of less than a year.

⁽²⁾ Foreign exchange contracts to sell US\$64.1 million have three-month maturities (US\$82.3 million as at December 31, 2016).

⁽³⁾ Substantially all bonds bear interest at a fixed rate.

Other investments include investments which represent foreign currency exposure with a fair value of \$104.3 million (\$95.8 million as at December 31, 2016).

As at June 30, 2017, other investments did not include funds committed but not disbursed.

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

(tabular amounts are in thousands of Canadian dollars, unless otherwise specified)

9 Fair value of financial instruments

Hierarchy levels of financial instruments measured at fair value

CRCD categorizes its financial instruments according to the following three hierarchical levels:

- Level 1 – Measurement based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs are other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following tables show the breakdown by level of the fair value measurements of financial instruments recognized at fair value in the Balance Sheets.

	As at June 30, 2017			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets				
Investments impacting the Québec economy	417	-	1,021,997	1,022,414
Other investments	497,626	158,861	84,912	741,399
Amounts receivable on disposal of investments impacting the Québec economy	-	-	19,136	19,136
Total financial assets	498,043	158,861	1,126,045	1,782,949
Financial liabilities				
Notes payable and financial liabilities	-	-	24,014	24,014

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

(tabular amounts are in thousands of Canadian dollars, unless otherwise specified)

	As at December 31, 2016			
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Investments impacting the Québec economy	576	-	920,942	921,518
Other investments	534,359	232,653	64,118	831,130
Amounts receivable on disposal of investments impacting the Québec economy	-	-	27,469	27,469
Total financial assets	534,935	232,653	1,012,529	1,780,117
Financial liabilities				
Notes payable and financial liabilities	-	-	25,233	25,233

Transfers between hierarchy levels of financial instruments measured at fair value are made at the reporting date. No transfers between hierarchy levels took place during the period six-month ended June 30, 2017 and December 31, 2016.

Level 3 financial instruments

The following tables present the reconciliation between the beginning and ending balances of Level 3 financial instruments:

	For the six-month period ended June 30, 2017			
	Investments impacting the Québec economy \$	Other investments \$	Amounts receivable on disposal of investments impacting the Québec economy \$	Notes payable and financial liabilities \$
Fair value as at December 31, 2016	920,942	64,118	27,469	(25,233)
Realized gains (losses)	5,097	-	1,139	(200)
Unrealized gains (losses)	40,398	924	-	(92)
Acquisitions/issuances	111,648	19,870	-	-
Disposals/repayments	(56,088)	-	(9,472)	1,511
Fair value as at June 30, 2017	1,021,997	84,912	19,136	(24,014)
Unrealized gains (losses) in comprehensive income on investments and notes payable and financial liabilities as at June 30, 2017	44,108	924	-	(92)

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

(tabular amounts are in thousands of Canadian dollars, unless otherwise specified)

	For the six-month period ended June 30, 2016			
	Investments impacting the Québec economy \$	Other investments \$	Amounts receivable on disposal of investments impacting the Québec economy \$	Notes payable and financial liabilities \$
Fair value as at December 31, 2015	816,373	13,136	28,846	(26,309)
Realized gains (losses)	3,578	-	(3,642)	733
Unrealized gains (losses)	16,680	447	-	431
Acquisitions/issuances	68,716	1,187	1,072	-
Disposals/repayments	(34,625)	(202)	(1,527)	-
Fair value as at June 30, 2016	870,722	14,568	24,749	(25,145)
Unrealized gains (losses) in comprehensive income on investments and notes payable and financial liabilities as at June 30, 2016	22,194	447	-	431

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

(tabular amounts are in thousands of Canadian dollars, unless otherwise specified)

The following tables present the main techniques and inputs used to measure the fair value of Level 3 financial instruments:

				As at June 30, 2017
	Fair value \$	Main valuation techniques	Unobservable inputs	Input value range (weighted average)
Investments impacting the Québec economy				
Loans and advances	36,711	Discounted cash flows	Required return	6.6% to 20.5% (9.2%)
Non-participating shares	151,741	Discounted cash flows	Required return	4.2% to 11.9% (5.0%)
Participating controlling shares	193,105	Capitalized cash flows	Capitalization rate	7.5% to 9.8% (8.8%)
			% of representative cash flows ⁽¹⁾	7.5% to 25.4% (14.9%)
	113,346	Recent transactions and bids	Paid/bid price	-
	561	Restated net assets	Entity's net assets	-(2)
Participating non-controlling shares	159,989	Capitalized cash flows	Capitalization rate	6.9% to 20.3% (10.0%)
			% of representative cash flows ⁽¹⁾	4.3% to 38.7% (16.0%)
	61,871	Recent transactions and bids	Paid/bid price	-
	53,568	Restated net assets	Entity's net assets	-(2)
	5,685	Other ⁽³⁾	-	-
Fund units	<u>245,420</u>	Restated net assets	Fund's net assets	-(2)
	<u>1,021,997</u>			
Other investments – Real estate fund	84,912	Restated net assets	Fund's net assets	-(2)
Amounts receivable on disposal of investments impacting the Québec economy	19,136	Discounted cash flows	Required return	0.5% to 10.0% (7.8%)
Notes payable and financial liabilities	(24,014)	Miscellaneous	-	-

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

(tabular amounts are in thousands of Canadian dollars, unless otherwise specified)

	As at December 31, 2016			
	Fair value \$	Main valuation techniques	Unobservable inputs	Input value range (weighted average)
Investments impacting the Québec economy				
Loans and advances	38,094	Discounted cash flows	Required return	5.3% to 19.1% (8.6%)
Non-participating shares	136,159	Discounted cash flows	Required return	4.6% to 7.8% (5.2%)
Participating controlling shares	225,183	Capitalized cash flows	Capitalization rate	7.4% to 10.0% (8.8%)
			% of representative cash flows ⁽¹⁾	7.5% to 25.4% (13.3%)
Participating non-controlling shares	28,498	Recent transactions and bids	Paid/bid price	-
	8,394	Restated net assets	Entity's net assets	_(2)
	144,159	Capitalized cash flows	Capitalization rate	6.9% to 16.1% (10.0%)
			% of representative cash flows ⁽¹⁾	6.0% to 39.6% (15.9%)
	64,132	Recent transactions and bids	Paid/bid price	-
	21,659	Restated net assets	Entity's net assets	_(2)
	3,912	Other ⁽³⁾	-	-
Fund units	<u>250,752</u>	Restated net assets	Fund's net assets	_(2)
	<u>920,942</u>			
Other investments – Real estate fund	64,118	Restated net assets	Fund's net assets	_(2)
Amounts receivable on disposal of investments impacting the Québec economy	27,469	Discounted cash flows	Required return	0.4% to 10.0% (5.4%)
Notes payable and financial liabilities	(25,233)	Miscellaneous	-	-

⁽¹⁾ As the entities comprising the portfolio vary widely in size, representative cash flows are presented as a percentage of sales.

⁽²⁾ As the entities and funds comprising the portfolio vary widely in size, no input value range is provided for the net assets of the entity/fund.

⁽³⁾ Other valuation techniques include discounted transaction value, redemption value and liquidation value methods.

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

(tabular amounts are in thousands of Canadian dollars, unless otherwise specified)

The main valuation techniques used for participating shares take into account investments made in a single entity in the form of loans and advances, and non-participating shares. Accordingly, the fair value of participating shares includes these mixed investments.

Sensitivity of fair value to unobservable inputs

Although CRCD considers that fair value estimates made for the separate financial statements are appropriate, if different assumptions were used for unobservable inputs, the results could be different.

Loans and advances, non-participating shares – Discounted cash flows

An increase (decrease) in the required return, all other factors remaining constant, generally results in a decrease (increase) in fair value. According to CRCD, changing one or more reasonably possible assumptions could result in a change in the required return of about 0.5%. However, such a change in the required return would not have a direct material impact on the fair value of loans and advances, and non-participating shares.

Participating shares – Capitalized cash flows

If different assumptions were used for the two unobservable inputs, namely representative cash flows and capitalization rate, to measure a given investment, the fair value of the investment could increase or decrease. However, since these two unobservable inputs are interrelated, the use of different assumptions for one of these inputs generally leads to a revised assumption for the other input, thereby limiting the impact on fair value.

Typically, CRCD determines a range of acceptable fair values for each investment measured and uses the mid-point of the range for financial statement reporting purposes. If all the ranges are summed up, the cumulative difference between the top and bottom acceptable fair values and the investment fair value expressed as a percentage of CRCD's net assets is approximately:

	As at June 30, 2017	As at December 31, 2016
Participating controlling shares	+/- 0.4%	+/- 0.5%
Participating non-controlling shares	+/- 0.4%	+/- 0.4%

According to CRCD, for each investment subject to measurement, the impact of a change in the two unobservable inputs to reflect other reasonably possible assumptions should be less than this percentage on the net assets of CRCD.

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

(tabular amounts are in thousands of Canadian dollars, unless otherwise specified)

Participating shares – Recent transactions and bids

According to these techniques, the fair value of participating shares is based on an observable input, namely the price of a recent transaction negotiated between unrelated parties or the price of a bid received. CRCDD must use judgment to determine whether the recent transaction is still representative of the fair value as at the measurement date or whether the bid is serious and credible. CRCDD may also, if necessary, make any adjustments considered required and include unobservable inputs in the fair value measurement. The amount of the adjustments is generally immaterial compared with the related transaction or bid price used. CRCDD considers that the fair value it could have obtained by using unobservable inputs based on different reasonably possible assumptions would not be materially different from the fair value used.

Fund units – Restated net assets

According to this technique, the fair value of fund units is based on an observable input, namely the net assets reported in the most recent audited financial statements of each fund held and adjusted if necessary to reflect the acquisitions or disposals of fund units made by CRCDD between the financial statement reporting date for each fund and the valuation date. In certain circumstances, CRCDD must make certain other adjustments that are more judgmental in nature. CRCDD considers that the fair value it could have obtained by using unobservable inputs based on different reasonably possible assumptions would not have been materially different from the fair value used.

Other valuation techniques

Since the fair value of assets measured using other techniques is not significant, CRCDD considers that the fair value it could have obtained by using unobservable inputs based on different reasonably possible assumptions would not have been materially different from the fair value used.

10 Accounts receivable

	As at June 30, 2017 \$	As at December 31, 2016 \$
Interest, dividends and distributions receivable on investments	15,143	7,945
Amounts receivable on disposal of investments impacting the Québec economy	19,136	27,469
Amounts receivable on disposals of other investments	9,951	-
Others	1,553	-
	45,783	35,414

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

(tabular amounts are in thousands of Canadian dollars, unless otherwise specified)

The change in fair value of amounts receivable on disposal of investments impacting the Québec economy is not attributable to changes in credit risk. These amounts receivable include amounts denominated in U.S. dollars for \$17.9 million (\$25.6 million as at December 31, 2016).

Based on the information available as at the reporting date and the assumptions made as to the timing of collection, CRCD expects to collect accounts receivable with a fair value of \$33.7 million (\$21.0 million as at December 31, 2016) no later than 12 months after the reporting date.

11 Cash and cash equivalents

	As at June 30, 2017 \$	As at December 31, 2016 \$
Cash	18,713	13,021
Money market instruments	5,144	6,096
	<u>23,857</u>	<u>19,117</u>

12 Notes payable and financial liabilities

On November 30, 2010, CRCD acquired from Desjardins Venture Capital L.P., a subsidiary of FCDQ, investments impacting the Québec economy with a fair value of \$17.6 million as consideration for notes of an equal initial value. Each note payable is related to one of the acquired investments and contains a provision under which the amount payable shall be adjusted based on the amounts received by CRCD on the sale of the related investment. If the amount received by CRCD at the time of sale is less than the initial cost of the investment, the amount of the note will be adjusted based on the amount received. However, if the amount received by CRCD at the time of disposal is more than the initial cost of the investment, the amount of the note will be increased by 70% of the realized gain. Management fees assumed by CRCD in respect of investments between their dates of acquisition and their dates of disposal are deducted from the amount of the related note.

Notes payable had an initial maturity of three years and were renewed up to May 31, 2018.

Financial liabilities are amounts that CRCD would have to pay under contractual agreements and whose fair value is determined according to changes in fair value of certain underlying investments impacting the Québec economy.

As at June 30, 2017, notes payable and financial liabilities with a fair value of \$21.8 million were related to investments impacting the Québec economy measured in U.S. dollars (\$23.1 million as at December 31, 2016).

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

(tabular amounts are in thousands of Canadian dollars, unless otherwise specified)

The payment of notes payable and financial liabilities is directly related to receipts in connection with disposals of certain investments impacting the Québec economy. Given that the timing of such receipts is contingent on whether future events occur or specific conditions are met, CRCDC is not in a position to determine the period during which it will pay the notes payable and financial liabilities. However, as payment typically follows receipts, liquidity risk is low.

13 Accounts payable

	As at June 30, 2017 \$	As at December 31, 2016 \$
Trade payables and accrued liabilities	2,627	4,571
Amounts payable on acquisitions of other investments	9,758	-
Other	-	1,496
	12,385	6,067

CRCDC expects to pay its accounts payable no later than 12 months after the reporting date.

14 Line of credit

CRCDC has an authorized line of credit of \$50 million with FCDQ, bearing interest at the operating credit rate of FCDQ plus 0.5%. This line of credit is secured by a portion of the money market instruments and bonds recorded in other investments and is renewable annually. As at June 30, 2017 and December 31, 2016, the line of credit was undrawn and was not used during the year then ended.

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

(tabular amounts are in thousands of Canadian dollars, unless otherwise specified)

15 Share capital

Authorized

CRCD is authorized to issue common shares and fractions of common shares without par value, participating, voting, with the right to elect two representatives to the Board of Directors, redeemable under certain conditions prescribed by the Act, so that its capital increases by a maximum of \$150 million annually.

According to the Act, as of the capitalization period following the one at the end of which CRCD first reaches capitalization of at least \$1.25 billion, CRCD may raise, per capitalization period, the lesser of \$150 million and the amount corresponding to the reduction in paid-up capital attributable to all the shares and fractions of shares redeemed or purchased by agreement by CRCD during the preceding capitalization period.

Each capitalization period, which lasts 12 months, begins on March 1 of each year. A special tax is payable by CRCD if it fails to comply with these limits, and control mechanisms have been implemented by CRCD to ensure compliance.

On February 28, 2014, CRCD reached its capitalization limit. Despite the provisions of its constituting act, the Minister of Finance of Québec in his Budget Speech of March 17, 2016, authorized CRCD exceptionally to raise a maximum amount of \$135 million for each of the capitalization periods from March 1, 2016 to February 28, 2017 and from March 1, 2017 to February 28, 2018. The provincial tax credit granted by the Québec government for purchasing shares was set at 40%.

To allow as many shareholders as possible to buy CRCD shares, purchases are capped at \$3,000 per investor for each of the 2016 and 2017 issues.

CRCD is required to pay share issuance costs. Those costs are presented net of taxes, as a deduction from share capital. For the period ended June 30, 2017, share issuance costs amounted to \$0.02 million (\$1.58 million for the year ended December 31, 2016).

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

(tabular amounts are in thousands of Canadian dollars, unless otherwise specified)

Issued

The net assets of CRCD as at June 30, 2017 totalled \$1,811.5 million broken down by issue as follows:

Issue	Issue price \$	Balance* \$M	Eligible for redemption
2001	10.00	28.3	2008
2002	10.00	78.4	2009
2003	10.12 and 10.24	39.5	2010
2004	10.25	49.1	2011
2005	10.25	54.4	2012
2006	10.37 and 10.21	52.9	2013
2007	10.21 and 9.92	73.7	2014
2008	9.89 9.83 and 9.54	121.9	2015
2009	9.54 9.62 and 9.73	160.8	2016
2010	9.73 and 9.80	195.4	2017
2011	9.91 and 10.02	205.7	2018
2012	11.02	185.6	2019
2013	11.47	178.9	2020
2014	11.92	72.5	2021
2015	12.05	170.7	2022
2016	12.93	143.7	2023
Net assets		1,811.5	

* Calculated as net asset value per share as at June 30, 2017

Redemption criteria

CRCD is bound to redeem a whole common share or a fraction of a common share in the following circumstances:

- At the request of the person who acquired it from CRCD at least seven years prior to redemption;
- At the request of a person to whom it has been devolved by succession;
- At the request of the person who acquired it from CRCD if that person applies to CRCD in writing within 30 days of subscription date; and
- At the request of a person who acquired it from CRCD if that person is declared to have a severe and permanent mental or physical disability that makes her/him incapable of working.

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

(tabular amounts are in thousands of Canadian dollars, unless otherwise specified)

Moreover, CRCD may purchase a common share or a fraction of a common share by agreement in the cases and to the extent permitted by a policy adopted by the Board of Directors and approved by the Québec Minister of Finance.

The redemption price of the common shares is set twice a year, at dates that are six months apart, by CRCD's Board of Directors on the basis of CRCD's value as determined in the audited financial statements.

Tax credit

The purchase of shares of CRCD entitles the investor to receive a non-refundable tax credit, for Québec tax purposes only, determined as follows:

- For purchases prior to March 24, 2006: 50% tax credit;
- For purchases from March 24, 2006 to November 9, 2007: 35% tax credit;
- For purchases from November 10, 2007 to February 28, 2014: 50% tax credit;
- For purchases from March 1, 2014 to February 29, 2016: 45% tax credit; and
- For purchases from March 1, 2016: 40% tax credit.

Investors who withdraw some or all of their shares as part of a redemption after a seven-year holding period will not be able to claim the tax credit for any purchase for which the tax credit could be applied in the current or subsequent taxation years.

16 Capital disclosures

CRCD's objective with respect to capital management is to ensure the availability of sufficient cash resources to fund investments in line with its mission and meet shareholders' demands for share redemptions. CRCD's capital consists of its net assets.

CRCD is not subject to any external capital requirements other than those governing the issuance and redemption of its shares, as indicated in note 15.

CRCD's policy is to reinvest the annual earnings generated by its operations and not to pay dividends to its shareholders, with a view to increasing the capital available for investment and enhancing share valuations.

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

(tabular amounts are in thousands of Canadian dollars, unless otherwise specified)

17 Expenses

	For the six-month periods, Ended June 30,	
	2017 \$	2016 \$
Other operating expenses		
Audit fees	94	100
Compensation of members of the Board of Directors and its committees	326	341
Professional services fees	537	664
Custodial and trustee fees	58	65
IT expenses	1,398	463
Other expenses	246	388
	2,659	2,021
Shareholder services		
Trustee fees	877	832
Reporting to shareholders	261	50
Other expenses	60	101
	1,198	983

18 Income taxes

Income tax expense

Income tax expense is detailed as follows:

	For the six-month periods ended June 30,			
	2017		2016	
	Statement of Comprehensive Income \$	Statement of Changes in Net Assets \$	Statement of Comprehensive Income \$	Statement of Changes in Net Assets \$
Current	131	(386)	2,043	(284)
Deferred	1,744	370	736	284
	1,875	(16)	2,779	-

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

(tabular amounts are in thousands of Canadian dollars, unless otherwise specified)

Reconciliation of the income tax rate

The actual income tax rate differs from the basic income tax rate for the following reasons:

	For the six-month periods ended June 30,	
	2017 \$	2016 \$
Income taxes at the combined basic tax rate of 39.8% (39.9% 2016)	28,089	17,062
Permanent differences between earnings before income taxes and taxable income and other items		
Realized and unrealized losses (gains) on investments	(21,598)	(12,617)
Non-taxable dividends	(4,496)	(2,978)
Other	(120)	1,312
	1,875	2,779

Income tax balance

Income tax expense recognized in the Balance Sheets is detailed as follows:

	As at June 30, 2017 \$	As at December 31, 2016 \$
Assets		
Deferred taxes – Share issue expenses	-	1,939
Deferred taxes – Other	-	(1,482)
Refundable tax on hand	12,880	13,505
Income taxes recoverable	8,347	5,672
	21,227	19,634
Liabilities		
Deferred taxes – Share issue expenses	1,569	-
Deferred taxes – Other	(3,226)	-
	(1,657)	-

CRCD expects to recover \$10.1 million (\$7.6 million recoverable as at December 31, 2016) in income taxes no later than 12 months after the reporting date.

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

(tabular amounts are in thousands of Canadian dollars, unless otherwise specified)

19 Related party transactions

Related parties include Desjardins Venture Capital (“DVC”), CRCD’s manager, which is a subsidiary of FCDQ and is part of Desjardins Group. CRCD is therefore indirectly related to Desjardins Group. Related parties also include CRCD’s key management personnel.

- CRCD 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. For the fiscal year ending December 31, 2017, management fees will be equivalent to a maximum of 1.95% (for the fiscal year ended December 31, 2016, equivalent to 2.02%) of CRCD’s annual average assets’ value, after deduction of any amounts payable related to Investments impacting the Québec economy and Other investments. An adjustment is made to the management fees charged to CRCD to avoid double billing relative to CRCD’s interest in some funds. An adjustment could also be made to allow CRCD to benefit from the economies of scale achieved by DVC with regard to the growth of CRCD’s assets and the increase in the balance of CRCD shares eligible for redemption over the last few years. A downward adjustment of \$1.65 million was made for the fiscal year ended December 31, 2016. Negotiation fees earned by DVC are applied against CRCD’s management fees. A new agreement for fiscal years 2018 to 2020 is currently under negotiation.
- CRCD 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 CRCD began operations, Desjardins Trust has represented the largest component of CRCD’s shareholder service expenses. This agreement is effective from July 1, 2016 until December 31, 2020.
- CRCD has entrusted Desjardins Trust with custody services for its assets. The custody and administration agreement became effective on May 1, 2009. Its term is indefinite unless either party, on prior written notice of at least 90 days, decides to terminate it.
- CRCD has appointed FCDQ to distribute its shares through the Desjardins caisse network. For the fiscal year ended December 31, 2016, CRCD paid fees of \$325,000 for these services. Currently under review, the agreement will apply as of fiscal 2017 for a term of four years. CRCD further agreed to pay project fees, as needed, to cover work required to upgrade the tools and applications supporting the CRCD share distribution processes.
- CRCD has entrusted the Desjardins caisse network with issuing its shares.
- CRCD has entrusted FCDQ with the banking operations related to its day-to-day activities and its role as counterparty in foreign exchange contracts.
- CRCD has appointed Desjardins Securities as its full service broker, to serve as an intermediary for buying and selling shares traded on public markets.
- CRCD has entrusted Desjardins Technology Group Inc. with its IT development strategy (IT master plan), particularly the implementation and upgrading of a new investment management software.
- CRCD holds securities issued by FCDQ and equity funds managed by Desjardins Investments in its Other investments portfolio.

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

(tabular amounts are in thousands of Canadian dollars, unless otherwise specified)

Related party transactions

CRCD has entered into transactions with other Desjardins Group entities in the normal course of business, and all these transactions are measured at the exchange amount. Unless otherwise indicated, none of the transactions incorporated special terms or conditions. The balances are generally settled in cash. The transactions and balances are detailed as follows:

	As at June 30, 2017			As at December 31, 2016		
	DVC \$	Other related parties* \$	Total \$	DVC \$	Other related parties* \$	Total \$
Balance Sheets						
Assets						
Other investments	-	6,580	6,580	-	4,968	4,968
Interest and dividends receivable on investments	-	31	31	-	31	31
Cash	-	19,021	19,021	-	13,213	13,213
Accounts receivables	1,271	-	1,271	-	-	-
Liabilities						
Notes payable and financial liabilities	-	19,943	19,943	-	19,850	19,850
Accounts payable	-	627	627	1,496	3,031	4,527
For the six-month periods ended June 30,						
2017						
2016						
Statements of Comprehensive Income						
Revenue						
Interest	-	51	51	-	59	59
Gains (losses) on investments	-	2,364	2,364	-	7,659	7,659
Expenses						
Management fees	10,986	-	10,986	13,621	-	13,621
Other operating expenses	-	1,791	1,791	-	970	970
Shareholder services	-	877	877	-	832	832
Statements of Changes in Net Assets						
Share issue expenses	-	29	29	-	-	-

* Other related parties include FCDQ and its subsidiaries, namely, Desjardins Securities, Desjardins Venture Capital L.P., Desjardins Technology Group Inc, Desjardins Trust and Desjardins Investment. They also include Desjardins caisse network.

Key management personnel compensation

CRCD's key management personnel are the members of the Board of Directors. For the six-month period ended June 30, 2017, compensation of key management personnel comprised solely short-term benefits in the amount of \$241,498 (\$237,633 for the six-month period ended June 30, 2016).

Capital régional et coopératif Desjardins

Audited schedule of cost of investments impacting
the Québec economy
As at June 30, 2017



August 17, 2017

**To the Shareholders of
Capital régional et coopératif Desjardins**

We have audited the accompanying schedule of cost of investments impacting the Quebec economy (the schedule) of Capital régional et coopératif Desjardins as at June 30, 2017. The financial information has been prepared by management of Capital régional et coopératif Desjardins based on the dispositions of article 18 of the Regulation respecting development capital investment fund continuous disclosure.

Management's responsibility for the schedule

Management is responsible for the preparation of the schedule in accordance with the dispositions of article 18 of the Regulation respecting development capital investment fund continuous disclosure, and for such internal control as management determines is necessary to enable the preparation of the schedule that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the schedule based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to management's preparation of the schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of management's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the schedule.

*PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.
1250 René-Lévesque Boulevard West, Suite 2500, Montréal, Quebec, Canada H3B 4Y1
T: +1 514 205 5000, F: +1 514 876 1502, www.pwc.com/ca*

PwC refers to PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l., an Ontario limited liability partnership.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the schedule of cost of investments impacting the Quebec economy of Capital régional et coopératif Desjardins as at June 30, 2017 is prepared, in all material respects, in accordance with the dispositions of article 18 of the Regulation respecting development capital investment fund continuous disclosure.

PricewaterhouseCoopers LLP¹

¹ CPA auditor, CA, public accountancy permit N°. A111799

Capital régional et coopératif Desjardins

Audited schedule of cost of investments impacting the Québec economy

As at June 30, 2017

(in thousands of dollars)

	Initial investment year	Industry segment	Unsecured investments		Secured investments	Total \$
			Common and preferred shares and funds units \$	Loans and advances \$	Loans and advances \$	
Abitibi-Témiscamingue						
Norbelle Électrique inc.	2010	S	-	62	-	62
Trim Line de l'Abitibi inc.	2009	S	126	8	-	134
Total Abitibi-Témiscamingue			126	70	-	196
Bas-Saint-Laurent						
Télécommunications Denis Gignac inc.	2010	S	-	462	-	462
Total Bas-Saint-Laurent			-	462	-	462
Capitale-Nationale						
Boutique Le Pentagone inc.	2008	S	3,068	-	105	3,173
Congébec Logistique II inc.	2015	S	26,589	4,873	-	31,462
Frima Studio inc.	2008	S	-	-	200	200
Gecko Alliance Group inc.	2016	M	14,772	4,576	-	19,348
Groupe conseil NOVO SST inc.	2013	S	750	1,513	-	2,263
Groupe Humagade inc. (Bandsintown Canada inc.)	2006	TI	11,190	38	-	11,228
Jobillico inc.	2015	S	1,020	5,580	-	6,600
Obzerv Technologies inc.	2010	M	1,500	-	-	1,500
Total Capitale-Nationale			58,889	16,580	305	75,774
Centre-du-Québec						
Avjet Holding inc.	2009	S	3,732	2,683	-	6,415
CBR Laser inc.	2012	M	-	15,000	-	15,000
Citadelle, Maple Syrup Producers' Cooperative	2016	M	4,500	-	-	4,500
Farinart inc.	2010	M	250	-	-	250
Groupe Anderson inc.	2007	M	3,586	-	-	3,586
Total Centre-du-Québec			12,068	17,683	-	29,751
Chaudière - Appalaches						
C.I.F. Métal ltée	2005	M	1,253	-	-	1,253
Fournier Industries Group inc.	2013	M	17,000	2,863	-	19,863
Groupe Filgo inc.	2012	S	13,961	-	-	13,961
Horisol Coopérative de travailleurs	2008	M	-	32	-	32
Hortau inc.	2010	M	1,605	-	-	1,605
Marquis Book Printing inc.	2007	M	2,970	1,056	-	4,026
Produits de plancher Finitec inc.	2007	M	-	132	-	132
Total Chaudière - Appalaches			36,789	4,083	-	40,872
Côte-Nord						
9274-4192 Québec inc. (Boisaco)	2013	M	464	-	-	464
Total Côte-Nord			464	-	-	464

Capital régional et coopératif Desjardins

Audited schedule of cost of investments impacting the Québec economy

As at June 30, 2017

(in thousands of dollars)

	Initial investment year	Industry segment	Unsecured investments		Secured investments	Total \$
			Common and preferred shares and funds units \$	Loans and advances \$	Loans and advances \$	
Eastern Townships						
Balances M. Dodier inc. (Les)	2011	S	-	158	-	158
Camso inc.	2002	M	8,935	-	-	8,935
Coopérative de travailleurs actionnaire Filage Sherbrooke (FilSpec)	2004	M	-	289	-	289
Coopérative funéraire de l'Estrie	2006	S	-	501	-	501
Engrenages Sherbrooke inc. (Les)	2013	M	-	331	-	331
Exo-s-inc.	2012	M	20,572	8,478	-	29,050
FilSpec inc.	2004	M	1,366	-	-	1,366
Imprimerie Précis-Grafik inc.	2009	M	1,500	589	-	2,089
Kemestrie inc.	2010	TI	528	-	-	528
L.P. Royer inc.	2010	M	-	861	-	861
Ocera Therapeutics inc.	2003	TI	10,569	-	-	10,569
Technic-Eau Drillings inc.	2017	M	12,561	2,600	-	15,161
Total Eastern Townships			56,031	13,807	-	69,838
Lanaudière						
Groupe Composites VCI inc.	2007	M	2,250	-	-	2,250
Total Lanaudière			2,250	-	-	2,250
Mauricie						
Classement Luc Beaudoin inc. (9289-8907 Qc inc.)	2013	S	-	425	-	425
Innovations Voltflex inc.	2006	M	17	-	-	17
Louiseville Specialty Products inc.	2004	M	-	178	-	178
Total Mauricie			17	603	-	620
Montérégie						
9523383 Canada inc. (C.A.T.)	2016	S	7,224	-	-	7,224
A. & D. Prévost inc.	2011	M	10,880	7,099	-	17,979
A.T.L.A.S. Aéronautique inc.	2010	M	6,000	-	-	6,000
Agropur Coopérative	2014	M	74,947	-	-	74,947
Atis Group inc.	2015	M	28,000	1,828	-	29,828
Câbles Ben-Mor inc. (Les)	2009	M	-	2,462	-	2,462
Groupe Dagenais M.D.C. inc.	2010	S	-	75	-	75
Investissements Brasco inc.	2009	M	-	747	-	747
Knowlton Development Corporation inc.	2006	M	4,176	-	-	4,176
Mirazed inc.	2007	M	-	-	1,319	1,319
Norbec Group inc.	2017	M	7,450	15,800	-	23,250
NSE Automatech inc.	2013	M	3,000	-	-	3,000
Spectra Premium Industries inc.	2006	M	1,793	-	-	1,793
Unicel Architectural Corp.	2017	M	6,000	7,150	-	13,150
Urecon ltée	2012	M	4,087	3,449	-	7,536
Total Montérégie			153,557	38,610	1,319	193,486

Capital régional et coopératif Desjardins

Audited schedule of cost of investments impacting the Québec economy

As at June 30, 2017

(in thousands of dollars)

	Initial investment year	Industry segment	Unsecured investments		Secured investments	Total \$
			Common and preferred shares and funds units \$	Loans and advances \$	Loans and advances \$	
Montréal						
360 Agency inc. (ex-Solutions Médias 360 inc.)	2016	S	8,750	-	-	8,750
8973822 Canada inc. (ex-Vision Globale A.R. ltée)	2012	S	9,861	-	-	9,861
ACCEO Solutions inc.	2012	S	15,000	-	-	15,000
Alithya Group inc.	2015	S	13,750	-	-	13,750
Arbell Electronics inc.	2008	S	1,252	520	111	1,883
Courchesne, Larose ltée	2015	M	-	10,296	-	10,296
Elfiq inc.	2013	M	-	145	-	145
Emballages Deltapac inc. (Les)	2005	M	356	-	104	460
Groupe API inc.	2009	S	-	76	-	76
Groupe Solotech inc.	2013	S	21,250	-	-	21,250
La Coop fédérée	2005	M	65,000	-	-	65,000
Philippe Dandurand Wines Ltd	2015	M	8,250	-	-	8,250
SPB Solutions inc.	2016	M	-	-	1,000	1,000
Télécon inc. (ex-Groupe Télécon)	2011	S	48,389	19,915	-	68,304
Textiles Amalgamated inc.	2015	M	8,944	-	-	8,944
Totem recruiting inc.	2013	S	-	35	-	35
Total Montréal			200,802	30,987	1,215	233,004
Outside of Canada						
Pharmaxis Ltd.	2010	TI	2,360	-	-	2,360
Total Outside of Canada			2,360	-	-	2,360
Saguenay-Lac-Saint-Jean						
Démolition et excavation Démex inc.	2008	S	-	144	-	144
Groupe Canmec inc.	2004	M	7,013	-	-	7,013
Groupe Nokamic inc.	2005	S	-	26	-	26
Nokamic inc.	2010	M	-	-	356	356
Produits sanitaires Lépine inc. (Les)	2010	M	1,431	-	-	1,431
Senneco inc.	2013	S	-	457	-	457
Total Saguenay-Lac-Saint-Jean			8,444	627	356	9,427

Capital régional et coopératif Desjardins
Audited schedule of cost of investments impacting the Québec economy
As at June 30, 2017

(in thousands of dollars)

	Initial investment year	Industry segment	Unsecured investments		Secured investments	Total \$
			Common and preferred shares and funds units \$	Loans and advances \$	Loans and advances \$	
Funds						
Capital croissance PME s.e.c.	2010	F	11,738	-	-	11,738
Capital croissance PME II s.e.c.	2014	F	87,283	-	-	87,283
Desjardins - Innovatech S.E.C.	2005	F	46,006	-	-	46,006
FIER Partenaires, s.e.c.	2005	F	6,595	-	-	6,595
Fonds d'investissement MSBI, s.e.c.	2004	F	5,036	-	-	5,036
Fonds d'investissement pour la relève agricole (FIRA)	2011	F	6,197	-	-	6,197
Fonds Relève Québec, s.e.c.	2011	F	2,553	-	-	2,553
Novacap Industries III, s.e.c.	2007	F	-	-	-	-
Novacap Technologies III, s.e.c.	2007	F	-	-	-	-
Société en commandite Essor et Coopération	2013	F	23,887	-	-	23,887
Total Funds			189,295	-	-	189,295
Total cost			721,092	123,512	3,195	847,799

Industry segment legend

M: Manufacturing
S: Services
TI : Technological innovations
F: Funds

This audited schedule of cost of investments impacting the Québec economy provides details, per entity, of the sums invested by Capital régional et coopératif Desjardins. This amount appears in note 7 to the financial statements of the CRCD, as at June 30, 2017.

Capital régional et coopératif Desjardins

Statement of other investments
As at June 30, 2017

Capital régional et coopératif Desjardins

Statement of other investments (unaudited)

As at June 30, 2017

(in thousands of dollars)

Description		Par value \$	Cost \$	Fair Value \$
Bonds (58.7%)				
Federal and guaranteed bonds (20.5%)				
Canada Housing Trust	12-15-2025, 1.95%	5,625	5,583	5,550
	12-15-2025, 2.25%	10,000	10,238	10,098
	09-15-2026, 1.90%	22,000	21,595	21,475
Government of Canada	09-01-2020, 0.75%	6,400	6,374	6,306
	03-01-2022, 0.50%	4,000	3,908	3,842
	06-01-2025, 2.25%	1,500	1,613	1,569
	06-01-2026, 1.50%	16,400	16,560	16,135
	06-01-2027, 1.00%	30,000	28,018	27,954
NHA Merrill Lynch Canada Inc. ¹	09-01-2019, 1.85%	850	856	856
	03-01-2021, 1.25%	59,091	58,916	58,296
Total federal and guaranteed bonds		155,866	153,661	152,081
Provincial, municipal or guaranteed bonds (20.0%)				
City of Toronto	06-27-2018, 4.95%	700	713	725
Hydro-Québec	02-15-2023, 2.21%	20,000	17,677	17,645
	08-15-2023, 2.28%	10,000	8,700	8,681
	02-15-2024, 2.28%	48,800	41,990	41,625
	08-15-2024, 2.02%	14,040	12,165	11,781
Municipal Finance Authority of British Columbia	06-01-2021, 4.15%	2,000	2,094	2,174
	10-02-2025, 2.65%	3,000	3,007	3,046
OPB Finance	10-25-2026, 2.98%	2,330	2,329	2,384
Province of Alberta	06-01-2026, 2.20%	10,000	9,921	9,785
Province of Nova Scotia	06-01-2025, 2.15%	2,500	2,430	2,463
	06-01-2027, 2.10%	1,500	1,476	1,444
Province of Ontario	03-08-2022, 1.35%	1,150	1,142	1,124
	12-02-2022, 2.01%	26,800	24,048	23,814
	06-02-2025, 2.53%	6,000	4,915	4,899
	06-02-2026, 2.40%	13,600	13,532	13,606
	06-02-2027, 2.60%	750	748	759
Province of Québec	06-01-2024, 2.46%	3,000	2,534	2,535
Total provincial, municipal or guaranteed bonds		166,170	149,421	148,490
Financial institutions bonds (11.4%)				
Bank of Montreal	10-28-2021, 1.61%	5,000	4,976	4,905
bclMC Realty Corp	12-31-2026, 3.00%	600	600	610
Caisse centrale Desjardins	03-02-2020, 1.75%	5,400	5,379	5,393
Canadian Imperial Bank of Commerce	05-08-2018, 1.02%	2,000	2,000	2,001
	06-06-2018, 6.00%	2,000	2,041	2,079
	07-14-2020, 1.85%	2,155	2,153	2,158
Canadian Tire Real Estate Investment Trust	03-09-2025, 3.53%	900	900	914
	03-01-2026, 3.29%	1,000	1,000	988
Choice Properties REIT	06-20-2022, 3.60%	1,175	1,199	1,220
	02-07-2023, 3.20%	1,500	1,538	1,525
CI Financial	10-25-2021, 2.78%	1,700	1,700	1,710
Daimler Canada Finance	07-08-2021, 1.91%	1,000	996	989
First Capital Realty	10-30-2023, 3.90%	1,700	1,726	1,777
Granite Real Estate Investment Trust	09-30-2023, 3.87%	1,000	1,000	1,008
Honda Canada Finance	07-15-2022, 2.27%	525	527	524
IGM Financial	04-08-2019, 7.35%	1,850	1,942	2,016

¹This security is guaranteed by the Canada Mortgage and Housing Corporation.

Capital régional et coopératif Desjardins

Statement of other investments (unaudited)

As at June 30, 2017

(in thousands of dollars)

Description		Par value \$	Cost \$	Fair Value \$
Financial institutions bonds (cont.)				
Industrial Alliance Insurance and Financial Services	02-23-2022, 2.64%	300	300	301
Intact Financial Corporation	03-07-2027, 2.85%	1,600	1,600	1,564
John Deere Canada Funding	07-13-2020, 1.60%	2,250	2,248	2,230
	09-17-2020, 2.05%	750	756	752
Manufacturers Life Insurance Company	11-29-2018, 2.93%	400	400	406
	02-21-2019, 2.81%	2,500	2,530	2,538
Manulife Financial	04-08-2019, 7.77%	2,200	2,324	2,418
National Bank of Canada	03-03-2020, 1.74%	1,300	1,300	1,298
NBC Capital Trust	06-30-2020, 7.45%	250	270	280
Riocan Real Estate Investment Trust	05-30-2022, 3.75%	775	775	809
Royal Bank of Canada	04-26-2019, 1.40%	8,500	8,507	8,477
	07-17-2019, 3.04%	1,250	1,267	1,272
	09-13-2021, 1.58%	1,675	1,670	1,641
	03-02-2022, 1.97%	5,250	5,237	5,209
	12-05-2023, 2.33%	2,500	2,500	2,496
Scotiabank	03-22-2018, 2.24%	75	75	75
	12-02-2021, 1.90%	1,700	1,700	1,685
Sunlife Financial	07-02-2019, 5.70%	1,000	1,022	1,076
	08-23-2021, 4.57%	400	400	439
Toronto-Dominion Bank	07-18-2023, 1.91%	14,300	14,145	13,990
Toyota Credit Canada	02-19-2020, 1.80%	2,450	2,449	2,448
	05-20-2020, 2.05%	1,400	1,400	1,406
Ventas Canada	02-15-2023, 2.55%	300	300	296
Wells Fargo Financial Canada	01-24-2023, 3.46%	1,200	1,276	1,268
Total financial institutions bonds		83,830	84,128	84,191
Corporate bonds (6.8%)				
Algonquin Power & Utilities Corp.	02-15-2022, 4.65%	750	774	810
Alliance Pipeline	12-16-2019, 4.93%	1,000	1,036	1,047
Altagas	10-15-2024, 3.84%	1,000	1,040	1,042
AltaLink	11-06-2023, 3.67%	1,000	1,023	1,082
	02-28-2026, 2.75%	1,625	1,634	1,651
Bell Canada	12-22-2022, 3.35%	2,700	2,843	2,812
	05-12-2026, 2.90%	3,000	2,962	2,964
BMW Canada	06-15-2021, 1.83%	1,400	1,395	1,385
Brookfield Asset Management	03-31-2023, 4.54%	1,053	1,070	1,143
	12-08-2023, 5.04%	1,700	1,699	1,892
Brookfield Renewable Energy	03-02-2025, 3.75%	750	750	775
Bruce Power LP	06-23-2021, 2.84%	300	300	305
Canadian Natural Resources	08-14-2020, 2.89%	2,000	2,024	2,024
Canadian Utilities	11-09-2022, 3.12%	775	756	812
Chartwell Retirement Residences	10-11-2023, 3.79%	200	200	199
Enbridge	02-22-2019, 4.10%	1,000	1,017	1,035
	09-02-2019, 4.77%	60	63	63
	12-05-2022, 3.19%	400	390	410
Enercare Solutions	02-03-2020, 4.60%	400	416	419
	12-21-2023, 3.99%	600	600	613
Fortis	10-12-2023, 2.85%	1,030	1,030	1,041
FortisAlberta	06-30-2024, 3.30%	250	250	264
Hydro One	11-18-2019, 1.48%	500	500	498
	04-30-2020, 1.62%	2,000	1,993	1,995
	02-24-2021, 1.84%	600	600	598

Capital régional et coopératif Desjardins

Statement of other investments (unaudited)

As at June 30, 2017

(in thousands of dollars)

Description		Par value \$	Cost \$	Fair Value \$
Corporate bonds (cont.)				
Inter Pipeline	07-13-2023, 2.61%	125	125	124
	02-18-2024, 2.73%	1,000	1,000	990
	12-24-2024, 3.17%	1,000	1,000	1,007
Lower Mattagami Energy	05-18-2021, 4.33%	300	314	326
Magna International Inc.	11-15-2022, 3.10%	1,000	1,000	1,031
North West Redwater Partnership	01-23-2022, 2.10%	1,000	987	991
Pembina Pipeline Corporation	11-22-2023, 2.99%	700	700	697
	05-11-2026, 3.71%	1,150	1,177	1,172
Reliance	03-15-2019, 5.19%	1,600	1,647	1,664
	09-15-2020, 3.81%	700	702	716
Rogers Communications	12-13-2023, 4.00%	800	797	860
Saputo	05-13-2022, 1.94%	1,000	1,000	982
	09-21-2023, 2.83%	1,500	1,500	1,516
Sobeys	05-08-2023, 4.70%	500	519	514
Superior Plus	12-09-2017, 6.50%	500	524	529
	02-27-2020, 5.25%	700	727	717
TELUS Corporation	02-28-2022, 2.35%	4,750	4,727	4,748
	01-02-2024, 3.35%	300	304	310
Toronto Hydro Corporation	01-10-2023, 2.91%	1,000	1,021	1,035
TransAlta	11-18-2019, 6.40%	250	250	265
	11-25-2020, 5.00%	500	503	518
Videotron	03-15-2025, 5.63%	1,950	1,935	2,104
West Coast Energy Inc.	09-08-2025, 3.77%	560	560	588
Total corporate bonds		48,978	49,384	50,283
Total bonds		454,844	436,594	435,045
Money market instruments (3.6%)				
Bank of Montreal	09-19-2017, 0.86%	2,000	1,996	1,996
Government of Canada	09-07-2017, 0.52%	290	290	290
	09-07-2017, 0.53%	1,150	1,149	1,149
	07-27-2017, 0.54%	8,000	7,997	7,997
Honda Canada Finance	11-01-2017, 0.95%	2,000	1,994	1,994
National Bank of Canada	07-25-2017, 0.96%	1,600	1,599	1,599
Province of Ontario	12-27-2017, 0.74%	850	847	847
Province of Québec	09-29-2017, 0.85%	3,000	2,994	2,994
Royal Bank of Canada	02-14-2018, 0.97%	1,860	1,849	1,849
Scotiabank	04-05-2018, 1.10%	2,000	1,983	1,983
Société de transport de Montréal	08-02-2017, 0.82%	2,000	1,998	1,998
Toronto-Dominion Bank	11-03-2017, 0.93%	2,000	1,993	1,993
Total money market instruments		26,750	26,689	26,689
Foreign exchange contracts (0.2%)				
Fédération des caisses Desjardins du Québec	09-29-2017, 1.31351 CAD/USD	64,100 USD	0	1,187
Total foreign exchange contracts		64,100 USD	0	1,187

Capital régional et coopératif Desjardins

Statement of other investments (unaudited)

As at June 30, 2017

(in thousands of dollars)

Description	Number of units	Cost \$	Fair Value \$
Canadian Equity Funds (8.3%)			
BMO Low Volatility Equity ETF	1,428	30,032	31,049
Fidelity Canadian Low Volatility Equity Institutional Trust	2,437	30,018	30,832
Total canadian equity funds		60,050	61,881
Global Equity Funds (14.9%)			
Desjardins Global Dividend Fund cat. I	2,714	51,315	55,434
Desjardins IBrix Low Volatility Global Equity Fund cat. I	4,641	51,975	55,485
Total global equity funds		103,290	110,919
Real Estate Funds (11.5%)			
Bentall Kennedy Prime Canadian Property Fund Limited Partnership	5,513	40,968	42,252
Fiera Properties CORE Fund	38	41,454	42,660
Total real estate funds		82,422	84,912
	Number of shares		
Preferred shares (2.8%)			
Brookfield Asset Management	Perpetual, 4.40%	30,000	480
	Perpetual, 4.75%	23,800	466
	Perpetual, 4.80%	20,000	519
Canadian Utilities	Perpetual, 4.50%	30,000	747
	Perpetual, 4.90%	40,000	1,018
Great-West Lifeco	Perpetual, 4.50%	45,000	1,084
	Perpetual, 4.85%	44,700	1,059
Industrial Alliance Insurance and Financial Services	Perpetual, 4.60%	15,000	243
Intact Financial Corporation	Perpetual, 3.33%	45,600	1,119
Manulife Financial	Perpetual, 3.90%	56,300	1,274
	Perpetual, 4.00%	9,100	225
	Perpetual, 4.50%	35,900	867
National Bank of Canada	Perpetual, 5.60%	15,000	375
	Perpetual, 3.80%	25,000	606
Power Financial Corporation	Perpetual, 0.53%	73,200	1,853
	Perpetual, 4.20%	29,700	757
	Perpetual, 6.00%	70,000	1,863
Royal Bank of Canada	Perpetual, 3.52%	92,200	2,358
	Perpetual, 4.50%	48,600	1,193
	Perpetual, 4.70%	15,700	394
Sunlife Financial	Perpetual, 4.50%	25,000	565
	Perpetual, 4.80%	60,300	1,482
Toronto-Dominion Bank	Perpetual, 3.70%	2,100	41
	Perpetual, 4.90%	40,000	898
Total preferred shares		21,486	20,766
Total other investments (100.0%)		730,531	741,399

Capital régional et coopératif Desjardins

Index of the Company's share in investments made by
specialized funds and partner funds, at cost

As at June 30, 2017

Capital régional et coopératif Desjardins

Index of the Company's share in investments made by specialized funds and partner funds, at cost (unaudited)

As at June 30, 2017

(in thousands of dollars)

Information from Annual Financial Report dated	Equity Interest of the Company %	Unsecured investments		Secured investments	Total \$
		Common and Preferred shares \$	Loans and advances \$	Loans and advances \$	
31/12/2016	Capital croissance PME s.e.c.	50.00			
	Abitibi-Témiscamingue				
	2637-1914 Québec inc. (Télévision J.R.)	-	-	41	41
	9207-6553 Québec inc. (Pizzeria Noranda)	-	37	-	37
	9265-0381 Québec inc. (Barbin Sport)	-	50	-	50
	Abitibi Géophysique inc.	-	224	-	224
	Cartier Resources inc.	83	-	-	83
	Centre du ressort Lamarche inc.	-	17	-	17
	Groupe Minier CMAC - Thyssen Mining Group	-	97	-	97
	Hôtel Forestel Val d'Or inc.	-	840	-	840
	Integra Gold Corp.	45	-	-	45
	Location Lauzon inc.	-	120	-	120
	Total Abitibi-Témiscamingue	128	1,385	41	1,554
	Bas-Saint-Laurent				
	9048-3538 Québec inc. (Matane Honda) (9244-9396 Québec inc.)	-	119	-	119
	Autobus Dionne inc. (Transport A.S.D.)	-	-	10	10
	Entreprises d'Auteuil & fils inc. (Les)	-	-	62	62
	Gestion Rima 2013 inc. (Sani-Manic inc.)	-	-	342	342
	Impressions Soleil (Les) - 3089-8522 Québec inc.	-	-	65	65
	Total Bas-Saint-Laurent	-	119	479	598
	Capitale-Nationale				
	9101-2492 Québec inc. (Centre médical Le Mesnil)	-	97	-	97
	Alimentation Francis Gravel inc.	-	43	-	43
	Collection Papillon Gemme inc.	-	-	20	20
	Éditions Gladius International inc.	-	-	37	37
	LA VUE par Laforce inc.	-	-	90	90
	LA VUE Pierre-Bertrand inc.	-	-	43	43
	LA VUE Thetford Mines inc.	-	-	35	35
	Pavages Nordic inc.	-	275	-	275
	Planifika inc.	-	-	162	162
	Radio-Onde inc.	750	-	-	750
	Total Capitale-Nationale	750	415	387	1,552
	Centre-du-Québec				
	2543-6205 Québec inc. (Groupe MBI)	-	-	510	510
	2681871 Canada inc. (Voyages Escapades Victoriaville)	-	111	-	111
	9224-7519 Québec inc. (Peinture Can-Lak inc.)	-	-	365	365
	Fromagerie L'Ancêtre inc.	-	214	-	214
	Total Centre-du-Québec	-	325	875	1,200

Capital régional et coopératif Desjardins

Index of the Company's share in investments made by specialized funds and partner funds, at cost (unaudited)

As at June 30, 2017

(in thousands of dollars)

Information from Annual Financial Report dated	Equity Interest of the Company %	Unsecured investments		Secured investments	Total \$
		Common and Preferred shares \$	Loans and advances \$	Loans and advances \$	
31/12/2016	Capital croissance PME s.e.c. (cont.)	50.00			
	Chaudière - Appalaches				
	3R Com inc. (8580430 Canada inc.)	-	129	-	129
	Autobus Fleur de Lys inc.	-	-	132	132
	Décoplex inc.	-	-	308	308
	Entreprises de services BCE Pharma inc. (Les)	-	-	81	81
	Fenêtres Sélection inc.	-	71	-	71
	Gesdix inc.	-	167	-	167
	Humaco Acoustique inc. (ex Gyptech Acoustique inc.)	-	158	-	158
	Investissements Mika inc. (Les)	-	-	279	279
	Plomberie Ste-Croix inc.	-	-	10	10
	Productions Horticoles Demers (Les)	250	-	-	250
	Serres Demers inc. (Les)	-	-	350	350
	Ultima Fenestration inc.	-	-	110	110
	Umano Medical inc.	-	110	-	110
	Total Chaudière - Appalaches	250	635	1,270	2,155
	Côte-Nord				
	9160-7671 Québec inc. (Pétroles MB)	600	-	-	600
	9304-8254 Québec inc.	404	-	-	404
	Benoit Vigneault ltée	-	-	62	62
	Carrosserie Baie-Comeau inc.	-	-	94	94
	Centre des congrès de Sept-Iles	-	-	96	96
	Construction Leclerc et Pelletier inc.	-	-	62	62
	Entreprises G.M. Mallet inc. (les)	-	-	110	110
	Express Havre St-Pierre Ltd.	-	-	93	93
	Hôtel Motel Le Q'Artier des Îles inc.	-	156	-	156
	Santerre Électrique inc.	-	26	193	219
	Sécurgenç inc.	-	203	-	203
	Total Côte-Nord	1,004	385	710	2,099
	Eastern Townships				
	6358331 Canada inc. (Sherbrooke OEM Ltd.)	459	-	-	459
	Certi Auto inc.	-	-	235	235
	Innotex inc.	-	228	-	228
	L.P. Royer inc.	-	752	-	752
	Pieux Vistech - Postech inc.	-	500	-	500
	Plastech inc.	-	-	60	60
	S.E.2 inc.	125	-	-	125
	Total Eastern Townships	584	1,480	295	2,359
	Funds				
	Fonds Prêt à Entreprendre, s.e.c.	582	-	-	582
	Total Funds	582	-	-	582

Capital régional et coopératif Desjardins

Index of the Company's share in investments made by specialized funds and partner funds, at cost (unaudited)

As at June 30, 2017

(in thousands of dollars)

Information from Annual Financial Report dated	Equity Interest of the Company %	Unsecured investments		Secured investments	Total \$
		Common and Preferred shares \$	Loans and advances \$	Loans and advances \$	
31/12/2016	Capital croissance PME s.e.c. (cont.)	50.00			
	Gaspésie-Îles-de-la-Madeleine				
	Ateliers CFI Metal inc. (Les)	-	138	-	138
	Total Gaspésie-Îles-de-la-Madeleine	-	138	-	138
	Laval				
	8376905 Canada inc. (Paramedic)	-	231	-	231
	Total Laval	-	231	-	231
	Mauricie				
	9210-3563 Québec inc. (Groupe E. Morel)	-	-	189	189
	Ateliers de l'électro-ménager R. Vallée inc.	75	-	105	180
	Investissements Bédard-Hallé inc.	-	-	659	659
	Louis Lafrance & fils Ltée	-	17	-	17
	Louiseville Specialty Products inc.	-	421	-	421
	Résidence Le Soleil Levant inc.	-	82	-	82
	Total Mauricie	75	520	953	1,548
	Montérégie				
	3087-9894 Québec inc. (Habitations Trigone)	-	-	770	770
	4304047 Canada inc. (RX Santé)	-	75	-	75
	9008-7826 Québec inc. (Habitations Trigone)	-	-	770	770
	9120-6094 Québec inc. (Lanla)	-	90	-	90
	9223-5845 Québec inc. (Autobus Dufresne)	-	-	285	285
	C.R.S./Vamic inc.	-	4	-	4
	Câbles Ben-Mor inc. (Les)	-	-	1,100	1,100
	Comax, coopérative agricole	1,400	-	-	1,400
	Fibres Serden inc. (Les)	-	58	-	58
	Galenova inc. et Gentes et Bolduc Pharmaciens inc.	-	-	1,016	1,016
	Hygie Canada inc.	-	-	483	483
	Industries M.R. inc. (Les)	-	-	131	131
	P38 Energy inc.	-	-	150	150
	Plomberie St-Luc inc.	-	480	-	480
	Pneus Langelier inc.	-	4	-	4
	Total Montérégie	1,400	711	4,705	6,816

Capital régional et coopératif Desjardins

Index of the Company's share in investments made by specialized funds and partner funds, at cost (unaudited)

As at June 30, 2017

(in thousands of dollars)

Information from Annual Financial Report dated	Equity Interest of the Company %	Unsecured investments		Secured investments	Total \$
		Common and Preferred shares \$	Loans and advances \$	Loans and advances \$	
31/12/2016	Capital croissance PME s.e.c. (cont.)	50.00			
	Montréal				
	9106-7645 Québec inc. (Vidéo MTL)	-	1,223	-	1,223
	9228-6384 Québec inc. (Sid Lee Technologies)	-	-	900	900
	9273-3443 Québec inc. (CLS Info)	-	32	-	32
	Aéronav inc.	-	72	-	72
	Alta Précision inc.	1,250	-	850	2,100
	Balcon Idéal inc.	-	289	-	289
	Cime Décor inc.	-	-	351	351
	CTA de Negotium	-	903	-	903
	DEK Canada inc.	-	722	-	722
	Ge-ber Transport inc.	-	-	127	127
	GME Experts en sinistres inc.	-	-	57	57
	LVL Studio inc.	625	-	756	1,381
	M.C. Crystal inc.	-	-	35	35
	Senez & Associés CPA inc.	-	-	167	167
	Sid Lee inc.	-	-	576	576
	Source Évolution inc.	358	-	494	852
	STC Footwear inc.	250	-	741	991
	Total Montréal	2,483	3,241	5,054	10,778
	Nord-du-Québec				
	9223-3196 Québec inc. (Rona)	-	156	-	156
	Critical Elements Corporation	13	-	-	13
	Geomega Resources inc.	20	-	-	20
	Midland Exploration inc.	77	-	-	77
	Némaska Lithium inc.	9	-	-	9
	Total Nord-du-Québec	119	156	-	275
	Outaouais				
	Gestion S. Kelly (Métro Kelly)	300	-	500	800
	Jacques Poirier et Fils Ltée	-	-	142	142
	Total Outaouais	300	-	642	942

Capital régional et coopératif Desjardins

Index of the Company's share in investments made by specialized funds and partner funds, at cost (unaudited)

As at June 30, 2017

(in thousands of dollars)

Information from Annual Financial Report dated	Equity Interest of the Company %	Unsecured investments		Secured investments	Total \$
		Common and Preferred shares \$	Loans and advances \$	Loans and advances \$	
31/12/2016	Capital croissance PME s.e.c. (cont.)	50.00			
	Saguenay-Lac-Saint-Jean				
	2737-2895 Québec Inc. (Distribution Fromagerie Boivin)	-	-	363	363
	4145275 Canada inc. (Chlorophylle)	600	-	167	767
	8439117 Canada inc. (Récupère Sol)	-	481	-	481
	9244-7770 Québec inc. (Voie Maltée)	-	-	158	158
	Ambulance Médilac inc.	-	89	-	89
	Cervo-Polygaz inc.	-	-	51	51
	Clinique médicale privée Opti-Soins inc.	150	460	-	610
	Cuisines G.B.M. inc. (Les)	-	56	-	56
	Denis Lavoie & fils ltée	-	-	281	281
	Garage Georges Beaudoin inc.	-	-	79	79
	Institut d'échafaudage du Québec (9020-4983 Québec inc.)	-	-	292	292
	Location A.L.R. inc.	198	-	-	198
	Matelas Lion d'or inc.	-	24	-	24
	Messagerie du Fjord inc.	-	312	-	312
	Métatube (1993) inc.	-	169	-	169
	Sécuor inc.	-	172	-	172
	Sports Guy Dumas inc.	36	-	-	36
	Théka Industries inc.	-	180	-	180
	Total Saguenay-Lac-Saint-Jean	984	1,943	1,391	4,318
		8,659	11,684	16,802	37,145
	Funds committed but not disbursed				386
	Total Capital croissance PME s.e.c.				37,531

Capital régional et coopératif Desjardins

Index of the Company's share in investments made by specialized funds and partner funds, at cost (unaudited)

As at June 30, 2017

(in thousands of dollars)

Information from Annual Financial Report dated	Equity Interest of the Company %	Unsecured investments		Secured investments	Total \$
		Common and Preferred shares \$	Loans and advances \$	Loans and advances \$	
31/12/2016	Capital croissance PME II s.e.c.	50.00			
	Abitibi-Témiscamingue				
	9063-7547 Québec inc. (Usinage Laquerre)	800	896	-	1,696
	9207-6553 Québec inc. (Pizzeria Noranda)	-	-	23	23
	9222-0201 Québec inc. (Location Dumco)	-	165	-	165
	9308-7294 Québec inc. (Service Mécanique Gilbert inc.)	-	-	86	86
	Abitibi Géophysique inc.	-	146	-	146
	Ace services mécaniques inc.	-	86	-	86
	Agence de sécurité Mirado inc.	-	92	-	92
	Autobus Maheux ltée (Les)	-	1,200	-	1,200
	Cartier Resources inc.	38	-	-	38
	Centre du ressort Lamarche inc.	-	53	-	53
	Construction Gaston Proulx et Frères inc.	-	75	170	245
	Falco Resources Ltd.	61	-	-	61
	Gestion Martin Dandurand inc.	-	93	-	93
	Groupe Minier CMAC - Thyssen Mining Group	-	217	-	217
	Menuiserie Jalbert inc.	-	125	-	125
	Probe Metals inc. (ex Adventure Gold inc.)	88	-	-	88
	Ressources minières Radisson inc.	52	-	-	52
	Yorbeau Ressources inc.	52	-	-	52
	Total Abitibi-Témiscamingue	1,091	3,148	279	4,518
	Bas-Saint-Laurent				
	9164-1134 Québec inc. (Kia Matane)	-	-	174	174
	9188-1441 Québec inc. (Caravane Rimouski)	-	159	-	159
	Bouffard Sanitaire inc.	-	-	368	368
	Gestion AFM-Séma inc.	512	250	-	762
	Gestion Brasa inc.	-	298	1,500	1,798
	Gestion Rima 2013 inc. (Sani-Manic inc.)	-	-	99	99
	Location Jesna inc.	-	-	190	190
	Total Bas-Saint-Laurent	512	707	2,331	3,550

Capital régional et coopératif Desjardins

Index of the Company's share in investments made by specialized funds and partner funds, at cost (unaudited)

As at June 30, 2017

(in thousands of dollars)

Information from Annual Financial Report dated	Equity Interest of the Company %	Unsecured investments		Secured investments	Total \$
		Common and Preferred shares \$	Loans and advances \$	Loans and advances \$	
31/12/2016	Capital croissance PME II s.e.c. (cont.)	50.00			
	Capitale-Nationale				
	9265-1934 Québec inc. (Centurion Fondation)	-	-	271	271
	9295-4874 Québec inc. (Maison de l'homéopathie de Québec)	-	196	-	196
	9348-0648 Québec inc. (Gestion C.C. Blouin inc.)	-	-	175	175
	Capilex-Beauté ltée	-	-	547	547
	DMB Distribution alimentaire inc.	1,313	300	-	1,613
	Lasertech industries inc.	-	300	-	300
	Matériaux Blanchet inc.	-	-	2,017	2,017
	Menuiserie R. Légaré inc.	-	-	192	192
	Multi Options Nursing inc.	-	196	-	196
	Panthera Dental inc.	-	200	-	200
	Pol R Entreprises inc.	2,363	-	-	2,363
	Ruchers Promiel inc. (Les)	-	412	-	412
	Total Capitale-Nationale	3,676	1,604	3,202	8,482
	Centre-du-Québec				
	9324-9605 Québec inc. (Préscolaire Vision)	83	-	-	83
	Advantag Canada inc.	-	100	447	547
	Davinci Compass inc.	-	-	443	443
	Distribution Pro-Excellence	-	450	-	450
	Fromagerie L'Ancêtre inc.	-	147	-	147
	Lacal Technologie inc.	-	345	-	345
	NMédia Solutions inc.	-	119	-	119
	Reflec inc.	-	419	-	419
	Sipromac II inc.	-	-	341	341
	Total Centre-du-Québec	83	1,580	1,231	2,894
	Chaudière - Appalaches				
	9333-1460 Québec inc. (Résidence intermédiaire Fortier)	-	144	-	144
	Acriart inc.	-	-	110	110
	Équipements Supérieurs inc.	-	614	-	614
	F. Charest ltée	-	858	-	858
	Groupe Audaz	-	150	-	150
	Humaco Acoustique inc. (ex-Gyptech Acoustique inc.)	-	196	-	196
	I. Thibault Inc.	-	225	-	225
	Industries et équipements Laliberté (Les)	-	642	-	642
	Productions Horticoles Demers (Les)	187	-	-	187
	Techno-Moules P.L.C. inc.	-	-	75	75
	Total Chaudière - Appalaches	187	2,829	185	3,201

Capital régional et coopératif Desjardins

Index of the Company's share in investments made by specialized funds and partner funds, at cost (unaudited)

As at June 30, 2017

(in thousands of dollars)

Information from Annual Financial Report dated	Equity Interest of the Company %	Unsecured investments		Secured investments	Total \$
		Common and Preferred shares \$	Loans and advances \$	Loans and advances \$	
31/12/2016	Capital croissance PME II s.e.c. (cont.)	50.00			
	Côte-Nord				
	9074-9664 Québec inc.	-	-	114	114
	9160-7671 Québec inc. (Pétroles MB)	-	200	-	200
	Caroline Tremblay, CPA inc.	-	-	147	147
	Construction Leclerc et Pelletier inc.	-	-	125	125
	Total Côte-Nord	-	200	386	586
	Eastern Townships				
	2731-1471 Québec inc. (Les Fruits et légumes de l'Estrie)	-	184	-	184
	6358331 Canada inc. (Sherbrooke OEM Ltd.)	-	240	-	240
	Éco-Pak inc. (9316-3251 Québec inc.)	-	-	600	600
	Industries C.P.G. Gagné ltée	-	127	-	127
	Innotex inc.	-	225	-	225
	Khrome Product - Transport (KPT) inc.	-	381	-	381
	Nautic & Art inc.	-	-	422	422
	Perron Pallets inc.	-	250	-	250
	Pieux Vistech - Postech inc.	-	125	-	125
	Réparations SOS Lift inc.	-	-	100	100
	S.E.2 inc.	25	-	-	25
	Sherlic inc.	350	-	-	350
	Spécialités industrielles Sherbrooke inc.	-	123	-	123
	Total Eastern Townships	375	1,655	1,122	3,152
	Gaspésie-Îles-de-la-Madeleine				
	9088-6086 Québec inc. (Subaru New Richmond)	-	-	198	198
	Total Gaspésie-Îles-de-la-Madeleine	-	-	198	198
	Lanaudière				
	9350 -9776 Québec inc. (Cryos Technologies Inc.)	732	418	-	1,150
	Artotech Integration inc.	-	122	-	122
	Centre Nouvelle-Vie (Pavillon Lanaudière)	-	-	292	292
	Produits de Métal Pointech inc.	-	-	250	250
	Total Lanaudière	732	540	542	1,814
	Laurentians				
	9317-5602 Québec inc. (Marché Leblanc inc.)	-	500	-	500
	Alimenteurs Orientech inc.	-	187	-	187
	Jean-Jacques Campeau inc.	2,000	-	-	2,000
	Technoflex ESR Entreprise inc.	350	413	-	763
	Total Laurentians	2,350	1,100	-	3,450

Capital régional et coopératif Desjardins

Index of the Company's share in investments made by specialized funds and partner funds, at cost (unaudited)

As at June 30, 2017

(in thousands of dollars)

Information from Annual Financial Report dated	Equity Interest of the Company %	Unsecured investments		Secured investments	Total \$
		Common and Preferred shares \$	Loans and advances \$	Loans and advances \$	
31/12/2016	Capital croissance PME II s.e.c. (cont.)	50.00			
	Laval				
	Groupe Lumain inc.	-	-	2,140	2,140
	Marina Del Rey Foods inc.	-	444	-	444
	Norseco inc.	-	484	-	484
	Total Laval	-	928	2,140	3,068
	Mauricie				
	9256-9037 Québec inc.	-	-	128	128
	Maison Isabelle inc.	-	225	-	225
	Placements Le Belvédère inc.	-	1,043	375	1,418
	Premont Foods Inc.	-	291	-	291
	Total Mauricie	-	1,559	503	2,062
	Montérégie				
	3087-9894 Québec inc. (Habitations Trigone)	-	-	525	525
	9008-7826 Québec inc. (Habitations Trigone)	-	-	525	525
	9020-5758 Québec inc. (AVRIL)	-	1,500	-	1,500
	9120-6094 Québec inc. (Lanla)	-	250	-	250
	Acema Importations inc.	-	162	-	162
	Alarme S.P.P. inc.	-	-	129	129
	Autobus Dufresne inc.	-	150	-	150
	Brosses Lacasse inc. (Les)	-	-	192	192
	Constructions 3P inc.	-	430	-	430
	Contek Shilstone inc.	-	525	-	525
	Éclairages Électroniques C.B.M. inc. (Les)	-	240	-	240
	Galenova inc. et Gentes et Bolduc Pharmaciens inc.	-	-	1,000	1,000
	Groupe Bertrand éditeurs inc.	-	-	262	262
	Groupe Grégor inc.	-	-	1,250	1,250
	Habitations Deschênes et Pépin inc. (Les)	-	302	-	302
	Helios Group inc.	1,500	984	-	2,484
	Industries B. Rainville inc.	-	-	400	400
	Logimed inc.	-	-	325	325
	MTL Technologies inc.	-	448	-	448
	Placements F.I. inc.	-	442	-	442
	Pro Action Diesel inc.	-	-	255	255
	Rotoplast inc.	-	550	-	550
	Total Montérégie	1,500	5,983	4,863	12,346

Capital régional et coopératif Desjardins

Index of the Company's share in investments made by specialized funds and partner funds, at cost (unaudited)

As at June 30, 2017

(in thousands of dollars)

Information from Annual Financial Report dated	Equity Interest of the Company %	Unsecured investments		Secured investments	Total \$
		Common and Preferred shares \$	Loans and advances \$	Loans and advances \$	
31/12/2016	Capital croissance PME II s.e.c. (cont.)	50.00			
	Montréal				
	3236013 Canada inc. (Planète Mobile)	-	-	500	500
	9041-9680 Québec inc. (Alco Transport)	-	125	-	125
	9168-5909 Québec inc. (Piknic Électronik inc.)	-	-	238	238
	9303-6408 Québec inc. (Atelier d'usinage de précision Innova)	-	-	169	169
	Azimet Exploration inc.	100	-	-	100
	C.R.H. Oral Design inc.	-	425	-	425
	C.T.M. Adhesive inc.	-	707	-	707
	Datsit Studios inc.	-	230	-	230
	Éditions Info Presse inc.	-	394	-	394
	Faspac Plastiks inc.	-	500	-	500
	Gorski Group Ltd.	-	1,000	-	1,000
	Groupe Bugatti inc. (Le)	-	1,500	-	1,500
	Hibernum Créations inc.	-	1,650	-	1,650
	JSS Medical Research inc.	2,000	467	-	2,467
	Khalkos Exploration inc.	50	-	-	50
	Leeza Distributing inc.	500	1,000	-	1,500
	Masdel inc.	725	1,338	-	2,063
	Oboxmedia inc.	-	381	-	381
	Refitech international inc.	-	-	293	293
	TV5 Québec Canada	-	-	1,075	1,075
	Total Montréal		3,375	9,717	2,275
	Nord-du-Québec				
	Beaufield Resources inc.	17	-	-	17
	Dios Exploration inc.	16	-	-	16
	Geomega Resources inc.	164	-	-	164
	Midland Exploration inc.	75	-	-	75
	Monarques Gold Corporation	32	-	-	32
	Nouveau Monde Mining Enterprises	111	-	-	111
	Sirios Resources inc.	144	-	-	144
	Tomagold Corporation	80	-	-	80
	Total Nord-du-Québec		639	-	-

Capital régional et coopératif Desjardins

Index of the Company's share in investments made by specialized funds and partner funds, at cost (unaudited)

As at June 30, 2017

(in thousands of dollars)

Information from Annual Financial Report dated	Equity Interest of the Company %	Unsecured investments		Secured investments	Total \$
		Common and Preferred shares \$	Loans and advances \$	Loans and advances \$	
31/12/2016	Capital croissance PME II s.e.c. (cont.)	50.00			
	Saguenay-Lac-Saint-Jean				
	130395 Canada Inc. (Nordex Inc.)		1,875	-	1,875
	2526-0100 Qc inc. (Terrassement J. Fortin)		-	442	442
	2737-2895 Québec Inc. (Distribution Fromagerie Boivin)		-	191	191
	2956-7062 Québec inc. (NAPA La Baie)		-	88	88
	9165-8021 Québec inc. (Transport R.C.I.)		-	200	200
	9216-3146 Québec inc. (Micro Brasserie du Saguenay)		-	111	111
	9244-7770 Québec inc. (La Voie Maltée)		-	56	56
	9283-9034 Québec inc. (Pexal Tecalum Canada)		-	182	182
	9328-9486 Québec inc.		390	309	699
	Cervo-Polygaz inc.		-	246	246
	Clinique médicale privée Opti-Soins inc.		-	135	135
	Communications Télésignal inc.		338	-	338
	DERYtelecom inc.		-	2,500	2,500
	Fenêtres Réjean Tremblay inc. (Les)		-	340	340
	Flash Néon inc. - Enseignes Ste-Marie		-	183	183
	Foresco Holding inc.		-	250	250
	Gestion R. et G.G. inc.		2,000	-	2,000
	Imprimeurs Associés ICLT-Commerciale inc. (Les)		-	150	150
	Industries G.R.C. inc. (Les)		-	151	151
	Mermax inc.		-	186	186
	Messagerie du Fjord inc.		-	40	40
	Sécur inc.		-	210	210
	Taimi R & D inc.		-	257	257
	Transport Réal Villeneuve inc.		-	275	275
	Villeneuve Equipements inc.		-	500	500
	Total Saguenay-Lac-Saint-Jean		4,603	3,087	11,605
			19,123	34,637	76,932
	Funds committed but not disbursed				5,429
	Total Capital croissance PME II s.e.c.				82,361

Capital régional et coopératif Desjardins

Index of the Company's share in investments made by specialized funds and partner funds, at cost (unaudited)

As at June 30, 2017

(in thousands of dollars)

Information from Annual Financial Report dated	Equity Interest of the Company %	Unsecured investments		Secured investments	Total \$	
		Common and Preferred shares \$	Loans and advances \$	Loans and advances \$		
31/12/2016	Desjardins – Innovatech S.E.C.	54.49				
	7525443 Canada inc. (Inflotrolix)		362	197	-	559
	9088-9148 Québec inc. (Usinage SM)		-	71	-	71
	9274-4192 Québec inc. (Boisaco)		758	-	-	758
	9493662 Canada inc (Ananda Devices)		-	70	-	70
	Achronix Semiconductor Corporation		-	-	-	-
	Airex Énergie inc.		545	-	204	749
	Alaya Care inc.		-	70	-	70
	Albert Perron inc.		695	-	-	695
	AxesNetwork Solutions inc.		1,933	-	-	1,933
	Biocean Canada inc.		273	54	-	327
	Biomomentum inc.		-	79	-	79
	Bouffard Sanitaire inc. et Acier Bouffard inc.		-	38	-	38
	CmLabs Simulations inc.		817	-	-	817
	Delve Laboratories inc.		-	209	-	209
	E2Metrix inc.		272	-	50	322
	Ecotierra project management inc.		-	147	-	147
	EMcision International inc.		-	70	-	70
	Emerillon Capital s.e.c.		5,120	-	-	5,120
	Emovi inc.		-	71	-	71
	Éocycle Technologies inc.		1,305	-	-	1,305
	Fonds Entrepia Nord, s.e.c. (Le)		305	-	-	305
	Global LVL inc.		191	-	368	559
	Groupe Icible inc.		-	163	-	163
	Groupe Minier CMAC - Thyssen Mining Group		-	236	-	236
	Gullivert Technologies inc.		109	-	-	109
	Hortau inc.		-	-	318	318
	Imagia Cybernetics Inc.		648	-	637	1,285
	Indalo Studio inc.		-	35	-	35
	Innomalt inc.		-	170	-	170
	Innovative Imaging Technologies inc.		817	-	-	817
	Inocucor Technologies inc.		768	-	681	1,449
	Ionodes inc.		316	-	-	316
	Laboratoire M2 inc.		-	545	-	545
	Laserax inc.		-	654	-	654
	LeddarTech inc.		831	-	136	967
	Mayer Integration inc.		-	97	-	97
	nGUVU Technologies inc.		817	-	-	817
	Nippon Dragon Resources inc.		255	-	-	255
	Ocera Therapeutics inc.		94	-	-	94
	Optina Diagnostics inc.		-	70	-	70
	OptoSecurity inc.		-	100	-	100
	Prevtect Microbia inc.		1,174	136	-	1,310
	Produits forestiers LAMCO inc.		311	-	-	311
	Rekruti Solutions inc.		-	138	-	138
	Solutions Interactives de validation 88 inc.		272	180	-	452
	SweetIQ Analytics Corp.		545	-	545	1,090

Capital régional et coopératif Desjardins

Index of the Company's share in investments made by specialized funds and partner funds, at cost (unaudited)

As at June 30, 2017

(in thousands of dollars)

Information from Annual Financial Report dated	Equity Interest of the Company %	Unsecured investments		Secured investments	Total \$
		Common and Preferred shares \$	Loans and advances \$	Loans and advances \$	
31/12/2016 Desjardins – Innovatech S.E.C. (cont.)	54.49				
Technologies Intelia inc.		234	-	-	234
Thorasys Thoracic Medical Systems inc.		-	141	-	141
TSO3 inc.		772	-	-	772
Vantrix Corporation		-	-	-	-
VIMAC Early Stage Fund L.P.		610	-	-	610
		21,149	3,741	2,939	27,829
Funds committed but not disbursed					9,484
Total Desjardins - Innovatech S.E.C.					37,313

Capital régional et coopératif Desjardins

Index of the Company's share in investments made by specialized funds and partner funds, at cost (unaudited)

As at June 30, 2017

(in thousands of dollars)

Information from Annual Financial Report dated	Equity Interest of the Company %	Unsecured investments		Secured investments		Total \$
		Common and Preferred shares \$	Loans and advances \$	Loans and advances \$		
31/12/2016	Société en commandite Essor et Coopération	94.55				
	Agropur Coopérative	4,727	-	-		4,727
	Central Café - Coop de solidarité	189	-	-		189
	Citadelle, Maple Syrup Producers' Cooperative	4,727	-	-		4,727
	Club coopératif de consommation d'Amos	946	-	-		946
	Coopérative Actionnaire Les Paramédics d'Urgence Bois-Francis	-	829	-		829
	Coopérative de travailleurs actionnaire de TEC	-	245	-		245
	Coopérative forestière de Petit Paris	-	946	-		946
	Coopérative Vision-Éducation	756	-	-		756
	Fédération des coopératives funéraires du Québec	419	-	-		419
	La Coop fédérée	4,727	-	-		4,727
	La Coop Uniforce	946	-	-		946
	Magasin Général Saint-Fidèle, Coop de solidarité	-	54	-		54
	Québec Federation of Forestry Cooperatives	364	-	-		364
	Unicoop Coopérative agricole	1,418	-	-		1,418
	Vivaco Groupe coopératif	946	-	-		946
		20,165	2,074	-		22,239
	Funds committed but not disbursed					6,132
	Total Société en commandite Essor et Coopération					28,371

This unaudited index provides details of investments made by specialized funds and partner funds in which Capital régional et coopératif Desjardins has invested more than \$10M and by partner funds, in which it holds an equity interest of more than or equal to 50%, that respect the criteria stated in the *Regulation respecting Development Capital Investment Fund Continuous Disclosure*.

