THE FINANCIAL REPORT INCLUDES:

- MANAGEMENT DISCUSSION AND ANALYSIS
- MANAGEMENT'S REPORT
- COMPLETE AUDITED FINANCIAL STATEMENTS, INCLUDING THE NOTES AND THE INDEPENDENT AUDITOR'S REPORT
- AUDITED SCHEDULE OF COST OF INVESTMENTS IMPACTING THE QUÉBEC ECONOMY
- STATEMENT OF OTHER INVESTMENTS
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# 2013 ANNUAL FINANCIAL REPORT

Desjardins
Capital régional
et coopératif

# CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS

## MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

*Interim financial information may be obtained in the same way.*

# FINANCIAL HIGHLIGHTS AS AT DECEMBER 31

The following charts present key financial data and are intended to assist in understanding the Company's financial results for the preceding five fiscal years. This information is derived from the Company's audited annual financial statements.

## RATIOS AND SUPPLEMENTAL DATA

(in thousands of $, unless indicated otherwise)

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|
| Revenue | **51,982** | 53,491 | 46,894 | 44,970 | 39,900 |
| Net income | **24,950** | 53,435 | 122,588 | 18,696 | 17,145 |
| Net assets | **1,470,576** | 1,356,446 | 1,220,427 | 1,019,846 | 905,921 |
| Shares outstanding (number, in thousands) | **126,165** | 118,243 | 110,776 | 102,908 | 93,142 |
| Total operating expense ratio (%) | **2.0** | 2.4 | 3.0 | 2.8 | 2.8 |
| Portfolio turnover rate: | | | | | |
| – Investments impacting the Québec economy (%) | **16** | 23 | 28 | 11 | 9 |
| – Other investments (%) | **108** | 67 | 110 | 112 | 84 |
| Trading expense ratio[1] (%) | **0.0** | 0.0 | 0.0 | 0.0 | 0.0 |
| Number of shareholders (number) | **100,861** | 103,052 | 106,577 | 111,476 | 118,119 |
| Issues of shares | **149,995** | 149,994 | 153,955 | 180,982 | 129,443 |
| Share issue expenses, net of related taxes | **1,740** | – | – | – | – |
| Redemptions of shares | **59,075** | 67,410 | 75,962 | 85,753 | 53,273 |
| Investments impacting the Québec economy at cost | **671,547** | 625,414 | 498,984 | 473,331 | 475,785 |
| Fair value of investments impacting the Québec economy | **733,907** | 659,045 | 541,909 | 439,550 | 401,321 |
| Funds committed but not disbursed | **227,593** | 142,350 | 151,822 | 200,485 | 63,907 |

[1] Trading expense includes brokerage fees and other portfolio transaction costs. These expenses are not material to the Company.

## CHANGES IN NET ASSETS PER SHARE

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|
| | **($)** | ($) | ($) | ($) | ($) |
| **Net assets per share, beginning of year** | **11.47** | **11.02** | **9.91** | **9.73** | **9.54** |
| **Increase (decrease) attributable to operations** | **0.20** | **0.46** | **1.15** | **0.19** | **0.19** |
| Interest, dividends and negotiation fees | **0.41** | 0.46 | 0.43 | 0.45 | 0.43 |
| Operating expenses | **(0.23)** | (0.28) | (0.31) | (0.27) | (0.27) |
| Income taxes and capital tax | **(0.07)** | (0.09) | (0.07) | (0.07) | (0.06) |
| Realized gains (losses) | **0.03** | 0.48 | 0.20 | (0.36) | 0.13 |
| Unrealized gains (losses) | **0.06** | (0.11) | 0.90 | 0.44 | (0.04) |
| **Difference attributable to share issues and redemption** | **(0.01)** | **(0.01)** | **(0.04)** | **(0.01)** | **0.00** |
| **Net assets per share, end of year** | **11.66** | **11.47** | **11.02** | **9.91** | **9.73** |

# OVERVIEW

The Company closed fiscal 2013 with net income of $25.0 million ($53.4 million in 2012), representing a return of 1.7% (4.2% in 2012). The combined effect of net income and share issue expenses (net of taxes of $1.2 million) amounting to $1.7 million recognized in share capital resulted in an increase of net assets per share to $11.66 based on the number of shares outstanding at the end of the fiscal year, compared with $11.47 at the end of fiscal 2012.

Investments impacting the Québec economy posted a return of 8.9% in 2013, compared with a return of 12.0% in 2012. As at December 31, 2013, the cost of Investments impacting the Québec economy disbursed totalled $671.5 million and investments made during the year reached $143.7 million. Funds committed but not disbursed reached $227.6 million and new commitments for the year came to $229.0 million. Since its capitalization is limited, the Company constantly seeks innovative ways to make a greater contribution to the development of Québec's economy. As the driving force, the Company pursues its mission through several levers it develops with its manager, Desjardins Venture Capital (DVC). Those levers underpin the Company's entrepreneurial ecosystem which comprises funds designed to promote and preserve the best entrepreneurship in Québec.

Other investments generated a return of 0.5% for fiscal 2013, compared with a return of 4.1% for fiscal 2012. The lower return in 2013 is due mainly to impairment of value in the bond portfolio related to the rise in long-term bond rates.

Capital subscriptions during the year reached $150.0 million in only a few hours, while share redemptions totalled $59.1 million. The balance of shares eligible for redemption as at December 31, 2013 totalled $350 million. Net assets stood at $1,470.6 million, up 8.4% compared with the previous year. The number of shareholders as at December 31, 2013 was 100,861.

# ECONOMIC ENVIRONMENT

Global economic recovery in 2013 was reined in by a number of factors. Growth in the industrialized countries slowed, declining from 1.3% in 2012 to 1.1% in 2013. As the year opened, the euro zone continued to suffer from the longest recession in its history, only to come out of it finally in the second quarter. The region made advances as financial pressures eased. Forecasting low inflation over an extended period, the European Central Bank reduced its main rate in November 2013 for the second time in the year. At less than 1.0% in December, inflation was still far from the Bank's target. Central banks in the industrialized countries also kept interest rates extremely low. Many emerging countries were hurt by weak demand from industrialized countries. They also struggled to retain foreign capital and stabilize their currencies in early summer as U.S. bond rates rose. Despite widespread fears of a slowdown in China, the pace of growth stabilized at 7.7% for 2013.

The United States experienced a number of bumps in 2013, mainly related to the political and budgetary situations. On the heels of the fiscal cliff as the year opened and the program of automatic government spending cuts kicked in, the political impasse over the budget issue and raising the debt ceiling came back to haunt the U.S. economy in the fall. Government operations were shut down for 16 days in October. As a result, U.S. economic growth shrank from 2.8% in 2012 to 1.9% in 2013. A bilateral agreement was signed on December 10, 2013, reducing budget uncertainty and reviving Americans' confidence in their economy. The job market continued to firm up, along with the housing industry. The Federal Reserve (Fed) decided to taper its bond buying program by US$10 billion starting in January 2014.

Canada maintained its growth rate for 2013 at 1.8%. Exporters continued to take a beating from weak global demand. Québec and, to a lesser extent, Ontario were directly impacted by these factors while the pullback in raw material prices hurt natural resource-rich provinces. Canada-wide, the economy suffered from governmental measures aimed at reducing deficits and slower growth in business investments. Dragged along by their U.S. counterparts, Canadian medium- and long-term rates spiked suddenly as spring drew to a close that continued until the end of the year. Unfavourably impacted by the natural resources sector, the S&P/TSX return of 9.6% seemed slim compared with the 29.6% turned in by the S&P 500 in the U.S.

## ECONOMIC OUTLOOK FOR 2014

Global economic conditions are expected to improve in 2014, but remain weak in several regions, particularly the euro zone, with austerity measures and credit weakness further reining in European growth. To shore up the economy and financial system, the ECB could intervene again by cutting its key interest rates or using non-traditional tools.

Elsewhere in the world, emerging countries are expected to recover gradually in step with improving conditions in Europe and the U.S. The political and budgetary problems in the United States have been sidestepped for the time being as the bill on the debt ceiling has been put off until March 15, 2015. The Fed is expected to continue tapering its bond purchases until late 2014. That means factoring in slightly upward trending U.S. medium- and long-term bond rates over 2014, even though the Fed will likely maintain rock bottom key rates into the fall of 2015. In spite of this, gradually improving household financial health and lower unemployment should support consumer spending. Economic growth in the U.S. should pick up to reach 2.9%.

Canada's economy should benefit from growing world demand and the slight rise in raw material prices. This should prompt businesses to increase investments to improve competitiveness. While consumer spending is expected to track the positive trend in the job market and growth in income, prudence will likely remain the watchword given already high levels of indebtedness. In Québec, the real estate market should stabilize in 2014, while most of the other provinces will likely see a slowdown. Overall, economic growth is expected to be about 2.0% for Canada along with Québec and Ontario. Since economic growth is not likely to be strong enough to push inflation above the Bank of Canada's mean target, expectations are that the bank will leave its key interest rates unchanged. Canadian medium- and long-term bond rates will continue to rise as economic conditions improve while the S&P/TSX should generate returns similar to 2013, or about 10%.

# MANAGEMENT'S DISCUSSION OF FINANCIAL PERFORMANCE

## OPERATING RESULTS

### COMPANY NET RESULTS AND RETURNS

The Company closed its fiscal year ended December 31, 2013 with net income of $25.0 million, or a return of 1.7%, compared with net income of $53.5 million (return of 4.2%) for the preceding year. The combined effect of net income and share issue expenses (net of taxes of $1.2 million) amounting to $1.7 million recognized in share capital resulted in an increase of net assets per share to $11.66 based on the number of shares outstanding at the end of the fiscal year, compared with $11.47 at the end of fiscal 2012. For information purposes, taking into account their income tax credit, at the current price of $11.66, shareholders who invested seven years ago would obtain an annual after-tax return ranging between 7.7% and 8.3%. Note that the income tax credit allowed for purchases between March 24, 2006 and November 9, 2007 was 35%, while the tax credit for the periods before and after those dates was 50%.

The Company's performance results primarily from Investments impacting the Québec economy and Other investments, which generated contributions of 4.3% and 0.3% respectively while expenses, net of administrative charges and income taxes had an impact of 2.9% on Company performance.

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

| RETURN BY ACTIVITY | 2013 | | | | 2012 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Average assets under management ($M)** | **Weighting (%)** | **Return 1 year (%)** | **Contribution 1 year (%)** | Average assets under management ($M) | Weighting (%) | Return 1 year (%) | Contribution 1 year (%) |
| Investments impacting the Québec economy | **683** | **49.5** | **8.9** | **4.3** | 588 | 46.3 | 12.0 | 5.2 |
| Other investments and cash | **698** | **50.5** | **0.5** | **0.3** | 680 | 53.7 | 4.1 | 2.3 |
| | **1,381** | **100.0** | **4.6** | **4.6** | 1,268 | 100.0 | 7.5 | 7.5 |
| Expenses, net of administrative charges | | | **(2.3)** | **(2.3)** | | | (2.5) | (2.5) |
| Income taxes | | | **(0.6)** | **(0.6)** | | | (0.8) | (0.8) |
| Company's return | | | **1.7** | **1.7** | | | 4.2 | 4.2 |

## INVESTMENTS IMPACTING THE QUÉBEC ECONOMY

**Portfolio composition**

The Company's manager has allocated its Investments impacting the Québec economy activities across five asset classes.

Development Capital is made up primarily of unsecured investments in the form of non-controlling interests in share capital, advances or loans. These financing packages are designed for companies that are in their growth-phase or have reached maturity. They may also be applicable for start-up businesses located in resource regions. The size of investments in this class ranges generally between $100,000 and $10 million. However, since July 2010, investments of $3 million or less ($5 million or less since July 2013) in new partner companies have normally been carried out through the Capital croissance PME S.E.C. (CCPME) fund and are therefore presented in the Funds class. A description of CCPME appears later in this text.

Company Buyouts and Major Investments has a dual mandate. First, the Company aims to acquire companies to ensure their continuity or to strengthen promising sectors while keeping ownership in Québec. In addition, it supports the growth of profitable companies in all Québec business sectors through interests in their share capital or as an unsecured creditor for amounts ranging between $5 million and $30 million.

The Technological Innovations and Venture Capital – Health portfolios are made up of direct investments in companies specializing in the information technology and life sciences sectors. As at December 31, 2013, these portfolios comprised only seven companies (fair value of $18.1 million) and three companies (fair value of $1.9 million), respectively. The Company aims to optimize the value of the investments it holds but has made no further new investments directly in these asset classes since 2008. Investments in technology or innovation businesses are instead made through partner fund Desjardins – Innovatech S.E.C. (DI).

Since its capitalization is limited, the Company constantly seeks innovative ways to make a greater contribution to the development of Québec's economy. As the driving force, the Company pursues its mission through several levers it develops in conjunction with its manager, Desjardins Venture Capital. The Funds asset class consists primarily of these levers which underpin the Company's entrepreneurial ecosystem, comprising funds designed to promote and preserve the best entrepreneurship in Québec through direct action in almost 210 companies. A more detailed description of each of them is provided later in this text.

- CCPME, whose main goal is to provide subordinated debt financing of $3 million or less to small and medium enterprises in Québec, was created on July 1, 2010. The Company and the Caisse de dépôt et placement du Québec (CDPQ), as sponsors of the fund, agreed to invest equal shares totalling a maximum of $200 million, most of which to be disbursed over a period of three years. In July 2013, the sponsors made commitments to invest an additional amount of $20 million, in equal shares, for a total maximum amount of $220 million, to increase the maximum amount per investment to $5 million and to extend the investment period to December 31, 2013. Note that since July 2013, CCPME has undertaken no new cooperative financing packages as this type of financing is now being handled through the new Essor et Coopération fund presented later in this text. As at December 31, 2013, the Company had disbursed $95.6 million of its total commitment of $110 million, allowing CCPME to support the development of 177 businesses and funds. As CCPME's investment period is now closed, funds committed but not disbursed totalling $14.4 million will be used for reinvestment and to pay the Fund's current expenses until its scheduled fund end date of July 1, 2021.

- In April 2013, the Company announced the renewal of the partnership agreement with CDPQ through a new fund – CCPME II. A maximum additional amount of $230 million, most of which will be invested over a three-year period, will be used to support small and medium enterprises in Québec. The Company has committed an amount of $115 million. CCPME II commenced activities on January 1, 2014 and the first investments are planned for the first quarter of 2014.

- The Company is also the majority sponsor of the DI fund, which is also managed by DVC. DI has made a commitment to inject a total of $85 million into an ecosystem made up of various funds and partners to support Québec technology or innovation businesses through each stage of their development. As at December 31, 2013, DI had made disbursements of $27.4 million to support a total of 29 companies and funds.

- The objective of the Essor et Coopération limited partnership is to support the creation, growth and capitalization of cooperatives in Québec. This new fund, managed by DVC, will have a capitalization of $44 million, to which the Company has made a commitment of $40 million. The partnership also entered into an agreement with the Business Development Bank of Canada and the Sociétés d'aide au développement des collectivités (SADC) and Centres d'aide aux entreprises (CAE) network to make joint investments into projects, thereby making available a total amount of almost $60 million to Québec cooperatives. Since inception of the Essor et Coopération fund

| COMPOSITION OF THE FUNDS ASSET CLASS (fair value amounts) | **AS AT DECEMBER 31, 2013** | | AS AT DECEMBER 31, 2012 |
|---|---|---|---|
| | INTEREST IN THE COMPANY | | |
| | **(%)** | **($M)** | ($M) |
| Entrepreneurial ecosystem | | | |
| CCPME | **50.0** | **78.4** | 56.9 |
| DI | **54.5** | **52.9** | 56.6 |
| Essor et Coopération | **100.0** | **11.0** | – |
| Other funds launched by the Company | | **10.6** | 9.5 |
| | | **152.9** | 123.0 |
| Other funds | | **19.1** | 19.7 |
| | | **172.0** | 142.7 |

on January 1, 2013, the Company has disbursed $11.8 million of its total commitment of $40 million, allowing the Fund to support the development of 3 cooperatives.

- The Fonds Relève Québec provides business transfer loans at favourable conditions to Québec business successors to finance a portion of their capital funding. The Québec government and two other partners share in financing the Fund. As at December 31, 2013, the Company had disbursed $2.1 million of its commitment of $10 million.

- In November 2012, the Company partnered with the government of Québec, the CDPQ, Desjardins Group, the Fédération des chambres de commerce du Québec, the Fondation de l'entrepreneurship and Quebecor to create the Fonds Prêt à Entreprendre s.e.c. This initiative targets and supports the most promising new entrepreneurs hailing from the four corners of Québec. The program provides comprehensive assistance for entrepreneurs by extending unsecured, interest-free loans to a maximum value of $30,000, combined with mentoring and technical support. The program budget is approximately $7 million. The Company has made a commitment of $1 million through CCPME. As at December 31, 2013, Fonds Prêt à Entreprendre, s.e.c. had disbursed $1.1 million, providing development support for 52 entrepreneurs.

**Activities relating to Investments impacting the Québec economy**

Investments of $143.7 million made during fiscal 2013, sale proceeds of $101.0 million and realized and unrealized net gains of $32.0 million brought the total fair value of the Company's investment portfolio, including foreign exchange contracts, to $733.5 million as at December 31, 2013 ($658.8 million as at December 31, 2012). Investments made during the fiscal year were primarily attributable to the Funds and Company Buyouts and Major Investments asset classes, which accounted for amounts of $51.0 million and 61.4 million, respectively.

Investments impacting the Québec economy should also be measured taking into account funds committed but not disbursed, which amounted to $227.6 million as at December 31, 2013, compared with $142.4 million as at December 31, 2012. The conclusion of CCPME II in the fourth quarter gave rise to a significant portion of the increase in funds committed but not disbursed. Total commitments at cost as at December 31, 2013 amounted to $899.1 million in 163 companies, cooperatives and funds, of which $671.5 million was disbursed.

Notes payable and financial liabilities with a fair value of $15.0 million ($11.4 million as at December 31, 2012) were largely attributable to the November 30, 2010 acquisition of certain investments from Desjardins Venture Capital L.P. Their fair value is adjusted according to changes in the fair value of these investments held by the Company. During the fiscal year, the Company did not repay any notes or settle any financial liabilities. Combined with gains of $8.3 million on these investments, the fair value of the notes and financial liabilities was adjusted upwards by $3.6 million, generating a net gain of $4.7 million.

**Portfolio return**

| RETURN BY ASSET CLASS | 2013 | | | | 2012 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Average assets under management ($M)** | **Weighting (%)** | **Return 1 year (%)** | **Contribution 1 year (%)** | Average assets under management ($M) | Weighting (%) | Return 1 year (%) | Contribution 1 year (%) |
| Development Capital | **154** | **11.1** | **4.2** | **0.5** | 151 | 11.9 | 12.1 | 1.4 |
| Company Buyouts and Major Investments | **362** | **26.2** | **12.1** | **3.0** | 263 | 20.8 | 23.0 | 3.6 |
| Technological Innovations | **10** | **0.7** | **8.3** | **0.1** | 13 | 1.0 | 14.2 | 0.2 |
| Venture Capital – Health | **0** | **0.1** | **158.4** | **0.1** | 42 | 3.3 | (4.0) | (0.3) |
| Funds | **157** | **11.4** | **5.9** | **0.6** | 119 | 9.3 | 3.8 | 0.3 |
| | **683** | **49.5** | **8.9** | **4.3** | 588 | 46.3 | 12.0 | 5.2 |

During fiscal 2013, the Investments impacting the Québec economy portfolio generated a positive contribution of $61.4 million, an 8.9% return, compared with $66.0 million in 2012 (a return of 12.0%). Results in 2013 were primarily attributable to solid performance in the Company Buyouts and Major Investments asset class, where certain portfolio companies shone in the current economic climate.

| CONTRIBUTION GENERATED BY INVESTMENTS IMPACTING THE QUÉBEC ECONOMY (in thousands of $) | 2013 | 2012 |
|---|---|---|
| Revenue | **33,194** | 31,784 |
| Gains and losses | **28,234** | 34,259 |
| | **61,428** | 66,043 |

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. Since January 1, 2013, negotiation fees, which amounted to $2.8 million for fiscal 2013, are earned by DVC and a credit for that amount is applied by reducing the management fees paid to DVC by the Company. The purpose of this change is to compensate the manager for the expenses incurred. Negotiation fees continue to be considered in the contribution generated by Investments impacting the Québec economy as they are included in the profitability analysis of the investments.

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

The Company recorded a gain of $28.2 million in its results for the fiscal year compared with a gain of $34.3 million in 2012.

As at December 31, 2013, the overall risk level of the Investments impacting the Québec economy portfolio had improved compared with its December 31, 2012 level, as shown in the Credit and counterparty risk section.

## OTHER INVESTMENTS

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

This portfolio, consisting primarily of bonds, money market instruments and preferred shares, provides stable current revenue for the Company and ensures the necessary liquidity to fund share redemptions and investments.

As at December 31, 2013, the Company's Other investments portfolio, including cash but excluding foreign exchange contracts, totalled $717.2 million compared with $678.2 million as at December 31, 2012. These funds were invested mainly in the fixed-income securities market in highly liquid, low-credit risk instruments. As at December 31, 2013, 65% of portfolio bond securities were government-guaranteed (70% as at December 31, 2012).

Other investments accounted for 49% of the portfolios total net assets as at the end of fiscal 2013, which is comparable to the percentage reported as at December 31, 2012. Commitments already made but not disbursed of $227.6 million, representing 15% of net assets, will eventually be covered from the Company's Other investments portfolio and allocated to Investments impacting the Québec economy.

The Company anticipates that the percentage of the Other investments portfolio to total net assets will gradually decrease in coming years to around 35% as the pace of redemptions levels off as expected. In keeping with its core mission, this will allow an increase in funds allocated to Investments impacting the Québec economy.

The Company has implemented liquidity management strategies for the Other investments portfolio to optimize return potential 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.

To enhance total portfolio returns, the securities advisor mandated by the Company's manager is also authorized to take market positions using repurchase agreements. Such trades are made in an overlay portfolio and their potential risk limits are defined and overseen by the Company's Financial Asset Management Committee and tracked daily by the securities advisor. This activity generated a gain of $0.8 million for fiscal 2013 ($1.3 million in 2012). As at December 31, 2013, the Company had no market positions.

| CONTRIBUTION GENERATED BY OTHER INVESTMENTS (in thousands of $) | 2013 | 2012 |
|---|---|---|
| Revenue | **21,098** | 21,108 |
| Gains and losses | **(17,564)** | 8,118 |
| | **3,534** | 29,226 |

Revenue consists of interest, dividends 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 positive contribution of $3.5 million in fiscal 2013 compared with a positive contribution of $29.2 million in 2012. Current revenue was comparable with the same period of 2012.

For fiscal 2013, the Company recorded a loss of $17.6 million on its Other investments portfolio. The loss stemmed primarily from the rise in bond rates. Five-year Government of Canada benchmark bonds posted yields of 1.95% as at December 31, 2013, due to an increase of 57 basis points during the year.

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

## CAPITAL RAISING

The Company offers its shares exclusively through the Desjardins caisse network. As at December 31, 2013, this distribution network consisted of 360 Desjardins caisses and 937 service centres, for a total of 1,297 points of sale.

As of the date of this report, subscription of shares of the Company entitles the shareholder to receive a non-refundable tax credit, which applies only to Québec tax, for an amount equal to 50% of all amounts subscribed, up to a maximum tax credit of $2,500 per capitalization period. The minimum holding period for shares of the Company is seven years to the day from the date of purchase before the shareholder would normally be eligible for a redemption. 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.

The Company may raise a maximum of $150 million per capitalization period until its share capital reaches the Company's $1,250 million capitalization limit for the first time by the end of a capitalization period.

Beginning with the capitalization period following the period in which the limit is reached for the first time, per capitalization period, the Company may raise the lesser of $150 million and the amount of the reduction in share capital attributable to the Company's redemptions or purchases by agreement during the preceding capitalization period. Each 12-month capitalization period begins on March 1 of each year. A special tax is payable by the Company if it fails to comply with these limits, and control mechanisms have been implemented by the Company to ensure compliance.

As at December 31, 2013, the Company had $1,285 million in share capital for 126,164,932 outstanding shares. The Company considers it unlikely that any redemptions made during the first two months of 2014 will reduce capitalization to below $1,250 million by the end of the capitalization period on February 28, 2014. In the circumstances and given the restrictions in effect as of the date of this report, February 12, 2014, pursuant to the Company's constituting act the authorized amount of subscriptions for the capitalization period beginning March 1, 2014 is expected to be significantly reduced, subject to the outcome of discussions currently underway with the government.

Subscriptions during fiscal 2013 reached $150 million, the same amount as in fiscal 2012.

The 2013 issue that went on sale on April 15, 2013 met with unprecedented success as the $150 million maximum available amount for the current capitalization period entirely sold out in just a few hours.

During fiscal 2013, redemptions and purchases by agreement totalled $59.1 million ($67.4 million in 2012). The Company believes that the current economic conditions and weak interest rates are behind the low volume of redemptions.

As at December 31, 2013, the balance of shares eligible for redemption totalled over $350 million. During fiscal 2014, additional shares with an approximate value of $112 million will also become eligible for redemption, bringing potential redemptions close to $462 million for fiscal 2014.

The shareholders' equity of the Company as at December 31, 2013 totalled $1,470.6 million broken down by issue as follows:

| ISSUE | ISSUE PRICE ($) | BALANCE* (M$) | ELIGIBLE FOR REDEMPTION |
|---|---|---|---|
| 2001 | 10.00 | 31.7 | 2008 |
| 2002 | 10.00 | 90.3 | 2009 |
| 2003 | 10.12 and 10.24 | 44.7 | 2010 |
| 2004 | 10.25 | 55.8 | 2011 |
| 2005 | 10.25 | 62.7 | 2012 |
| 2006 | 10.37 and 10.21 | 64.9 | 2013 |
| 2007 | 10.21 and 9.92 | 112.3 | 2014 |
| 2008 | 9.89 9.83 and 9.54 | 164.7 | 2015 |
| 2009 | 9.54 9.62 and 9.73 | 180.2 | 2016 |
| 2010 | 9.73 and 9.80 | 177.6 | 2017 |
| 2011 | 9.91 and 10.02 | 175.3 | 2018 |
| 2012 | 11.02 | 158.2 | 2019 |
| 2013 | 11.47 | 152.2 | 2020 |
| **Shareholders' equity** | | **1,470.6** | |

* Calculated at net asset value per share as at December 31, 2013.

During fiscal 2013, the Company gained 4,938 new shareholders which, also taking redemptions into account, brought the number of shareholders to 100,861 as at December 31, 2013, compared with 103,052 as at December 31, 2012.

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

## EXPENSES AND INCOME TAXES

| EXPENSES (in thousands of $) | 2013 | 2012 |
|---|---|---|
| Management fees | **23,533** | 27,529 |
| Other operating expenses | **3,749** | 3,376 |
| Shareholder services | **1,832** | 1,611 |
| | **29,114** | 32,516 |

The annual management fees paid to DVC represent a percentage of the Company's annual average assets' value, less any amounts payable related to Investments impacting the Québec economy and Other investments. This percentage decreased from 2.25% in 2012 to 2.02% on January 1, 2013. This rate may be revised by the parties for fiscal 2014.

Furthermore, since January 1, 2013, negotiation fees, which amounted to $2.8 million for fiscal 2013, are earned by DVC and a credit for that amount is applied by reducing the management fees paid to DVC by the Company.

The new management agreement, effective January 1, 2013, provides for the invoicing of separate fees for the contribution made by the Desjardins caisse network for distribution of the Company's shares. For fiscal 2013, the share issue expenses net of related costs amounted to $1.7 million. In accordance with generally accepted accounting principles in Canada (GAAP), the Company reports share issue expenses as a reduction of share capital. Moreover, under the new management agreement, certain expenses related to governance are now attributed to the Company. The previously mentioned decrease in management fees to 2.02% is aimed at ensuring a neutral effect and limiting the impact on the Company's total expenses.

As in the past, the management fees incurred by the Company are adjusted to avoid double billing as regards the Company's holdings in certain investment funds.

The $0.4 million increase in Other operating expenses results mainly from fees related to the implementation process for new investment software to manage higher volumes of direct and indirect investments.

The Company has appointed Desjardins Trust Inc. as shareholder registrar and share transfer agent. Desjardins Trust also acts as an intermediary for various shareholder support services. Since the Company began operations, Desjardins Trust has represented the largest component of the Company's shareholder service expenses. The agreement was renewed at the same conditions until June 30, 2014 except for the scrutineer's mandate and the fee rate, which was adjusted on July 1, 2013 and will continue to apply until December 31, 2014.

The Company has entrusted the Fédération des caisses Desjardins du Québec with the activities related to the distribution of the Company's shares across the Desjardins caisse network. The contract is renewable from year to year at market conditions, unless written notice is given by one or the other of the parties three months in advance. Moreover, share issue expenses, recognized as a reduction of share capital, have been paid to the Desjardins caisse network for the 2013 issue.

Total operating expense ratio decreased to 2.0% (2.4% in 2012). The decline stemmed from the growth in average assets, the decrease in the annual management fee percentage paid to DVC, the credit amount for negotiation fees earned by DVC and the growing proportion of assets invested in funds.

Income taxes for fiscal 2013 amounted to $8.6 million, compared with $9.9 million for the same period in 2012. Revenue type has a significant impact since, unlike business income, capital gains are eligible for deductions and mechanisms allowing for income tax refunds.

### LIQUIDITY AND CAPITAL RESOURCES

Cash flows from capital raising initiatives net of redemptions for fiscal 2013 totalled $88.3 million ($82.6 million in 2012). Operating activities generated cash inflows of $3.3 million, compared with inflows of $4.9 million in 2012.

The Company's investment activities resulted in cash outflows of $82.2 million in fiscal 2013, compared with $109.0 million in 2012. Cash outflows in Investments impacting the Québec economy amounted to $131.9 million for fiscal 2013, compared with $228.0 million for 2012. Fiscal 2012 was particularly active, with the acquisition of three significant investments largely accounting for the difference. In accordance with the Company's financial asset management strategy, a portion of the excess liquidities generated by operating and financing activities was allocated to the Other investments portfolio, which posted net investments of $57.6 million for fiscal 2013 compared with net investments of $8.4 million for fiscal 2012.

As at December 31, 2013, cash and cash equivalents totalled $20.3 million ($11.0 million as at December 31, 2012).

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

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

## COMPANY VISION, MISSION, OBJECTIVES AND STRATEGIES

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

### VISION AND MISSION

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

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

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

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

### OBJECTIVES

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

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

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

### STRATEGIES

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

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

The Company's manager organizes its teams to optimize efficiency and management fee control. This administrative organization aims to appropriately fulfil the mandate of driving regional and cooperative development and Québec's economic development in general. As a result, in 2013 the manager allocated its Investments impacting the Québec economy activities across four lines of business, mainly according to company size and asset class:

- **Development Capital** to consolidate regional activities such as the resource regions and cooperatives;
- **Company Buyouts and Major Investments** to cover major investments such as company buyouts and their related employee-shareholder cooperatives, and investments in information technologies;
- **Venture Capital – Health** to consolidate the few investments in life sciences;
- **Funds** for all investment activities carried out through funds.

Each business line represents one asset class except for Company Buyouts and Major Investments that, given its varied profile, is made up of two asset classes – Company Buyouts and Major Investments, and Technological Innovations. The Company has five asset classes in its Investments impacting the Québec economy portfolio.

In keeping with its strategic orientation of support for the cooperative movement, the Company's manager encourages the establishment of employee-shareholder cooperatives, an initiative that allows employees to become co-owners in their companies together with the existing management team and the Company. This gives employees the opportunity to participate in the economic development of their regions, and to enjoy a share of the resources of their respective environments.

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

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

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

Last, the Company must fulfil its mission within certain guidelines that include investing 60% of its average net assets in eligible Québec companies while 35% of those investments must be in Québec's resource regions or in eligible cooperatives. If these criteria were not met, the Company could be subject to penalties. As at December 31, 2013, no amount was owing by the Company under these criteria.

# RISK MANAGEMENT

## RISK GOVERNANCE

The Board of Directors manages the Company's business and oversees the fulfilment of its mission. To do so, its primary duties are twofold: directing and overseeing all of the Company's activities and the risks to which it is exposed. In 2013, the Board reviewed the governance policy which sets out its roles and responsibilities.

The majority of Board members are independent of the Company according to generally accepted principle for determining independence, i.e. by assessing whether the business or personal relationships between a director and the Company give rise to doubts as to his/her impartiality. The Board of Directors also assesses the relationship of each director with Desjardins. Accordingly, a director of the Company is not considered independent if he/she is a director, officer or employee of a legal entity that has a business relationship with the Company and is also part of Desjardins Group (directors serving on caisse boards of directors are considered independent of the Company).

During fiscal 2013, the Board of Directors gave particular consideration to the risk management process, in particular discussing levels of risk appetite, developments in risk management and practices, the risk management framework and indicators associated with each type of risk. It reviewed the committee charters and ensured that the oversight and framework of the different risks identified were allocated across the committees.

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

Each committee, as it deems appropriate, holds a closed meeting without the manager's resources present. Each committee regularly assesses its performance with respect to its mandate and presents its conclusions to the Board of Directors.

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

### Executive Committee

The Executive Committee is made up of five members, a majority of whom are independent. In accordance with the General Bylaws of the Company, this committee is authorized to exercise all of the Board's powers, except those statutory powers that must be exercised exclusively by the Board and any powers expressly reserved to it. The Committee's duties contemplate seven main areas: (i) Governance and Performance Measurement, (ii) Overall Risk Management Process, (iii) Board and Committee Functions, (iv) Subscriptions,(v) Investment (credit and counterparty risk), (vi) Share Ownership and (vii) Other Operational Functions or Risks.

Its duties also include monitoring the following special risks: credit and counterparty, outsourcing, reputational (general), non-compliance with statutes, the constituting act and the Company's regulatory framework (subscriptions), litigation and dependence related to partnership with Desjardins.

The Committee assists the Board of Directors in suggesting and reviewing the Company's governance structure and principles and manages the annual review process of the effectiveness of the Board of Directors and its committees. As additional functions, it also has responsibility to interpret and apply the Purchase-by-Agreement policy and make recommendations to the Board in that regard. Furthermore, it holds quarterly discussions with the Company's manager concerning high-risk files and the corrective measures taken.

### Audit Committee

The Audit Committee consists of four exclusively independent, financially literate members who collectively represent a range of expertise appropriate to their mandate. To maintain its independence, it meets the independent auditor without the manager or management present at such times as it deems appropriate and at least once every six months. The Committee's general mandate is to assist the Board of Directors in its oversight and accountability roles with aspects relating to the quality, reliability and integrity of financial reporting and continuous disclosure. It ensures the existence and effectiveness of the manager's internal controls over financial reporting, and verifies that the manager implements and maintains adequate compliance mechanisms relating to legal and statutory requirements likely to have a material effect on financial reporting. 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 at least four members, a majority of whom are independent, who have a range of complementary expertise and sufficient literacy in finance, accounting and economics to properly understand the nature of the financial assets held by the Company and the related financial risks. The Committee's primary mandate is the coordination and matching of the Company's financial assets to optimize overall risk/return ratio. The Committee monitors the Company's performance and ensures its compliance with regulatory targets. The Committee also has oversight duties with respect to the following risks: market, liquidity, credit and counterparty, concentration and outsourcing to securities advisors.

### Governance and Ethics Committee

The Governance and Ethics Committee is made up of three exclusively independent members who represent a range of complementary expertise and experience in governance, ethics or professional conduct. Its general mandate is to report to the Board of Directors concerning all matters pertaining to the application of the Company's Code of Professional Conduct that the Board has submitted to it and takes an advocacy role with respect to such code towards the members of the Board of Directors, its committees, and the manager's resources. With the Board of Directors, the Committee oversees compliance with the Company's mission and values. It oversees non-compliance risk related to governance, the independence of Directors and committee members, Board committee member profiles and governance structure, as well as investment-related reputational risk. The Committee updates the governance policy and committee charters, reviews related party transactions, assesses conflict of interest situations and monitors governance regulations and trends.

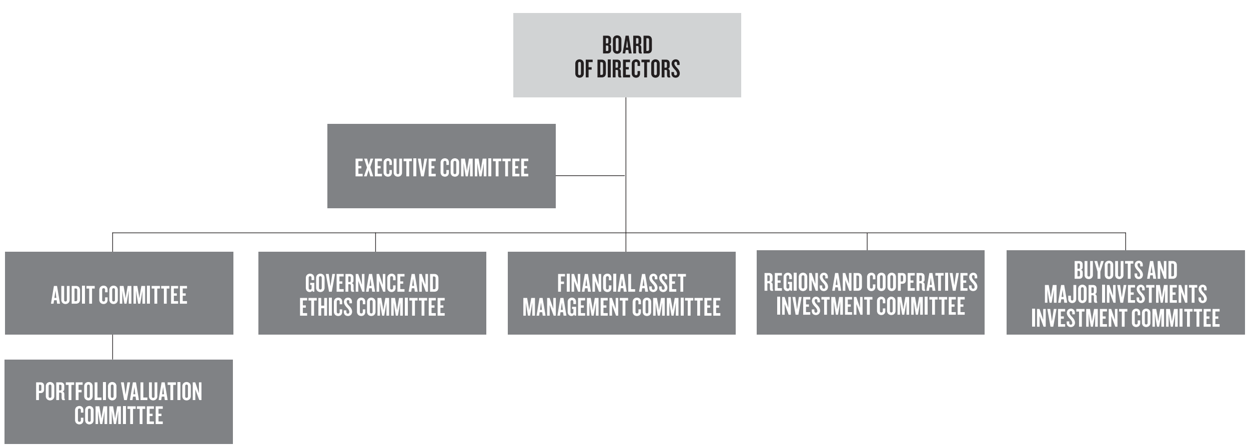
### Investment committees

The general mandate of the Regions and Cooperatives Investment Committee, comprising eight members, and the Buyouts and Major Investments Investment Committee, made up of six members, consists in evaluating and approving transactions related to Investments impacting the Québec economy within the limits of the decision-making process approved by the Board of Directors and providing appropriate oversight of them. In addition to these duties, the Buyouts and Major Investments Investment Committee is required to carry out an annual governance review of partner companies following company buyouts. These committees are made up of two of the Company's directors, one of whom is the chair, and external members selected according to their experience and their knowledge of the sectors targeted under the various policies governing the Investments impacting the Québec economy activities, and for their ability to judge quality and detect risks related to a transaction, respectively. The committees consist of a majority of independent members.

### Portfolio Valuation Committee

The general mandate of the Portfolio Valuation Committee is to provide oversight of operational risk related to non-compliance with the portfolio valuation methodology. Its role consists in reviewing all relevant information concerning valuation of the Company's Investments impacting the Québec economy portfolio in order to provide reasonable assurance that the valuation process complies with the regulations applicable to the Company. This Committee is made up of five members, who include two of the Company's independent directors, one of whom is the chair, and three external members. The majority of the members are qualified independent valuators collectively representing a range of expertise appropriate to their mandate.

The governance framework in 2013 was as follows:



## ATTENDANCE RECORD AND COMPENSATION

The following table presents the attendance record and compensation of the Company's directors and external committee members for fiscal 2013.

| NAME | BOARD OF DIRECTORS | EXECUTIVE COMMITTEE | AUDIT COMMITTEE | FINANCIAL ASSET MANAGEMENT COMMITTEE | GOVERNANCE AND ETHICS COMMITTEE | REGIONS AND COOPERATIVES INVESTMENT COMMITTEE | BUYOUTS AND MAJOR INVESTMENTS INVESTMENT COMMITTEE | PORTFOLIO VALUATION COMMITTEE | COMPENSATION |
|---|---|---|---|---|---|---|---|---|---|
| (Number of meetings, and welcoming or training sessions) | (9 meetings) | (8 meetings) | (4 meetings) | (4 meetings) | (7 meetings) | (16 meetings) | (9 meetings) | (3 meetings) | ($) |
| Chantal Bélanger | 9/9 | | 4/4 | | | | | 3/3 | 23,100 |
| Évangéliste Bourdages | 9/9 | 2/3 | | | 7/7 | | | | 25,571 |
| Yvan Deschamps | 6/7 | | | 2/3 | | | | | 13,355 |
| Marlène Deveaux | 9/9 | | 4/4 | | 4/4 | 14/16 | | | 28,800 |
| Maurice Doyon | 9/9 | 7/8 | | 4/4 | | 15/16 | | | 35,300 |
| Francine Ferland | 9/9 | | 4/4 | | 7/7 | | | | 22,800 |
| Josée Fortin | 4/4 | | | | 2/2 | | 5/5 | | 15,829 |
| Pierre Gauvreau | 9/9 | 8/8 | | 4/4 | | | | | 23,900 |
| André Lachapelle | 9/9 | 7/8 | | 4/4 | | | | | 40,700 |
| Steeve Lepage | 1/1 | | | 1/1 | | | | | 4,137 |
| Jean-Claude Loranger | 8/9 | | | 4/4 | | | | | 18,600 |
| Bruno Morin | 9/9 | 8/8 | 4/4 | 4/4 | | | 9/9 | | 38,300 |
| Jacques Plante | 9/9 | 5/5 | 4/4 | | | | | 3/3 | 38,300 |
| Claudine Roy | 9/9 | | | 4/4 | | | | | 18,800 |
| Pierre Barnès * | | | | | | | 9/9 | | 9,200 |
| Guy Delisle * | | | | | | 14/16 | | | 10,200 |
| Marc-André Dionne * | | | | | | | 9/9 | | 9,200 |
| Michel Duchesne * | | | | | | 16/16 | | | 10,900 |
| Yves Lavoie * | | | | | | 16/16 | | | 10,900 |
| Gilles Metcalfe * | | | | | | | 9/9 | | 9,200 |
| Sébastien Mailhot * | | | | | | | | 3/3 | 6,500 |
| Michel Martineau * | | | | | | | | 3/3 | 6,500 |
| Guy Morin * | | | | | | 8/16 | | | 7,800 |
| Marcel Ostiguy * | | | | | | | 9/9 | | 9,200 |
| George Rossi * | | | | | | | | 3/3 | 5,000 |
| Michel Rouleau * | | | | | | 15/16 | | | 10,700 |
| Nancy Wilson * | | | | | | 14/16 | | | 9,900 |
| **Total Compensation** | | | | | | | | | **462,692** |

* External committee member

EXPLANATORY NOTES TO TABLE

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

In addition to the retainer and the fee paid to Directors for attending meetings and welcoming or training sessions, the General Manager receives an additional lump-sum amount of $10,000, which is not included in the table. Bruno Morin has held this position since May 5, 2005.

Yvan Deschamps served as a Director from April 5 to December 18, 2013.

Josée Fortin served as a Director until August 15, 2013.

**NOTE TO THE READER**

The following sections regarding market risks, credit and counterparty risks and liquidity risks have been reviewed by the Company's independent auditor as part of the audit of the financial statements on which an independent auditor's report was issued on February 12, 2014.

## MARKET RISKS

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

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

### Interest rate risk

Interest rate fluctuations have a significant impact on the market value of fixed-income securities held in the portfolio for which fair value is determined based on market conditions. Fixed-income securities held in the Other investments portfolio include money market instruments, bonds and preferred shares with a total fair value of $707.5 million ($670.8 million as at December 31, 2012). Fixed-income securities held in the Investments impacting the Québec economy portfolio include loans and advances and preferred shares with a fair value of $271.1 million ($308.6 million as at December 31, 2012).

Money market instruments with a fair value of $12.3 million ($13.5 million as at December 31, 2012) have not been valued based on fluctuations in the interest rates due to their very short term maturity and the Company's intention to hold them until maturity.

Bonds with a fair value of $621.7 million ($592.6 million as at December 31, 2012) are directly affected by fluctuations in the interest rates. A 1% increase in interest rates would have resulted in a decrease of $27.3 million in net income, a 1.9% decrease in the Company's share price as at December 31, 2013 ($27.8 million for 2.1% as at December 31, 2012). Similarly, a 1% decrease in interest rates would have had the opposite effect, resulting in a $28.7 million increase in net income, representing a 2.0% increase in share price ($29.4 million for 2.2% as at December 31, 2012). Given that the Company matches the maturities of bonds held in its portfolio with the average maturity of expected cash outflows, the long-term effect of interest rates on results should be limited.

Preferred shares with a fair value of $73.5 million ($64.7 million as at December 31, 2012) may also be affected by interest rate fluctuations. However, unlike bonds, there is no perfect correlation between interest rate fluctuations and changes in the fair value of preferred shares. Also, the interest rate risk related to preferred shares is limited given the amounts in question.

The loans and advances and preferred shares held in the Investments impacting the Québec economy portfolio, for which the Company also holds participating shares in the same business as well as those that have been discounted, with a total fair value of $141.4 million ($167.2 million as at December 31, 2012), 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 $129.7 million ($141.4 million as at December 31, 2012) are sensitive to interest rate fluctuations. However, the interest rate risk related to the other loans and advances and preferred shares held in the portfolio is limited given the amounts in question.

### Stock market risk

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

As at December 31, 2013, the Investments impacting the Québec economy portfolio included three traded companies with a value of $1.6 million, representing 0.1% of net assets (three companies with a value of $2.0 million as at December 31, 2012, representing 0.1% of net assets). As a result, stock market fluctuations did not have a significant direct impact on the Company's net income.

### Currency risk

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

Currency fluctuations impact the fair value of assets valued initially in a foreign currency and subsequently translated into Canadian dollars at the prevailing rate of exchange. These assets, whose value varies in step with fluctuations in the value of a foreign currency, represent a fair value of $142.0 million, or 9.7% of net assets as at December 31, 2013, compared with $116.7 million, or 8.6% of net assets as at December 31, 2012.

The Company aims to systematically hedge currency risk for assets measured in foreign currency. A $5 million line of credit has been granted to the Company for its foreign exchange contract transactions. As at December 31, 2013, the Company held foreign exchange contracts under which it must deliver US$133.0 million (US$114.0 million as at December 31, 2012) at the rate of CAD/USD 1.0623 (CAD/USD 0.9946 as at December 31, 2012) and AU$0.1 million (Australian dollars) (AU$1.4 million as at December 31, 2012) at the rate of CAD/AUD 0.9441 (CAD/AUD 1.0294 as at December 31, 2012) on March 31, 2014.

As at December 31, 2013, the Company's net exposure to foreign currencies is limited to $0.4 million ($1.9 million as at December 31, 2012). Any fluctuation in the Canadian dollar will therefore not have a significant impact on the Company's results.

## CREDIT AND COUNTERPARTY RISKS

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

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

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

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

The following table shows a slight increase in the percentage of investments with a risk rating of 7 and above compared with fiscal 2012. Ranked by risk, the breakdown of Investments impacting the Québec economy is as follows (fair value amounts):

| | | AS AT DECEMBER 31, 2013 | | AS AT DECEMBER 31, 2012 | |
|---|---|---|---|---|---|
| Rank | | (in thousands of $) | (as a %) | (in thousands of $) | (as a %) |
| 1 to 6.5 | Low to acceptable risk | 706,932 | 96.4 | 643,223 | 97.6 |
| 7 to 9 | At risk | 19,160 | 2.6 | 11,963 | 1.8 |
| 10 to 12 | High risk and insolvent | 7,815 | 1.0 | 3,859 | 0.6 |

For substantially all Other investments portfolio fair value, risks are managed by diversification across numerous issuers with a credit rating of BBB- from Standard & Poor's or DBRS or better. Counterparty risk arising from cash transactions and repurchase agreements is limited to the immediate short term.

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

| | AS AT DECEMBER 31, 2013 | | AS AT DECEMBER 31, 2012 | |
|---|---|---|---|---|
| | % of portfolio | % of net assets | % of portfolio | % of net assets |
| Investments impacting the Québec economy | 42.6 | 21.3 | 39.2 | 19.0 |
| Other investments* | 45.8 | 21.7 | 52.0 | 25.8 |

* Government issuers accounted for 100.0% (90.4% as at December 31, 2012) of the Other investments portfolio's five largest issuers or counterparties.

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

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

## LIQUIDITY RISKS

The Company must maintain sufficient liquid assets to fund share redemptions and committed Investments impacting the Québec economy. If it failed to do so, the Company would be dependent on the markets and could be forced to carry out transactions under unfavourable conditions. With liquid investments that should represent approximately 35% of assets under management once the pace of redemptions has stabilized at the expected level, and using a management approach that ensures that the average maturity of bonds is close to the average maturity of expected outflows, the Company can confirm that liquidity risks are adequately covered. Furthermore, credit facilities have also been put in place to provide greater cash management flexibility.

# RECENT EVENTS

## ACCOUNTING POLICIES – INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

### Background

In 2008, the Accounting Standards Board of Canada (the "AcSB") confirmed that as of January 1, 2011, the International Financial Reporting Standards ("IFRS") would replace the Canadian generally accepted accounting principles ("GAAP") currently in effect for certain companies, including public companies. After several deferrals, in December 2011, the AcSB set January 1, 2014 as the changeover date to IFRS for investment firms. Accordingly, the Company will adopt IFRS for its interim and annual financial statements for annual periods beginning on or after January 1, 2014.

### Description of the conversion project

The Company has drawn up a three-stage conversion plan: Step 1 – Analysis; Step 2 – Planning and Design; and Step 3 – Implementation. Throughout these stages, the Company will benefit from the support and expertise of a specialized Desjardins Group team, as well as assistance from external experts.

**Step 1: Analysis**

The aim of this stage was to perform a high-level analysis of the main impacts of transition to IFRS on the Company's accounting, financial reporting and management processes, and information systems. This stage allowed the Company to make a preliminary identification of those areas that would be most impacted by IFRS application.

Following the publication of the new requirements for investment entities at the end of 2012, the Company was able to complete the analysis stage, including the review of preliminary conclusions.

**Step 2: Planning and design**

Step 2 involves a detailed assessment, from an accounting, financial information, management and information systems perspective, of the changes arising from converting to IFRS. The project was divided into 11 topics, based on the most relevant accounting topics for the Company. The main aspects discussed for the different topics are:

- Accounting procedures and policies
- Preparation of financial statements
- Training and communication
- Impacts on business activities and management
- Information systems
- Control environment

Conclusions have been drawn on the accounting policy choices and the differences identified between IFRS and Canadian GAAP, as applied by the Company. The key topics for which changes in accounting policies or differences in standards are expected are discussed below in the section Main impacts of transition to IFRS.

**Step 3: Implementation**

Step 3 of the conversion project consists in implementing the conclusions drawn from the work carried out during Step 2 through application of the required changes to the business and accounting processes and information systems. The documentation setting out the approved and IFRS compliant accounting procedures and policies is also prepared during this step. Additionally, implementation involves developing model IFRS financial statements, including the appropriate notes.

### Progress on the conversion project

The majority of implementation stage work was carried out in the second half of fiscal 2013. Development of the model IFRS financial statements is currently underway.

### First-time adoption of IFRS

IFRS 1 *First-time Adoption of International Financial Reporting Standards* provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions to the general requirement for full retrospective application of IFRS. No exemption is applicable by the Company.

### Main impacts on business processes

The differences between IFRS and Canadian GAAP identified have no material impact on the Company's reported results and financial position. The presentation of certain financial information in the Company's financial statements will be modified. In addition, the effects of IFRS conversion on the Company's current activities and information systems are considered relatively minor.

### Main impacts of transition to IFRS

**Investment entity:**

Investment Entities (amendments to IFRS 10, IFRS 12 and IAS 27) published by the International Accounting Standards Board ("IASB") in October 2012 defines investment entities and provides an exception from the principle of consolidation for such entities. Under this exception, investment entities may measure their investments in entities under their control at fair value – instead of consolidating them – with changes in fair value recognized through income. Based on the work completed to date, the Company has concluded that it meets the definition of an investment entity as presented in the amendments, which largely reconciles the applicable IFRS treatment with the spirit of AcG-18 standard currently in force in Canada. Accordingly, no significant impact on the recognition of the Company's controlling interests has been identified. The amendments also specify certain disclosure obligations for these investments in controlled entities. The Company is currently assessing the potential impacts on disclosure in its financial statements.

**Financial instruments:**

IFRS 9 – *Financial Instruments* will eventually replace IAS 39 – *Financial Instruments*. The IASB has temporarily deferred the mandatory effective date of IFRS 9 planned for January 1, 2015 and will set a new effective date once all phases of the project have been finalized. Given the requirements of IAS 39 and IFRS 9, the transition to IFRS should have no impact on the recognition and measurement of the Company's financial instruments on the assumption that all investments will be measured at fair value through profit or loss (see conclusion on investment entity above). As at the transition date, the Company may elect to early-adopt IFRS 9 rather than IAS 39, which is currently in effect. Given the expected changes in IFRS 9 and deferral of the application date, the Company will not early-adopt this standard for application in its first IFRS financial statements.

**Income taxes:**

The application of IAS 12, *Income Taxes* regarding the recognition of refundable capital gains tax on hand will have no impact on the Company's financial statements or financial position as of the date of transition. The Company is currently assessing the impacts on disclosure in its financial statements.

### Quantification of impacts

Based on the work completed to date, the Company has identified no significant impacts on its results or financial position during the transition to IFRS.

The differences discussed in this MD&A are those that exist under applicable GAAP and IFRS as at this date. The list should not be regarded as a complete list of the changes that could result from the Company's IFRS conversion project. This analysis is intended to highlight areas that the Company believes to be the most significant.

Note also that the standard-setting bodies that issue IFRS and, to a lesser extent Canadian GAAP, continue to have significant ongoing projects that could affect the differences between Canadian GAAP and IFRS discussed herein and therefore have repercussions on the Company's financial statements for future fiscal years. Certain of these draft standards could become requirements after 2014. However, early adoption of them might be possible in order to reduce the number of accounting changes in the future. Depending on the dates of publication of any final standards resulting from such drafts and their impact on the Company, early adoption of these standards will be assessed on an ongoing basis. The Company has adopted processes to ensure that such potential changes are monitored and assessed. The future impacts of IFRS will also depend on the particular circumstances prevailing in those years.

## RELATED PARTY TRANSACTIONS

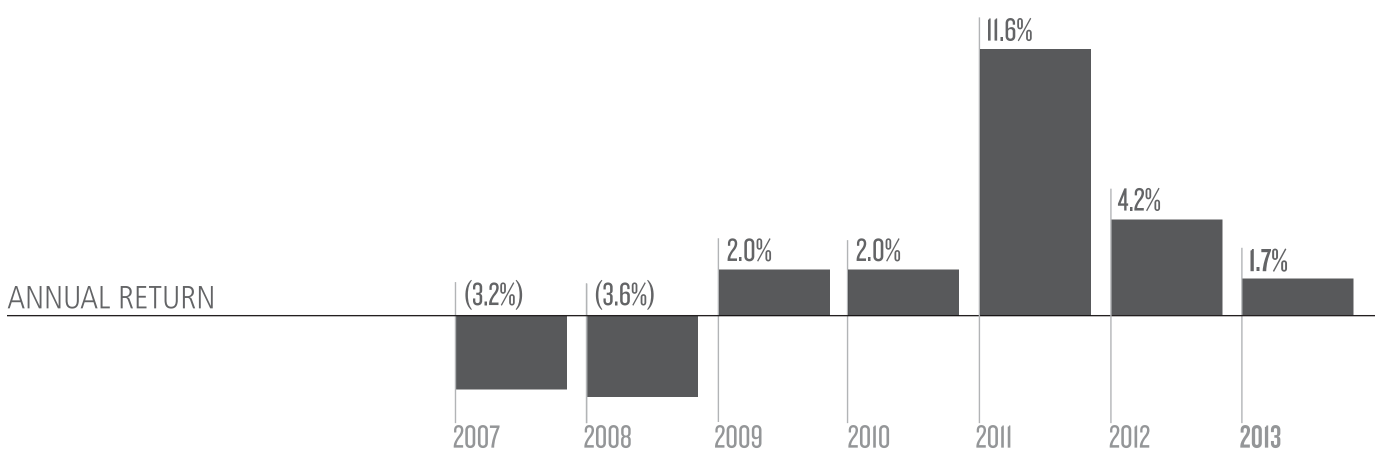
The Company enters into certain transactions with related companies in the normal course of business. These transactions are described in note 16 to the financial statements of the Company.

# PAST PERFORMANCE

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

## ANNUAL RETURNS

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



## COMPOUNDED RETURN OF THE SHARE AS AT DECEMBER 31, 2013

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

| 7 YEARS | 5 YEARS | 3 YEARS | 1 YEAR |
|---|---|---|---|
| 1.9% | 4.1% | 5.6% | 1.7% |

# PORTFOLIO SUMMARY

## MAIN ASSET CLASSES

As at December 31, 2013, assets in the Investments impacting the Québec economy and Other investments portfolios were allocated on a fair value basis as follows:

| ASSET CLASSES | % OF NET ASSETS |
|---|---|
| Investments impacting the Québec economy* | |
| Development Capital | 10.5 |
| Company Buyouts and Major Investments | 26.4 |
| Technological Innovations | 1.2 |
| Venture Capital – Health | 0.1 |
| Funds | 11.7 |
| **Total – Investments impacting the Québec economy** | **49.9** |
| Other investments | |
| Cash and money market instruments | 1.5 |
| Bonds | 42.3 |
| Preferred shares | 5.0 |
| **Total – Other investments** | **48.8** |

* Including foreign exchange contracts

## MAIN INVESTMENTS HELD

As at December 31, 2013, on a fair value basis, the issuers of the 25 main investments held by the Company were as follows:

| ISSUER | % OF NET ASSETS |
|---|---|
| Investments impacting the Québec economy – 14 issuers * | 34.2 |
| Toronto—Dominion Bank NHA (CMHC guaranteed) | 6.0 |
| Financement Québec | 5.3 |
| Canada Housing Trust | 3.8 |
| Province of Ontario | 3.3 |
| Province of Québec | 3.3 |
| Bank of Nova Scotia | 2.4 |
| Royal Bank of Canada | 1.9 |
| Bank of Montreal | 1.8 |
| The Toronto-Dominion Bank | 1.6 |
| CDP Financial | 1.0 |
| Bank of Montreal NHA (CMHC guaranteed) | 0.9 |

* The 14 issuers who collectively represent 34.2% of the Company's net assets are:

- A & D Prévost inc.
- ACCEO Solutions Inc.
- Avjet Holding Inc.
- Camoplast Solideal Inc.
- Capital croissance PME S.E.C.
- CBR Laser Inc.
- Desjardins – Innovatech S.E.C.
- Exo-s Inc.
- Fournier Industries Inc.
- Groupe Solotech inc.
- La Coop fédérée
- TELECON Group
- Urecon Ltd.
- Vision Globale A.R. Ltée

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

February 12, 2014

February 12, 2014

# MANAGEMENT'S REPORT

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

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

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

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

The financial statements present the financial information available as at February 12, 2014. These statements have been prepared in accordance with Canadian generally accepted accounting principles and audited by PricewaterhouseCoopers LLP.

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

(signed) Yves Calloc'h, CPA, CA

Chief Financial Officer

# Capital régional et coopératif Desjardins

Financial Statements
**December 31, 2013**

February 12, 2014

## Independent Auditor's Report

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

We have audited the accompanying financial statements of Capital régional et coopératif Desjardins, which comprise the balance sheets as at December 31, 2013 and December 31, 2012 and the statements of earnings, shareholder's equity and the cash flow for the years then ended, 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 Canadian generally accepted accounting principles, 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.

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

*PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.*
*1250 René-Lévesque Boulevard West, Suite 2800, Montréal, Quebec, Canada H3B 2G4*
*T: +1 514 205 5000, F: +1 514 876 1502, www.pwc.com/ca*

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Capital régional et coopératif Desjardins as at December 31, 2013 and December 31, 2012 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

**(signed) PricewaterhouseCoopers LLP**[1]

Montréal, Canada

[1] CPA auditor, CA, public accountancy permit No. A119427

# Capital régional et coopératif Desjardins

Balance sheets

**As at December 31, 2013 and 2012**

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

| | **2013** **$** | **2012** **$** |
|---|---|---|
| **Assets** | | |
| Investments impacting the Québec economy (note 4) | 733,907 | 659,045 |
| Other investments (note 5) | 706,996 | 670,572 |
| Cash | 9,701 | 7,357 |
| Accounts receivable (note 6) | 22,258 | 29,946 |
| Income taxes (note 14) | 23,654 | 18,350 |
| | 1,496,516 | 1,385,270 |
| **Liabilities** | | |
| Accounts payable (note 8) | 3,776 | 2,501 |
| Notes payable and financial liabilities (note 9) | 15,000 | 11,352 |
| Income taxes (note 14) | 7,164 | 14,971 |
| | 25,940 | 28,824 |
| **Net assets** | 1,470,576 | 1,356,446 |
| **Number of common shares outstanding** | 126,164,932 | 118,243,301 |
| **Net asset value per common share** | 11.66 | 11.47 |

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

**Approved by the Board of Directors**

(signed) André Lachapelle, Director        (signed) Jacques Plante, Director

# Capital régional et coopératif Desjardins

Statements of Earnings

**For the years ended December 31, 2013 and 2012**

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

| | 2013 | 2012 |
|---|---|---|
| | $ | $ |
| **Revenue** | | |
| Interest | 42,611 | 43,474 |
| Dividends | 8,853 | 6,275 |
| Negotiation fees (note 2) | - | 3,143 |
| Administrative charges | 518 | 599 |
| | 51,982 | 53,491 |
| **Expenses** | | |
| Management fee | 23,533 | 27,529 |
| Other operating expenses (note 13) | 3,749 | 3,376 |
| Shareholder services (note 13) | 1,832 | 1,611 |
| | 29,114 | 32,516 |
| **Net investment income** | 22,868 | 20,975 |
| **Gains (losses) on investments** | | |
| Realized | 3,785 | 54,748 |
| Unrealized | 6,885 | (12,372) |
| | 10,670 | 42,376 |
| **Income taxes (note 14)** | 8,588 | 9,916 |
| **Net earnings for the year** | 24,950 | 53,435 |
| **Weighted average number of common shares** | 125,371,031 | 115,382,984 |
| **Net earnings per common share** | 0.20 | 0.46 |

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

# Capital régional et coopératif Desjardins

Statements of Shareholders' Equity

**For the years ended December 31, 2013 and 2012**

(in thousands of dollars, except number of shares)

**2013**

| | Number of shares | Share capital $ | Contributed surplus** $ | Retained earnings (deficit) Realized $ | Unrealized $ | Total $ | Net assets $ |
|---|---|---|---|---|---|---|---|
| **Balance – December 31, 2012** | 118,243,301 | 1,189,745 | 2,004 | 106,577 | 58,120 | 164,697 | 1,356,446 |
| **Results for the year** | - | - | - | 18,065 | 6,885 | 24,950 | 24,950 |
| **Share capital operations*** | | | | | | | |
| Issuance of common shares | 13,077,144 | 149,995 | - | - | - | - | 149,995 |
| Issuance costs, net of income taxes of $1,155 | - | (1,740) | - | - | - | - | (1,740) |
| Redemption of common shares | (5,155,513) | (52,787) | (2,004) | (4,284) | - | (4,284) | (59,075) |
| | 7,921,631 | 95,468 | (2,004) | 13,781 | 6,885 | 20,666 | 114,130 |
| **Balance – December 31, 2013** | 126,164,932 | 1,285,213 | - | 120,358 | 65,005 | 185,363 | 1,470,576 |

**2012**

| | Number of shares | Share capital $ | Contributed surplus** $ | Retained earnings (deficit) Realized $ | Unrealized $ | Total $ | Net assets $ |
|---|---|---|---|---|---|---|---|
| **Balance – December 31, 2011** | 110,775,643 | 1,102,322 | 6,843 | 40,770 | 70,492 | 111,262 | 1,220,427 |
| **Results for the year** | - | - | - | 65,807 | (12,372) | 53,435 | 53,435 |
| **Share capital operations*** | | | | | | | |
| Issuance of common shares | 13,611,202 | 149,994 | - | - | - | - | 149,994 |
| Redemption of common shares | (6,143,544) | (62,571) | (4,839) | - | - | - | (67,410) |
| | 7,467,658 | 87,423 | (4,839) | 65,807 | (12,372) | 53,435 | 136,019 |
| **Balance – December 31, 2012** | 118,243,301 | 1,189,745 | 2,004 | 106,577 | 58,120 | 164,697 | 1,356,446 |

* These data do not include the redemption requests made within 30 days of subscription.
** The contributed surplus results from the excess of the shares' issuance price over the price payable for their redemption.

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

# Capital régional et coopératif Desjardins

Statements of Cash Flows

**For the years ended December 31, 2013 and 2012**

(in thousands of dollars)

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| **Cash flows from** | | |
| **Operating activities** | | |
| Net earnings for the year | 24,950 | 53,435 |
| Adjustments for | | |
| Realized gains on investments | (3,785) | (54,748) |
| Unrealized losses (gains) on investments | (6,885) | 12,372 |
| Amortization of premiums and discounts on other investments | 3,631 | 3,898 |
| Future income taxes | (25) | 191 |
| Capitalized interest and other non-cash items | (3,119) | (2,498) |
| | 14,767 | 12,650 |
| Changes in non-cash operating working capital balances (note 15) | (11,487) | (7,732) |
| | 3,280 | 4,918 |
| **Investing activities** | | |
| Acquisitions of investments impacting the Québec economy | (131,862) | (228,044) |
| Acquisitions of other investments | (859,964) | (494,939) |
| Proceeds on disposal of investments impacting the Québec economy | 107,267 | 127,434 |
| Proceeds on disposal of other investments | 802,328 | 486,509 |
| | (82,231) | (109,040) |
| **Financing activities** | | |
| Issuance of common shares | 147,357 | 149,994 |
| Redemption of common shares | (59,075) | (67,410) |
| | 88,282 | 82,584 |
| **Net change in cash and cash equivalents during the year** | 9,331 | (21,538) |
| **Cash and cash equivalents – Beginning of the year** | 10,953 | 32,491 |
| **Cash and cash equivalents – End of the year (note 12)** | 20,284 | 10,953 |
| **Supplementary information** | | |
| Income taxes paid | 20,277 | 13,916 |

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

# Capital régional et coopératif Desjardins

Notes to Financial Statements

**As at December 31, 2013 and 2012**

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

## 1 Governing statutes, administration and investments

### Governing statutes

Capital régional et coopératif Desjardins (the "Company") is constituted by an Act of the Québec National Assembly (R.S.Q. c. C-6.1) (the "Act") and is deemed to have been incorporated by the filing of statutes on July 1, 2001. The Company began its activities on November 5, 2001 and is a legal person with share capital.

### Administration

The affairs of the Company are administered by a Board of Directors composed of thirteen members, as follows:

- Eight people appointed by the Chair of Desjardins Group;
- Two people elected by the General Meeting of shareholders of the Company;
- Two people appointed by the above-mentioned ten members, selected from a group of people whom they deem to be representative of eligible entities as described in the Act;
- The General Manager of the Company.

### Investments

The Company may acquire minority interests, mainly in eligible entities, with or without a guarantee or security. 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 with less than $100 million of assets or net equity of not more than $50 million.

The Company may invest up to 5% of its assets (as established on the basis of the last accountants' valuation) in the same eligible company or cooperative, and the investment is generally planned for a period of five to eight years. This percentage may be increased to 10% to allow the Company to acquire securities in an entity operating in Québec but which is not an eligible entity. In such case, the Company may, directly or indirectly, acquire or hold shares representing up to a maximum of 30% of the voting rights, which can be exercised in all 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.

At the end of each fiscal year, the portion of the Company's investments in eligible entities, as well as other eligible investments which do not entail any security or hypothec and are made as first purchaser, must represent on average at least 60% of the average adjusted net assets of the Company for the preceding year. Furthermore, a portion representing at least 35% of that percentage must be invested in entities situated in resource regions of Québec or in eligible cooperatives. If these criteria were not met, the Company could be subject to penalties. As at December 31, 2013 and December 31, 2012, no amount was owed by the Company under these rules.

In its eligibility calculations, the Company may also take into account the investments it has made other than as first purchaser for the acquisition of securities issued by an eligible entity. For investments made prior to November 10, 2007, these investments should not represent more than one third of the total investments made by the Company as first purchaser in this entity. For investments made on or after November 10, 2007, this restriction is lifted, but the Company may not make investments other than as first purchaser totalling more than 20% of its net assets as at the preceding year-end for those investments to be eligible.

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

## 2 Significant accounting policies

### Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles ("GAAP") requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the recognized amounts of revenues and expenses during the reporting year. The most significant estimates are related to the determination of the fair value of investments impacting the Québec economy. Actual results could differ from those estimates. Those estimates are reviewed periodically and adjustments, as they become necessary, are reported in earnings in the year in which they are known.

### Comprehensive income

The statement of comprehensive income is not provided since net earnings and comprehensive income are the same.

### Investments impacting the Québec economy

*Listed shares*

The investments in listed shares are recorded at their fair value. Fair value is established using the bid price at market closing on the balance sheet date when an active market is available. The value of the shares with trading or transfer restrictions is adjusted by a discount. The Company determines the amount of this discount based on the nature and duration of the restriction, the relative volatility of the share's performance, as well as the importance of the interest held in the overall float of outstanding shares and the volume of trades. Otherwise, the fair value may be established using unlisted share valuation techniques.

*Unlisted shares, loans and advances*

Unlisted shares, loans and advances are recorded at their fair value, determined in accordance with appropriate methods of valuation, primarily including comparison to arm's-length transactions or takeover bids, capitalization of representative earnings before interest, taxes and amortization and capitalization or discounting of cash flows.

Significant assumptions used in the determination of fair value can include the discount or capitalization rate, the rate of return and the weighting of forecasted earnings.

*Sureties*

When it is likely that an amount will be disbursed by the Company in relation to a pledged surety, the amount to be recognized in liabilities is estimated using an asset-based approach and a liquidation value method.

### Other investments

Other investments consist of temporary investments, bonds, preferred shares and foreign exchange contracts. The foreign exchange contracts are measured using the difference between the contract's rate and the rate of an identical contract (same maturity and notional amount) that would have been agreed to at the balance sheet date. For all other investments, fair value is calculated according to market value, which is the bid price at market closing on the balance sheet date.

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

*Obligations related to securities sold short*

Securities sold short as part of trading activities, which represent the Company's obligation to deliver securities which were not owned at the time of sale, are recorded as liabilities and are measured at fair value using the ask price at market closing on the balance sheet date. Realized and unrealized gains and losses thereon are recorded in the Statement of Earnings as interest. As at December 31, 2013 and December 31, 2012, the Company had no securities sold short.

*Securities purchased under resale agreements and securities sold under repurchase agreements*

The Company enters into short-term purchases and sales of securities with simultaneous agreements to sell and buy back those securities at a specified price and on a specified date. Those resale and repurchase agreements are accounted for as collateralized lending and borrowing transactions, and are recorded on the balance sheet at the resale or repurchase price specified under the agreement. The difference between the purchase price and specified resale price and the difference between the selling price and the specified repurchase price are recorded using the accrual method in Interest. As at December 31, 2013 and December 31, 2012, the Company had no securities purchased under resale agreements nor securities sold under repurchase agreements.

**Cash, cash and cash equivalents, accounts receivable and accounts payable**

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

The fair value of accounts receivable (except for amounts receivable on disposal of investments), cash and accounts payable approximates their carrying value given their current maturities.

Amounts receivable on disposal of investments impacting the Québec economy are accounted for at fair value, which is determined in the same way as the fair value of investments impacting the Québec economy.

**Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at the balance sheet date.

Revenues and expenses denominated in foreign currencies are translated at the exchange rate prevailing on the transaction date.

In the Statement of Earnings, realized or unrealized gains or losses on investments are presented under Gains (losses) on investments. For the other monetary assets and liabilities denominated in foreign currencies, the changes related to foreign exchange rates are presented under Other operating expenses.

**Notes payable and financial liabilities**

Notes payable and financial liabilities are related to certain investments' acquisitions and are recorded at their fair value, which represents the amount that the Company would have to pay in accordance with the underlying contractual agreements to these notes and financial liabilities at the balance sheet date.

**Shareholders' equity**

Issuance costs, net of applicable income taxes, are included in the Statement of Shareholders' Equity.

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

**Income taxes**

The Company uses the liability method in accounting for income taxes. According to this method, future income taxes are determined using the difference between the accounting and tax bases of assets and liabilities. The tax rate in effect when these differences are expected to reverse is used to calculate future income taxes at the balance sheet date. Future income tax assets are recognized when it is more likely than not that the assets will be realized.

The Company is subject to federal and provincial income taxes. It is also subject to the tax rules applicable to mutual fund corporations. Under such rules, the Company may obtain a refund of its tax paid on capital gains through the redemption of its shares.

**Revenue recognition**

*Interest and dividends*

Interest is recorded on an accrual basis when collection is considered probable. Dividends are recorded as at the holder-of-record date and when they are declared by the issuing companies.

*Administrative charges*

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

*Negotiation fees*

Negotiation fees are recognized when the service is performed and when collection is considered probable. As of January 1, 2013, these fees have been earned by Desjardins Venture Capital Inc. ("DVC"), the Company's manager, with an equivalent credit applied as a reduction of the Company's management fees.

*Gains and losses on investments*

Realized gains and losses on investments are recorded at the date of sale and represent the difference between sale proceeds and unamortized cost, without taking into consideration the unrealized gains and losses recorded in previous years, which are reversed and taken into account in change in unrealized gains and losses for the year.

Unrealized gains and losses on amounts receivable on disposal of investments impacting the Québec economy are recorded at the time their fair value is determined.

*Realized gains and losses on notes payable*

Gains and losses on notes payable are recorded at the date of payment and represent the difference between the amount the Company pays to settle the note and its initial value, without taking into consideration the unrealized gains and losses recorded in previous years, which are reversed and taken into account in change in unrealized gains and losses for the year.

*Premiums and discounts*

Premiums and discounts on fixed-term maturity other investments are amortized using the internal rate of return method up to the maturity date of these investments. Amortization of premiums and discounts is recorded in Interest.

## 3 Future changes in accounting policies

As an investment company, the Company will cease to prepare its financial statements in accordance with Canadian GAAP as set out in Part V of the *CICA Handbook* – Pre-changeover accounting standards, for the periods beginning on January 1, 2014. At that time, the Company will start to apply IFRS as its primary basis of accounting.

# Capital régional et coopératif Desjardins

Notes to Financial Statements
**As at December 31, 2013 and 2012**

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

## 4 Investments impacting the Québec economy

The Schedule of Cost of Investments Impacting the Québec Economy is available at the Company's head office, on its Web site at capitalregional.com and on SEDAR at www.sedar.com. The Schedule does not form an integral part of the financial statements.

| | | | 2013 |
|---|---|---|---|
| | Cost<br>$ | Unrealized gain (loss)<br>$ | Fair value<br>$ |
| Unsecured | | | |
| Common shares and fund units | 396,091 | 66,754 | 462,845 |
| Preferred shares | 83,997 | 6,613 | 90,610 |
| Loans and advances | 185,187 | (10,185) | 175,002 |
| Secured | | | |
| Loans and advances | 6,272 | (822) | 5,450 |
| | 671,547 | 62,360 | 733,907 |

| | | | 2012 |
|---|---|---|---|
| | Cost<br>$ | Unrealized gain (loss)<br>$ | Fair value<br>$ |
| Unsecured | | | |
| Common shares and fund units | 316,091 | 34,355 | 350,446 |
| Preferred shares | 78,465 | 2,142 | 80,607 |
| Loans and advances | 225,225 | (2,708) | 222,517 |
| Secured | | | |
| Loans and advances | 5,633 | (158) | 5,475 |
| | 625,414 | 33,631 | 659,045 |

Investments impacting the Québec economy include investments valued in U.S. dollars for an amount of $127.6 million ($92.6 million as at December 31, 2012) and in Australian dollars for an amount of $0.1 million ($1.3 million as at December 31, 2012).

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

Loans and advances bear interest at the average weighted rate of 11.3% (11.3% as at December 31, 2012) and have an average residual maturity of 4.5 years (4.2 years as at December 31, 2012). The interest rate is fixed for substantially all interest-bearing loans and advances.

# Capital régional et coopératif Desjardins

Notes to Financial Statements

**As at December 31, 2013 and 2012**

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

a) Allocation of investments and funds committed by asset class consists of the following:

| | | | | | **2013** |
|---|---|---|---|---|---|
| **Asset class** | **Investments at cost** | **Unrealized gain (loss)** | **Fair value** | **Funds committed but not disbursed[1]** | **Total commitment** |
| | **$** | **$** | **$** | **$** | **$** |
| Development Capital | 154,102 | (320) | 153,782 | 2,450 | 156,232 |
| Company buyouts and Major Investments | 315,223 | 72,869 | 388,092 | 24,000 | 412,092 |
| Technological Innovations | 23,168 | (5,038) | 18,130 | - | 18,130 |
| Venture Capital – Health | 13,456 | (11,515) | 1,941 | - | 1,941 |
| Funds | 165,598 | 6,364 | 171,962 | 201,143 | 373,105 |
| Total | 671,547 | 62,360 | 733,907 | 227,593 | 961,500 |

| | | | | | **2012** |
|---|---|---|---|---|---|
| **Asset class** | **Investments at cost** | **Unrealized gain (loss)** | **Fair value** | **Funds committed but not disbursed[1]** | **Total commitment** |
| | **$** | **$** | **$** | **$** | **$** |
| Development Capital | 155,817 | 2,108 | 157,925 | 3,596 | 161,521 |
| Company buyouts and Major Investments | 285,690 | 52,684 | 338,374 | 12,500 | 350,874 |
| Technological Innovations | 25,196 | (7,521) | 17,675 | - | 17,675 |
| Venture Capital - Health | 13,456 | (11,056) | 2,400 | - | 2,400 |
| Funds | 145,255 | (2,584) | 142,671 | 126,254 | 268,925 |
| Total | 625,414 | 33,631 | 659,045 | 142,350 | 801,395 |

[1] Funds committed but not disbursed are not included in the Company's assets.

b) Funds committed but not disbursed represent investments that have been agreed upon and which have been committed but not disbursed at the balance sheet date. Future disbursements are subject to certain conditions. Assuming that the conditions are met, the estimated installments over the coming years ended December 31 will be as follows:

| **2014** | **2015** | **2016** | **2017** | **2018 and after** | **Total** |
|---|---|---|---|---|---|
| $77,938 | $46,303 | $46,478 | $19,929 | $36,945 | $227,593 |

# Capital régional et coopératif Desjardins

Notes to Financial Statements

**As at December 31, 2013 and 2012**

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

## 5 Other investments

The unaudited Statement of Other Investments is available at the Company's head office, on its Web site at capitalregional.com and on SEDAR at www.sedar.com. The Statement does not form an integral part of the financial statements.

| | | | 2013 |
|---|---|---|---|
| | **Cost** | **Unrealized gain (loss)** | **Fair value** |
| | **$** | **$** | **$** |
| Bonds | | | |
| Federal or guaranteed | 183,418 | 835 | 184,253 |
| Provincial, municipal or guaranteed | 221,118 | (230) | 220,888 |
| Financial institutions | 160,829 | 2,831 | 163,660 |
| Companies | 52,318 | 560 | 52,878 |
| | 617,683 | 3,996 | 621,679 |
| Money market instruments[1] | 12,278 | - | 12,278 |
| Foreign exchange contracts[2] | - | (484) | (484) |
| Preferred shares | 76,186 | (2,663) | 73,523 |
| Total | 706,147 | 849 | 706,996 |

**Allocation of bonds by maturity date**

| | | | | 2013 |
|---|---|---|---|---|
| **Maturity** | **Less than 1 year** | **1 to 5 years** | **More than 5 years** | **Total** |
| | **$** | **$** | **$** | **$** |
| Unamortized cost | - | 381,060 | 236,623 | 617,683 |
| Par value | - | 374,707 | 229,253 | 603,960 |
| Fair value | - | 385,445 | 236,234 | 621,679 |
| Average nominal rate[3] | - | 3.00% | 3.83% | 3.31% |
| Average effective rate | - | 2.44% | 3.26% | 2.75% |

# Capital régional et coopératif Desjardins

Notes to Financial Statements

**As at December 31, 2013 and 2012**

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

| | | | **2012** |
|---|---|---|---|
| | **Cost** | **Unrealized gain (loss)** | **Fair value** |
| | **$** | **$** | **$** |
| Bonds | | | |
| Federal or guaranteed | 178,728 | 5,758 | 184,486 |
| Provincial, municipal or guaranteed | 228,099 | 4,062 | 232,161 |
| Financial institutions | 136,665 | 5,889 | 142,554 |
| Companies | 30,983 | 2,415 | 33,398 |
| | 574,475 | 18,124 | 592,599 |
| Money market instruments[1] | 13,508 | - | 13,508 |
| Foreign exchange contracts[2] | - | (247) | (247) |
| Preferred shares | 63,500 | 1,212 | 64,712 |
| Total | 651,483 | 19,089 | 670,572 |

**Allocation of bonds by maturity date**

| | | | | **2012** |
|---|---|---|---|---|
| **Maturity** | **Less than 1 year** | **1 to 5 years** | **More than 5 years** | **Total** |
| | **$** | **$** | **$** | **$** |
| Unamortized cost | - | 278,566 | 295,909 | 574,475 |
| Par value | - | 272,869 | 282,370 | 555,239 |
| Fair value | - | 283,799 | 308,800 | 592,599 |
| Average nominal rate[3] | - | 3.22% | 3.96% | 3.59% |
| Average effective rate | - | 2.35% | 3.20% | 2.79% |

[1] Money market instruments consist of term deposits, Treasury bills and strip bonds with an original maturity of less than a year. As at December 31, 2013, all money market instruments have an original maturity of two to five months while as at December 31, 2012, they all had an original maturity of two to nine months.

[2] Foreign exchange contracts to sell USD 133.0 million (United States dollars) and AUD 0.1 million (Australian dollars) have three-month maturities. (USD 114.0 million and AUD 1.4 million as at December 31, 2012).

[3] Substantially all bonds are fixed-interest rate issues.

All portfolio securities of other investments are denominated in Canadian dollars except foreign exchange contracts.

# Capital régional et coopératif Desjardins

Notes to Financial Statements
**As at December 31, 2013 and 2012**

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

## 6 Accounts receivable

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Interest and dividends receivable on investments | 4,975 | 4,665 |
| Sales taxes receivable | 189 | 761 |
| Amounts receivable on disposal of investments impacting the Québec economy | 15,234 | 23,436 |
| Other accounts receivable | 1,860 | 1,084 |
| | 22,258 | 29,946 |

Amounts receivable on disposal of investments impacting Québec economy include amounts valued in USD for $14.3 million ($22.8 million as at December 31, 2012).

## 7 Line of credit

The Company has an authorized line of credit of $10 million with Caisse centrale Desjardins. This banking credit bears interest at the operating credit rate of Caisse centrale Desjardins plus 0.5%. This line of credit is guaranteed by a portion of the money market instruments and bonds recorded in Other investments and is renewable on an annual basis. As at December 31, 2013 and December 31, 2012, the Company had not drawn on the line of credit.

## 8 Accounts payable

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Suppliers and accrued liabilities | 2,100 | 1,859 |
| Other accounts payable | 1,676 | 642 |
| | 3,776 | 2,501 |

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

## 9 Notes payable and financial liabilities

On November 30, 2010, the Company acquired from Desjardins Venture Capital L.P., a subsidiary of Fédération des Caisses Desjardins du Québec, investments with a fair value of $17.6 million as consideration for notes of equal initial value maturing on November 30, 2013. 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 the Company on the sale of the related investment. If the amount received by the Company at the time of sale is less than the initial cost of the investment, the amount of the note will be adjusted to the amount received. However, if the amount received by the Company at the time of sale 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 paid by the Company in respect of investments between their dates of acquisition and their dates of sale are deducted from the amount of the related notes.

On November 30, 2013, a new agreement extended the term of the notes for a six-month period until May 31, 2014, on the same terms and conditions.

As at December 31, 2013, notes payable with a fair value of $10.4 million were related to investments valued in USD ($8.5 million as at December 31, 2012).

On April 27, 2012, the Company acquired from the Desjardins Group Pension Plan, investments with a fair value of $5.9 million for a cash consideration. In the three years following their acquisition, if the Company disposes of the investments for an amount exceeding their initial cost, an additional amount determined based on the amount received will be payable to the Desjardins Group Pension Plan.

## 10 Shareholders' equity

*Share capital authorized*

The Company 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 provided in the Act, so that its capital increases by a maximum of $150 million annually.

As of the capitalization period following the one at the end of which the Company first reaches capitalization of at least $1.25 billion, the Company may collect, 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 the Company during the preceding capitalization period.

Each capitalization period, which lasts twelve months, begins on March 1st of each year. The maximum the Company can raise in the capitalization period ending on February 28, 2014 is $150 million. As at December 31, 2013 and December 31, 2012, the Company is in compliance with this limit.

*Redemption criteria*

The Company 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 the Company 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 the Company if the person applies to the Company therefore in writing within 30 days of subscription;
- At the request of a person who acquired it from the Company if that person is declared to have a severe and permanent mental or physical disability which makes this person incapable of pursuing his or her work.

Moreover, the Company may purchase a common share or a fractional 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.

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

The new management agreement, effective January 1, 2013, now allocates share issue expenses to the Company, whereas they were formerly borne by the Desjardins caisse network. The Company recognized share issue expenses amounting to $1.7 million net of taxes in 2013 as a reduction of share capital.

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

*Tax credit*

The purchase of shares of the Company entitles the investor to receive a non-refundable tax credit, for Québec tax purposes only, for an amount equal to:

For purchases prior to March 24, 2006: 50% tax credit, $1,250 maximum.
For purchases from March 24, 2006 to November 9, 2007: 35% tax credit, $875 maximum.
For purchases subsequent to November 9, 2007: 50% tax credit, $2,500 maximum.

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 same or subsequent taxation years.

## 11 Capital disclosures

The Company'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. The Company's capital consists of shareholders' equity.

The Company is not subject to any external capital requirements other than those governing the issuance and redemption of its shares, as indicated in note 10.

The Company's policy is to reinvest the annual revenue 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.

## 12 Cash and cash equivalents

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Cash | 9,701 | 7,357 |
| Money market instruments | 10,583 | 3,596 |
| | 20,284 | 10,953 |

# Capital régional et coopératif Desjardins

Notes to Financial Statements

**As at December 31, 2013 and 2012**

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

## 13 Expenses

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| **Other operating expenses** | | |
| Audit fees | 249 | 269 |
| Directors' compensation | 473 | 368 |
| Other professional fees | 910 | 704 |
| Custodial and trustee fees | 110 | 112 |
| Computer development | 1,568 | 1,291 |
| Other expenses | 439 | 632 |
| | 3,749 | 3,376 |
| **Shareholder services** | | |
| Trustee fees | 1,257 | 1,336 |
| Reporting to shareholders | 386 | 134 |
| Other expenses | 189 | 141 |
| | 1,832 | 1,611 |

## 14 Income taxes

a) Income tax expense is detailed as follows:

| | 2013 | | 2012 | |
|---|---|---|---|---|
| | Earnings<br>$ | Shareholders' equity<br>$ | Earnings<br>$ | Shareholders' equity<br>$ |
| Current income taxes | 8,613 | (257) | 9,725 | - |
| Future income taxes | (25) | (898) | 191 | - |
| | 8,588 | (1,155) | 9,916 | - |

# Capital régional et coopératif Desjardins

Notes to Financial Statements

**As at December 31, 2013 and 2012**

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

b) The actual income tax rate differs from the combined basic income tax rate and is explained as follows:

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Income taxes by applying the combined basic tax rate of 39.90% | 13,382 | 25,277 |
| Permanent differences between earnings before income taxes and taxable income and other items | | |
| Realized and unrealized losses (gains) on investments | 352 | (8,566) |
| Untaxable dividends | (3,533) | (2,503) |
| Refundable tax | (1,473) | (4,632) |
| Others | (140) | 340 |
| | 8,588 | 9,916 |

c) Income taxes balances include the following items:

| | 2013 Assets<br>$ | 2013 Liabilities<br>$ | 2012 Assets<br>$ | 2012 Liabilities<br>$ |
|---|---|---|---|---|
| Refundable realized capital gains tax on hand | 10,397 | - | 11,169 | - |
| Income taxes recoverable (payable) | 4,924 | - | - | (8,036) |
| | 15,321 | - | 11,169 | (8,036) |
| Future refundable unrealized capital gains tax on hand | 7,368 | - | 7,181 | - |
| Future income taxes – Issuance costs | 965 | - | - | - |
| Future income taxes – Investments | - | (7,164) | - | (6,935) |
| | 8,333 | (7,164) | 7,181 | (6,935) |
| | 23,654 | (7,164) | 18,350 | (14,971) |

## 15 Cash flows

The changes in non-cash working capital items consist of the following:

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Decrease (increase) in accounts receivable | (514) | (255) |
| Decrease (increase) in income taxes receivable | (4,152) | (3,802) |
| Increase (decrease) in income taxes payable | (8,036) | (340) |
| Increase (decrease) in accounts payable | 1,215 | (3,335) |
| | (11,487) | (7,732) |

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

## 16 Related party transactions

The Company is related to Desjardins Venture Capital Inc. ("DVC"), its manager. DVC is a subsidiary of Fédération des caisses Desjardins du Québec and is part of Desjardins Group. The Company is therefore indirectly related to Desjardins Group.

- The Company has entrusted the management of its operations, including management of its portfolio, to DVC, in accordance with the strategies and objectives approved by the Board of Directors. The management contract signed by DVC and the Company was effective for an initial term of ten years, ending December 31, 2011. For the fiscal year ending December 31, 2012, the parties have agreed to renew the contract for one year on the same terms and conditions, except for the rate of management fees.

  A new five-year management agreement, effective January 1, 2013, provides for the invoicing of separate fees for the Desjardins caisse network's contribution in distributing the Company's shares. Under the new management agreement, certain governance expenses are now allocated to the Company. As consideration, the rate of annual management fees was reduced and may be revised in accordance with certain terms and conditions set out in the new agreement. As of January 1, 2013, negotiation fees are earned by DVC with a credit of an equal amount applied against the Company's management fees.

  Under this agreement, the Company undertook to pay management fees equal to 2.02% (2.25% in 2012) of the Company's annual average assets' value, less any amounts payable related to Investments impacting the Québec economy and Other investments. An adjustment is made to the management fee charged to the Company to avoid double billing relative to the Company's interest in some funds. This rate may be revised by the parties for fiscal 2014.

- The Company has appointed Desjardins Trust Inc. as shareholder registrar and share transfer agent. Desjardins Trust also acts as an intermediary for various shareholder support services. Since the Company began operations, Desjardins Trust has represented the largest component of the Company's shareholder service expenses. The agreement was renewed at the same conditions until June 30, 2014 except for the fee rate, which was adjusted on July 1, 2013 and will continue to apply until December 31, 2014.

- The Company has centralized custody services for its assets with Desjardins Trust. The custody and administration agreement became effective on May 1, 2009. Its term is indefinite unless one or the other of the parties, on prior written notice of at least 90 days, decides to terminate it.

- The Company has appointed Fédération des caisses Desjardins du Québec to distribute its shares through the Desjardins caisse network. This agreement is effective for one year and will be automatically renewed each year at market conditions unless one of the parties gives written notice to the contrary three months before the expiry date of the agreement.

# Capital régional et coopératif Desjardins

Notes to Financial Statements

**As at December 31, 2013 and 2012**

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

The Company entered into transactions with other Desjardins Group entities in the normal course of business. All of these transactions are measured at the exchange amount. The transactions and balances are detailed as follows:

| | **2013** | **2012** |
|---|---|---|
| | **$** | **$** |
| Balance sheets | | |
| Caisse centrale Desjardins | | |
| Cash | 7,089 | 6,855 |
| Other investments | 4,266 | 4,165 |
| Interest and dividends receivable on investments | 35 | 35 |
| Capital Desjardins inc. | | |
| Other investments | 9,623 | 11,543 |
| Interest and dividends receivable on investments | 70 | 91 |
| Desjardins Venture Capital inc. | | |
| Accounts payable | 1,676 | 1,034 |
| Desjardins Venture Capital L.P. | | |
| Accounts payable | - | 141 |
| Notes payable and financial liabilities | 12,903 | 10,921 |
| Fédération des caisses Desjardins du Québec | | |
| Accounts payable | - | 15 |
| Fiducie Desjardins | | |
| Cash | 2,327 | 542 |
| Accounts payable | 483 | 478 |
| Desjardins Group Pension Plan | | |
| Notes payable and financial liabilities | 2,097 | 431 |

# Capital régional et coopératif Desjardins

Notes to Financial Statements

**As at December 31, 2013 and 2012**

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

| | **2013** | **2012** |
|---|---|---|
| | **$** | **$** |
| Statements of Earnings | | |
| Caisse centrale Desjardins | | |
| Interest | 179 | 416 |
| Realized gains (losses) on investments | (6,826) | 4,971 |
| Unrealized gains (losses) on investments | (309) | (450) |
| Capital Desjardins inc. | | |
| Interest | 384 | 448 |
| Realized gains (losses) on investments | 34 | - |
| Unrealized gains (losses) on investments | (52) | 542 |
| Desjardins Venture Capital inc. | | |
| Management fee | 23,533 | 27,529 |
| Desjardins Venture Capital L.P. | | |
| Realized gains (losses) on investments | (128) | (223) |
| Unrealized gains (losses) on investments | (1,854) | 1,262 |
| Fédération des caisses Desjardins du Québec | | |
| Other operating expenses | 426 | 511 |
| Fiducie Desjardins | | |
| Shareholder services | 1,257 | 1,336 |
| Other operating expenses | 110 | 112 |
| Desjardins Group Pension Plan | | |
| Unrealized gains (losses) on investments | (1,666) | (431) |
| | | |
| Statements of Shareholders' Equity | | |
| Desjardins caisse network | | |
| Issuance costs | 2,819 | - |

# Capital régional et coopératif Desjardins

Notes to Financial Statements

**As at December 31, 2013 and 2012**

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

## 17 Financial instruments and associated risks

### Financial instruments

The Company's financial instruments are recorded at their fair value. Fair value is used to determine the values at which these instruments could be traded in a current transaction between willing parties. When these financial instruments are not traded in public markets, their fair value is established based on a set of predetermined criteria, which minimizes the subjectivity of the valuation. The Company categorizes its financial instruments according to the three following hierarchical levels:

- Level 1 – Measurement based on quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 – Valuation techniques based primarily on observable market data; and
- Level 3 – Valuation techniques not based primarily on observable market data.

The following table shows the breakdown of the fair-value valuation of the financial instruments among the three levels.

| | | | | **2013** |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| | **$** | **$** | **$** | **$** |
| Investments impacting the Québec economy | 1,535 | - | 732,372 | 733,907 |
| Other investments | 461,044 | 246,352 | - | 707,396 |
| Cash | 9,701 | - | - | 9,701 |
| Amounts receivable on disposal of investments impacting the Québec economy | - | - | 15,234 | 15,234 |
| Notes payable and financial liabilities | - | - | (15,000) | (15,000) |

| | | | | **2012** |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| | **$** | **$** | **$** | **$** |
| Investments impacting the Québec economy | 1,991 | - | 657,054 | 659,045 |
| Other investments | 476,862 | 193,710 | - | 670,572 |
| Cash | 7,357 | - | - | 7,357 |
| Amounts receivable on disposal of investments impacting the Québec economy | - | - | 23,436 | 23,436 |
| Notes payable and financial liabilities | - | - | (11,352) | (11,352) |

# Capital régional et coopératif Desjardins

Notes to Financial Statements

**As at December 31, 2013 and 2012**

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

When fair-value valuations of interests in private companies are not entirely based on observable data, the estimates are qualified as Level 3. This takes into account that, beyond external variables such as interest rate levels, economic growth and income tax rates to name only a few, whose impacts are generally reflected in valuation, there are also internal variables which affect fair-value estimates. The valuation of interests is also dependent on information or factors that have a particular influence on a business (outlook, competition, human or financial resources, etc.).

While the goal of valuation is to rely as much as possible on observable data, the choice of relevant elements and their impact on establishing fair value is influenced by the judgment of the valuator. That being said, although another valuator looking at the same business might weigh certain specific factors differently, the impact on the overall portfolio will be marginal.

The following table presents the reconciliation between the beginning and ending balances of Level 3:

| | | | | 2013 |
|---|---|---|---|---|
| | Investments impacting the Québec economy $ | Other investments $ | Amounts receivable on disposal of investments impacting the Québec economy $ | Notes payable and financial liabilities $ |
| Balance – December 31, 2012 | 657,054 | - | 23,436 | (11,352) |
| Realized gains (losses) | 10,218 | - | 1,502 | - |
| Unrealized gains (losses) | 29,184 | - | - | (3,648) |
| Acquisitions / issuance | 134,980 | - | 966 | - |
| Disposals / repayments | (99,064) | - | (10,670) | - |
| Transfer to Level 1 | - | - | - | - |
| Balance – December 31, 2013 | 732,372 | - | 15,234 | (15,000) |
| Unrealized gains (losses) on investments, notes payable and financial liabilities held as at December 31, 2013 | 28,356 | - | - | (3,648) |

# Capital régional et coopératif Desjardins

Notes to Financial Statements

**As at December 31, 2013 and 2012**

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

| | | | | 2012 |
|---|---|---|---|---|
| | **Investments impacting the Québec economy $** | **Other investments $** | **Amounts receivable on disposal of investments impacting the Québec economy $** | **Notes payable and financial liabilities $** |
| Balance – December 31, 2011 | 536,337 | - | 10,565 | (14,335) |
| Realized gains (losses) | 47,875 | - | (824) | (222) |
| Unrealized gains (losses) | (6,556) | - | - | 831 |
| Acquisitions/issuance | 230,526 | - | 18,298 | - |
| Disposals/repayments | (151,128) | - | (4,603) | 2,374 |
| Transfer to Level 1 | - | - | - | - |
| Balance – December 31, 2012 | 657,054 | - | 23,436 | (11,352) |
| Unrealized gains (losses) on investments, notes payable and financial liabilities held as at December 31, 2012 | 30,536 | - | - | 679 |

**Financial instruments and associated risks**

The risks associated with financial instruments that affect the Company's financial position are discussed in detail in the audited sections "Market Risk," "Credit and Counterparty Risk" and "Liquidity Risk" of the Company's management discussion and analysis on pages 15 to 16 and are an integral part of these financial statements.

## 18 Comparative amounts

Certain comparative figures for 2012 have been reclassified to conform to current year presentation.

# Capital régional et coopératif Desjardins

Audited schedule of cost of investments impacting
the Québec economy
**As at December 31, 2013**

February 12, 2014

## Independent Auditor's Report on schedule of cost of investments impacting the Quebec economy accompanying the financial statements

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

On February 12, 2014, we reported on the balance sheets of Capital régional et coopératif Desjardins (the "Company") as at December 31, 2013 and December 31, 2012 and the statement of earnings, shareholders' equity and cash flow for the years then ended.

In our audits of the financial statement referred to above, we also performed audit procedures on the schedule of cost of investments impacting the Quebec economy (the "schedule") as at December 31, 2013. This schedule is the responsibility of the Company's management.

In our opinion, the schedule presents fairly, in all material respects, the cost of investments impacting the Quebec economy, when read in conjunction with the Company's financial statements.

**(signed) PricewaterhouseCoopers LLP[1]**

[1] CPA auditor, CA, public accountancy permit No. A119427

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# Capital régional et coopératif Desjardins

## Audited schedule of cost of investments impacting the Québec economy
## As at December 31, 2013

(in thousands of dollars)

| | Initial investment year | Asset class | Unsecured investments: Common and preferred shares and funds units $ | Unsecured investments: Loans and advances $ | Secured investments: Loans and advances $ | Total $ |
|---|---|---|---|---|---|---|
| **Abitibi-Témiscamingue** | | | | | | |
| Héli Explore inc. | 2007 | DevC | - | 25 | - | 25 |
| Industries Béroma inc. (Les) | 2009 | DevC | - | 33 | - | 33 |
| Norbell Électrique inc. | 2010 | DevC | - | 187 | - | 187 |
| Trim-Line de l'Abitibi inc. | 2009 | DevC | 125 | 71 | - | 196 |
| VCC-Massénor inc. | 2010 | DevC | - | 470 | - | 470 |
| Vézeau et frères inc. | 2009 | DevC | - | 472 | - | 472 |
| **Total Abitibi-Témiscamingue** | | | 125 | 1,258 | - | 1,383 |
| **Bas-Saint-Laurent** | | | | | | |
| Bâtitech Ltd. | 2007 | DevC | 70 | 148 | 100 | 318 |
| Fonderie BSL inc. | 2010 | DevC | - | 150 | - | 150 |
| Gestion Alain Hébert inc. | 2009 | DevC | - | 272 | - | 272 |
| Groupe Fillion Sport inc. | 2008 | DevC | - | 152 | - | 152 |
| Leblanc Environnement inc. | 2008 | DevC | 250 | 67 | - | 317 |
| Scierie St-Fabien inc. | 2010 | DevC | 119 | - | - | 119 |
| Sirois Transport inc. | 2009 | DevC | - | 399 | 45 | 444 |
| Société d'exploitation des ressources de la Vallée inc. | 2010 | DevC | - | 323 | - | 323 |
| Télécommunications Denis Gignac inc. | 2010 | DevC | - | 424 | - | 424 |
| **Total Bas-Saint-Laurent** | | | 439 | 1,935 | 145 | 2,519 |
| **Capitale-Nationale** | | | | | | |
| 9197-4451 Québec inc. (P.E. Fraser inc.) | 2010 | DevC | - | 194 | - | 194 |
| Boutique Le Pentagone inc. | 2008 | B & MI | 3,625 | - | - | 3,625 |
| Congébec Logistique inc. | 2004 | DevC | 3,800 | - | - | 3,800 |
| Frima Studio inc. | 2008 | DevC | - | 900 | - | 900 |
| Groupe conseil NOVO SST inc. | 2013 | DevC | 750 | 2,650 | - | 3,400 |
| Groupe Humagade inc. | 2006 | TI | 11,191 | 38 | - | 11,229 |
| H2O Innovation inc. | 2009 | DevC | - | 500 | - | 500 |
| Obzerv Technologies inc. | 2010 | DevC | 1,500 | - | - | 1,500 |
| OptoSecurity inc. | 2007 | TI | - | 939 | - | 939 |
| Piscines Pro et Patios N.V. inc. | 2009 | DevC | - | 63 | - | 63 |
| Pneus Ratté inc. | 2009 | DevC | - | 242 | - | 242 |
| Simard Suspensions inc. | 2009 | DevC | - | 631 | - | 631 |
| **Total Capitale-Nationale** | | | 20,866 | 6,157 | - | 27,023 |
| **Centre-du-Québec** | | | | | | |
| A.C.M. Composites (1993) inc. | 2013 | DevC | - | - | 1,500 | 1,500 |
| Avjet Holding inc | 2009 | B & MI | 3,732 | 7,400 | - | 11,132 |
| CBR Laser inc. | 2012 | B & MI | - | 19,490 | - | 19,490 |
| Farinart inc. | 2010 | DevC | 250 | - | - | 250 |

# Capital régional et coopératif Desjardins

## Audited schedule of cost of investments impacting the Québec economy

## As at December 31, 2013

(in thousands of dollars)

| | Initial investment year | Asset class | Unsecured investments: Common and preferred shares and funds units $ | Unsecured investments: Loans and advances $ | Secured investments: Loans and advances $ | Total $ |
|---|---|---|---|---|---|---|
| Groupe Anderson inc. | 2007 | DevC | 3,583 | 944 | - | 4,527 |
| Métalus inc. | 2008 | DevC | - | 918 | - | 918 |
| Service funéraire coopératif Drummond | 2007 | DevC | - | 312 | - | 312 |
| **Total Centre-du-Québec** | | | 7,565 | 29,064 | 1,500 | 38,129 |
| **Chaudière - Appalaches** | | | | | | |
| CIF Métal ltée | 2005 | B & MI | 3,976 | - | - | 3,976 |
| Distribution Eugène Gagnon inc. | 2006 | DevC | - | - | 1,604 | 1,604 |
| Ebi-tech inc. | 2007 | DevC | - | 33 | - | 33 |
| Émile Bilodeau et Fils inc. | 2008 | DevC | - | 14 | - | 14 |
| Fournier Industries inc. | 2013 | B & MI | 17,000 | 11,830 | - | 28,830 |
| Groupe Filgo inc. | 2012 | B & MI | 13,980 | 2,950 | - | 16,930 |
| Horisol Coopérative de travailleurs | 2008 | DevC | - | 501 | - | 501 |
| Hortau inc. | 2010 | DevC | 555 | - | - | 555 |
| Marquis Book Printing inc. | 2007 | DevC | 2,500 | 1,443 | - | 3,943 |
| Matiss inc. | 2002 | DevC | - | 248 | - | 248 |
| MTI Canada inc. | 2008 | DevC | - | 158 | - | 158 |
| Produits de plancher Finitec inc. | 2007 | DevC | - | 462 | - | 462 |
| Services Bivac inc. | 2010 | DevC | - | 309 | - | 309 |
| Trimax Steel inc. | 2009 | DevC | - | 396 | - | 396 |
| **Total Chaudière - Appalaches** | | | 38,011 | 18,344 | 1,604 | 57,959 |
| **Côte-Nord** | | | | | | |
| 9274-4192 Québec inc. (Boisaco) | 2013 | DevC | 1,000 | - | - | 1,000 |
| Granulco inc. | 2009 | DevC | - | 75 | - | 75 |
| **Total Côte-Nord** | | | 1,000 | 75 | - | 1,075 |
| **Eastern Townships** | | | | | | |
| Balances M. Dodier inc. (Les) | 2011 | DevC | - | 283 | - | 283 |
| Boreal - Informations Strategies inc. | 2013 | DevC | - | 3,000 | - | 3,000 |
| Camoplast Solideal inc. | 2002 | B & MI | 30,837 | - | - | 30,837 |
| Coopérative de travailleurs actionnaire Filage Sherbrooke (FilSpec) | 2004 | DevC | - | 800 | - | 800 |
| Coopérative funéraire de l'Estrie | 2006 | DevC | - | 978 | - | 978 |
| CoopTel, coop de télécommunication | 2009 | DevC | - | 1,425 | - | 1,425 |
| Éco-Pak inc. (2948-4292 Québec inc.) | 2008 | DevC | - | 1,237 | - | 1,237 |
| Électro-5 inc. | 2009 | DevC | - | 196 | - | 196 |
| Engrenages Sherbrooke inc. (Les) | 2013 | DevC | - | 500 | - | 500 |
| Exo-s-inc. | 2012 | B & MI | 6,100 | 8,987 | - | 15,087 |
| FilSpec inc. | 2004 | DevC | 1,113 | - | - | 1,113 |
| FilSpec inc. (9120-0782 Québec inc. / Gesco) | 2004 | DevC | - | 227 | - | 227 |
| Imprimerie Préci-Grafik inc. | 2009 | DevC | - | 611 | - | 611 |

# Capital régional et coopératif Desjardins

## Audited schedule of cost of investments impacting the Québec economy

## As at December 31, 2013

(in thousands of dollars)

| | | | Unsecured investments | | Secured investments | |
|---|---|---|---|---|---|---|
| | Initial investment year | Asset class | Common and preferred shares and funds units $ | Loans and advances $ | Loans and advances $ | Total $ |
| Kemestrie inc. | 2010 | VC - Health | 528 | - | - | 528 |
| L.P. Royer inc. | 2010 | DevC | - | 2,750 | - | 2,750 |
| Multi X inc. | 2006 | DevC | - | 233 | - | 233 |
| Ocera Therapeutics inc. (anc. Tranzyme Pharma inc.) | 2003 | VC - Health | 10,569 | - | - | 10,569 |
| Roulottes R.G. inc. (Les) | 2009 | DevC | - | 87 | - | 87 |
| **Total Eastern Townships** | | | 49,147 | 21,314 | - | 70,461 |
| **Gaspésie-Îles-de-la-Madeleine** | | | | | | |
| Construction L.F.G. inc. | 2009 | DevC | - | 2,791 | - | 2,791 |
| Éocycle Technologies inc. | 2004 | DevC | 2,402 | - | - | 2,402 |
| Gestion C.T.M.A. inc. | 2007 | DevC | - | 575 | - | 575 |
| Hôtel Baker Ltd. | 2007 | DevC | - | 27 | - | 27 |
| **Total Gaspésie-Îles-de-la-Madeleine** | | | 2,402 | 3,393 | - | 5,795 |
| **Outside of Canada** | | | | | | |
| Pharmaxis Ltd. | 2010 | VC - Health | 2,360 | - | - | 2,360 |
| **Total Outside of Canada** | | | 2,360 | - | - | 2,360 |
| **Lanaudière** | | | | | | |
| 9210-7614 Québec inc. (Promotion SDM) | 2009 | DevC | - | 129 | - | 129 |
| Groupe Composites VCI inc. | 2007 | DevC | 2,250 | 115 | - | 2,365 |
| **Total Lanaudière** | | | 2,250 | 244 | - | 2,494 |
| **Laurentians** | | | | | | |
| DCM Group inc. | 2012 | DevC | 3,000 | 3,582 | - | 6,582 |
| J.L. Brissette Ltd. | 2008 | DevC | 125 | 46 | - | 171 |
| **Total Laurentians** | | | 3,125 | 3,628 | - | 6,753 |
| **Laval** | | | | | | |
| Canadian Lebanese Investment Corp. Ltd. | 2007 | DevC | - | 3,070 | 250 | 3,320 |
| Confiseries Régal inc. | 2011 | B & MI | 4,281 | 10,414 | - | 14,695 |
| Polytek Équipment inc. | 2010 | DevC | - | 82 | - | 82 |
| **Total Laval** | | | 4,281 | 13,566 | 250 | 18,097 |
| **Mauricie** | | | | | | |
| Classement Luc Beaudoin inc.(9289-8907 Qc inc.) | 2013 | DevC | - | 575 | - | 575 |
| Groupe Soucy inc. | 2008 | DevC | - | 42 | - | 42 |
| Groupe Telecon | 2011 | B & MI | 30,389 | 4,362 | - | 34,751 |

# Capital régional et coopératif Desjardins

## Audited schedule of cost of investments impacting the Québec economy

## As at December 31, 2013

(in thousands of dollars)

| | Initial investment year | Asset class | Unsecured investments: Common and preferred shares and funds units $ | Unsecured investments: Loans and advances $ | Secured investments: Loans and advances $ | Total $ |
|---|---|---|---|---|---|---|
| Innovations Voltflex inc. | 2006 | DevC | 17 | 232 | 50 | 299 |
| Louiseville Specialty Products inc. | 2004 | DevC | - | 3,112 | - | 3,112 |
| Morand Excavation inc. | 2007 | DevC | - | 69 | - | 69 |
| Premier Aviation Centre de révision inc. | 2005 | DevC | - | 331 | - | 331 |
| RGF Électrique inc. | 2009 | DevC | - | 354 | - | 354 |
| **Total Mauricie** | | | 30,406 | 9,077 | 50 | 39,533 |
| **Montérégie** | | | | | | |
| 3CI inc. | 2007 | DevC | 1,500 | - | - | 1,500 |
| A. & D. Prévost inc. | 2011 | B & MI | 9,472 | 9,050 | - | 18,522 |
| A.T.L.A.S. Aéronautique inc. | 2010 | DevC | 6,000 | - | - | 6,000 |
| Acema Importations inc. | 2008 | DevC | - | 71 | - | 71 |
| AtmanCo inc. | 2010 | TI | 16 | - | 50 | 66 |
| Câbles Ben-Mor inc. (Les) | 2009 | DevC | - | 3,415 | - | 3,415 |
| Cogiscan inc. | 2002 | TI | 849 | 1,299 | - | 2,148 |
| Complexe sportif Interplus | 2007 | DevC | - | 670 | - | 670 |
| Groupe Dagenais M.D.C. inc. | 2010 | DevC | - | 188 | - | 188 |
| Groupe Habitations Signature inc. | 2010 | DevC | - | 2,808 | - | 2,808 |
| Groupe Jafaco Gestion inc. | 2009 | DevC | - | 938 | - | 938 |
| Investissements Brasco inc. | 2009 | DevC | - | 727 | - | 727 |
| Knowlton Development Corporation inc. | 2006 | B & MI | 5,826 | 860 | - | 6,686 |
| Mirazed inc. | 2007 | DevC | 780 | 25 | - | 805 |
| Normandin inc. | 2010 | DevC | - | 313 | - | 313 |
| NSE Automatech inc. | 2013 | DevC | 3,000 | - | - | 3,000 |
| Plomberie Piché & Richard inc. | 2010 | DevC | - | 103 | - | 103 |
| Reproductions BLB inc. (Les) | 2004 | DevC | 163 | 453 | - | 616 |
| Spectra Premium Industries inc. | 2006 | B & MI | 3,000 | 2,004 | - | 5,004 |
| Urecon Group | 2012 | B & MI | 4,500 | 8,158 | - | 12,658 |
| **Total Montérégie** | | | 35,106 | 31,082 | 50 | 66,238 |
| **Montréal** | | | | | | |
| ACCEO Solutions inc. | 2012 | B & MI | 15,000 | 9,063 | - | 24,063 |
| Amaya Gaming Group inc. | 2010 | DevC | - | 275 | - | 275 |
| Arbell Electronics inc. | 2008 | DevC | 1,260 | 1,182 | 324 | 2,766 |
| Attraction Radio inc. | 2013 | DevC | - | - | 234 | 234 |
| Axium Inc. | 2013 | DevC | - | - | 1,000 | 1,000 |
| Behaviour Interactive inc. | 2002 | TI | 1,186 | - | - | 1,186 |
| Cavalia inc | 2010 | B & MI | - | 3,208 | - | 3,208 |
| Coopérative travailleurs actionnaire de Magnus Poirier | 2009 | DevC | - | 167 | - | 167 |
| Elfiq inc. | 2013 | DevC | - | 250 | - | 250 |
| Emballages Deltapac inc. (Les) | 2005 | DevC | 356 | 370 | - | 726 |
| Groupe API inc. (anc. Approvisionnement Populaire inc.) | 2009 | DevC | - | 231 | - | 231 |

# Capital régional et coopératif Desjardins

## Audited schedule of cost of investments impacting the Québec economy

## As at December 31, 2013

(in thousands of dollars)

| | Initial investment year | Asset class | Unsecured investments: Common and preferred shares and funds units $ | Unsecured investments: Loans and advances $ | Secured investments: Loans and advances $ | Total $ |
|---|---|---|---|---|---|---|
| Groupe conseil OSI inc. (Alyotech Canada inc.) | 2006 | B & MI | 7,886 | 1,911 | - | 9,797 |
| Groupe Graham International inc. | 2011 | B & MI | 4,050 | 4,215 | - | 8,265 |
| Groupe Solotech inc. | 2013 | B & MI | 21,250 | - | - | 21,250 |
| La Coop fédérée | 2005 | DevC | 36,000 | 14,000 | - | 50,000 |
| Manutention Québec inc. | 2007 | DevC | - | 1,114 | - | 1,114 |
| Negotium Technologies | 2008 | TI | - | - | 353 | 353 |
| Nicole Viguère Placement de personnel (NGPP) | 2013 | DevC | - | 425 | - | 425 |
| Systemex Communications (S.C.) inc. | 2010 | DevC | - | 600 | - | 600 |
| Vision Globale A.R. Ltd. | 2012 | B & MI | 18,000 | 5,000 | - | 23,000 |
| **Total Montréal** | | | 104,988 | 42,011 | 1,911 | 148,910 |
| **Ontario** | | | | | | |
| Skywave Mobile Communications inc. | 2010 | TI | 7,249 | - | - | 7,249 |
| **Total Ontario** | | | 7,249 | - | - | 7,249 |
| **Outaouais** | | | | | | |
| Expertronic (3573851 Canada inc.) | 2008 | DevC | - | 562 | - | 562 |
| **Total Outaouais** | | | - | 562 | - | 562 |
| **Saguenay-Lac-Saint-Jean** | | | | | | |
| 9214-8832 Québec inc. | 2009 | DevC | - | 171 | - | 171 |
| André Potvin cuisine/salle de bain inc. | 2008 | DevC | 115 | 31 | - | 146 |
| Clinique médicale privée Opti-Soins inc. | 2008 | DevC | 289 | - | - | 289 |
| Coopérative Forestière de Girardville | 2007 | DevC | - | 553 | - | 553 |
| Démolition et excavation Demex inc. | 2008 | DevC | - | 285 | - | 285 |
| Échafaudage Industriel inc. | 2010 | DevC | - | - | 244 | 244 |
| Entreprises Alfred Boivin inc. (Les) | 2007 | DevC | - | 360 | - | 360 |
| Entreprises Rodrigue Piquette inc. (Les) | 2010 | DevC | - | - | 159 | 159 |
| Groupe Canmec inc. | 2004 | B & MI | 3,286 | 131 | - | 3,417 |
| Groupe Nokamic inc. | 2005 | DevC | - | 129 | - | 129 |
| Immeubles Ultra-Violet inc. | 2010 | DevC | - | 108 | - | 108 |
| Nokamic inc. | 2010 | DevC | - | - | 356 | 356 |
| Norfruit inc. | 2010 | DevC | - | 80 | - | 80 |
| Produits sanitaires Lépine inc. (Les) | 2010 | DevC | 750 | 694 | - | 1,444 |
| Senneco inc. | 2013 | DevC | - | 600 | - | 600 |
| Services Nolitrex inc. | 2008 | DevC | 431 | 158 | - | 589 |
| Végétolab inc. | 2003 | DevC | - | 2 | 3 | 5 |
| Vieille Garde inc. (La) | 2009 | DevC | - | 50 | - | 50 |
| Vitrerie A. & E. Fortin inc. | 2010 | DevC | 300 | 125 | - | 425 |
| **Total Saguenay-Lac-Saint-Jean** | | | 5,171 | 3,477 | 762 | 9,410 |

# Capital régional et coopératif Desjardins

## Audited schedule of cost of investments impacting the Québec economy
## As at December 31, 2013

(in thousands of dollars)

| | | | Unsecured investments | | Secured investments | |
|---|---|---|---|---|---|---|
| | Initial investment year | Asset class | Common and preferred shares and funds units $ | Loans and advances $ | Loans and advances $ | Total $ |
| **Funds** | | | | | | |
| Capital croissance PME s.e.c. I | 2010 | Funds | 70,231 | - | - | 70,231 |
| Desjardins - Innovatech S.E.C. | 2005 | Funds | 57,548 | - | - | 57,548 |
| FIER Partenaires, s.e.c. | 2005 | Funds | 7,501 | - | - | 7,501 |
| Fonds d'investissement MSBI, s.e.c. | 2004 | Funds | 8,937 | - | - | 8,937 |
| Fonds d'investissement pour la relève agricole (FIRA) | 2011 | Funds | 2,167 | - | - | 2,167 |
| Fonds Relève Québec, s.e.c. | 2011 | Funds | 1,946 | - | - | 1,946 |
| Novacap Industries III, s.e.c. | 2007 | Funds | 2,105 | - | - | 2,105 |
| Novacap Technologies III, s.e.c. | 2007 | Funds | 3,342 | - | - | 3,342 |
| Société en commandite Essor et Coopération | 2013 | Funds | 11,820 | - | - | 11,820 |
| **Total Funds** | | | **165,597** | **-** | **-** | **165,597** |
| **Total cost** | | | **480,088** | **185,187** | **6,272** | **671,547** |

**Asset class legend**

DevC: Development Capital
B & MI: Company Buyouts and Major Investments
TI: Technological Innovations
VC - Health: Venture Capital - Health
Funds: 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 4 to the financial statements of the Company.

# Capital régional et coopératif Desjardins

Statement of other investments
**As at December 31, 2013**

# Capital régional et coopératif Desjardins

## Statement of other investments (unaudited)

## As at December 31, 2013

(in thousands of dollars)

## Bonds (87.9%)

| | | Par value $ | Cost $ | Fair Value $ |
|---|---|---|---|---|
| **Federal and guaranteed bonds (26.1%)** | | | | |
| Canada Housing Trust | 06-15-2021, 3.80% | 21,335 | 23,153 | 22,793 |
| | 09-15-2023, 2.35% | 2,500 | 2,341 | 2,325 |
| | 09-15-2023, 3.15% | 5,950 | 5,899 | 5,930 |
| | 12-15-2020, 3.35% | 17,169 | 17,816 | 17,911 |
| | 12-15-2022, 2.40% | 7,900 | 7,638 | 7,478 |
| Canada Mortgage and Housing Corporation | 02-01-2017, 4.35% | 10,500 | 10,802 | 11,386 |
| NHA Bank of Montreal[1] | 09-01-2017, 2.10% | 13,537 | 13,523 | 13,630 |
| NHA Bank of Nova Scotia[1] | 04-01-2016, 4.05% | 12,643 | 12,952 | 13,308 |
| NHA Toronto Dominion Bank[1] | 03-01-2018, 1.40% | 3,333 | 3,288 | 3,262 |
| | 04-01-2018, 1.65% | 20,039 | 19,684 | 19,767 |
| | 06-01-2016, 0.65% | 7,969 | 7,878 | 7,843 |
| | 08-01-2017, 1.70% | 27,557 | 27,412 | 27,472 |
| | 09-01-2015, 1.95% | 29,867 | 29,981 | 30,094 |
| PSP Capital | 02-16-2017, 2.26% | 250 | 251 | 253 |
| | 10-22-2020, 3.03% | 800 | 800 | 801 |
| **Total federal and guaranteed bonds** | | 181,349 | 183,418 | 184,253 |
| **Provincial, municipal or guaranteed bonds (31.2%)** | | | | |
| Cadillac Fairview Finance Trust | 01-25-2016, 3.24% | 4,150 | 4,192 | 4,293 |
| | 05-09-2018, 3.64% | 5,000 | 5,183 | 5,246 |
| CDP Financial | 07-15-2015, 1.73% | 11,000 | 11,004 | 11,042 |
| | 07-15-2020, 4.60% | 3,000 | 3,267 | 3,265 |
| City of Laval | 03-12-2015, 4.30% | 1,156 | 1,153 | 1,190 |
| City of Montreal | 12-01-2017, 5.00% | 2,500 | 2,539 | 2,742 |
| City of Toronto | 06-27-2018, 4.95% | 3,000 | 3,246 | 3,315 |
| Financement-Québec | 12-01-2017, 3.50% | 33,955 | 35,478 | 35,772 |
| | 12-01-2018, 2.40% | 20,000 | 19,916 | 19,949 |
| | 12-01-2019, 2.45% | 21,986 | 21,925 | 21,648 |
| Municipal Finance Authority of British Columbia | 04-19-2016, 4.65% | 2,000 | 2,037 | 2,144 |
| | 06-01-2021, 4.15% | 2,000 | 2,170 | 2,124 |
| | 06-01-2022, 3.35% | 1,100 | 1,099 | 1,089 |
| | 06-03-2019, 4.88% | 4,000 | 4,211 | 4,445 |
| Ontario Strategic Infrastructure Financing Authority | 06-01-2015, 4.60% | 3,000 | 3,013 | 3,132 |
| Province of Manitoba | 06-02-2023, 2.55% | 2,000 | 1,934 | 1,853 |
| Province of Ontario | 05-30-2018, 1.40% | 24,450 | 24,455 | 24,450 |
| | 06-02-2022, 3.15% | 16,050 | 16,344 | 15,792 |
| | 06-02-2023, 2.85% | 8,450 | 8,138 | 7,985 |
| Province of Quebec | 09-01-2023, 3.00% | 10,300 | 9,782 | 9,764 |
| Province of Québec | 12-01-2020, 4.50% | 10,170 | 10,982 | 11,143 |
| | 12-01-2021, 4.25% | 13,025 | 14,365 | 13,916 |
| | 12-01-2022, 3.50% | 13,025 | 13,126 | 13,023 |

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

# Capital régional et coopératif Desjardins
## Statement of other investments (unaudited)
## As at December 31, 2013

(in thousands of dollars)

| | | Par value $ | Cost $ | Fair Value $ |
|---|---|---|---|---|
| **Provincial, municipal or guaranteed bonds (cont.)** | | | | |
| Regional Municipality of York | 06-30-2021, 4.00% | 1,500 | 1,559 | 1,566 |
| **Total provincial, municipal or guaranteed bonds** | | 216,817 | 221,118 | 220,888 |
| **Financial institutions bonds (23.1%)** | | | | |
| Bank of Montreal | 03-28-2018, 6.17% | 5,450 | 6,087 | 6,161 |
| | 07-08-2016, 3.98% | 6,200 | 6,423 | 6,469 |
| | 12-11-2017, 2.24% | 7,000 | 6,848 | 6,926 |
| Bank of Nova Scotia | 03-22-2018, 2.24% | 75 | 74 | 74 |
| | 08-03-2017, 2.90% | 18,850 | 19,044 | 19,064 |
| | 10-18-2019, 3.04% | 2,500 | 2,500 | 2,469 |
| | 11-08-2016, 2.10% | 3,500 | 3,499 | 3,509 |
| BMO Capital Trust | 12-31-2015, 4.63% | 2,000 | 2,106 | 2,100 |
| Caisse centrale Desjardins | 10-05-2017, 3.50% | 4,200 | 4,158 | 4,350 |
| Canadian Imperial Bank of Commerce | 03-07-2018, 2.22% | 1,750 | 1,732 | 1,723 |
| | 06-06-2018, 6.00% | 2,000 | 2,182 | 2,256 |
| | 07-14-2017, 3.95% | 4,800 | 4,877 | 5,072 |
| | 11-08-2016, 2.65% | 3,500 | 3,496 | 3,562 |
| Capital Desjardins | 05-05-2020, 5.19% | 8,750 | 9,164 | 9,623 |
| CI Investments | 12-14-2015, 3.94% | 597 | 606 | 619 |
| Daimler Canada Finance | 04-18-2016, 2.23% | 420 | 422 | 422 |
| | 09-15-2016, 3.28% | 3,000 | 3,092 | 3,093 |
| First Capital Realty | 06-01-2015, 5.95% | 1,000 | 1,015 | 1,053 |
| | 07-30-2019, 5.48% | 1,400 | 1,454 | 1,520 |
| | 10-30-2023, 3.90% | 900 | 903 | 835 |
| Ford Credit Canada | 11-21-2016, 2.63% | 300 | 300 | 302 |
| | 12-19-2017, 3.32% | 950 | 953 | 964 |
| GE Capital Canada Funding Co. | 02-08-2018, 4.40% | 650 | 707 | 694 |
| | 02-11-2015, 4.65% | 4,050 | 4,184 | 4,188 |
| | 08-17-2017, 5.53% | 7,000 | 7,501 | 7,754 |
| Great-West Lifeco | 03-21-2018, 6.14% | 1,500 | 1,527 | 1,702 |
| Honda Canada Finance | 06-04-2018, 2.35% | 400 | 391 | 394 |
| IGM Financial | 04-08-2019, 7.35% | 1,850 | 2,103 | 2,210 |
| Intact Financial Corporation | 08-18-2021, 4.70% | 1,000 | 1,129 | 1,060 |
| John Deere Canadian Fund | 10-18-2017, 2.25% | 750 | 758 | 745 |
| Manufacturers Life Insurance Company | 02-26-2018, 2.82% | 2,300 | 2,277 | 2,294 |
| | 06-01-2017, 4.17% | 2,000 | 2,117 | 2,106 |
| | 11-29-2018, 2.93% | 400 | 400 | 396 |
| Manulife Financial Corporation | 04-08-2019, 7.77% | 2,200 | 2,542 | 2,668 |
| National Bank of Canada | 01-11-2016, 2.05% | 250 | 250 | 251 |
| | 04-11-2017, 3.26% | 1,100 | 1,102 | 1,127 |
| | 12-15-2016, 2.70% | 5,000 | 5,044 | 5,091 |
| NBC Capital Trust | 06-30-2020, 7.45% | 1,000 | 1,163 | 1,203 |
| RBC Trust Capital Securities | 06-30-2018, 6.82% | 3,350 | 3,716 | 3,882 |
| Royal Bank of Canada | 07-12-2018, 2.82% | 7,600 | 7,592 | 7,643 |
| | 11-02-2015, 3.18% | 7,500 | 7,666 | 7,660 |
| | 12-06-2019, 2.99% | 2,000 | 2,041 | 1,968 |
| Sunlife Financial | 07-02-2019, 5.70% | 2,000 | 2,111 | 2,255 |
| | 08-23-2021, 4.57% | 400 | 400 | 425 |
| TD Capital Trust | 12-31-2018, 7.24% | 2,000 | 2,268 | 2,375 |

# Capital régional et coopératif Desjardins
## Statement of other investments (unaudited)
## As at December 31, 2013

(in thousands of dollars)

| | | Par value $ | Cost $ | Fair Value $ |
|---|---|---|---|---|
| **Financial institutions bonds (cont.)** | | | | |
| Toronto Dominion Bank | 07-09-2018, 5.83% | 9,400 | 10,292 | 10,570 |
| | 12-14-2016, 4.78% | 7,134 | 7,413 | 7,629 |
| Toyota Credit Canada | 11-21-2018, 2.80% | 1,550 | 1,555 | 1,547 |
| VW Credit Canada | 02-01-2016, 3.60% | 1,600 | 1,645 | 1,657 |
| **Total financial institutions bonds** | | 155,126 | 160,829 | 163,660 |
| **Corporate bonds (7.5%)** | | | | |
| Algonquin Power Company | 02-15-2021, 4.82% | 400 | 405 | 405 |
| Alliance Pipeline Limited Partnership | 12-16-2019, 4.93% | 1,000 | 1,084 | 1,062 |
| Altalink | 11-06-2023, 3.67% | 250 | 250 | 244 |
| Bell Aliant Regional Communications | 02-26-2019, 5.52% | 1,200 | 1,324 | 1,312 |
| | 06-12-2020, 3.54% | 1,100 | 1,075 | 1,082 |
| | 09-26-2016, 5.41% | 2,000 | 2,169 | 2,158 |
| Bell Canada | 03-16-2018, 4.40% | 2,000 | 2,116 | 2,111 |
| | 03-22-2023, 3.35% | 2,505 | 2,409 | 2,315 |
| | 05-19-2021, 4.95% | 3,335 | 3,401 | 3,557 |
| | 06-18-2019, 3.35% | 1,500 | 1,519 | 1,499 |
| Brookfield Asset Management | 03-31-2023, 4.54% | 53 | 53 | 52 |
| | 12-08-2023, 5.04% | 1,700 | 1,699 | 1,709 |
| BRP Finance ULC | 11-05-2018, 5.25% | 425 | 454 | 460 |
| Cameco Corporation | 11-14-2022, 3.75% | 1,000 | 1,000 | 937 |
| Canadian Utilities | 11-09-2022, 3.12% | 775 | 745 | 734 |
| Enbridge | 09-02-2019, 4.77% | 2,000 | 2,248 | 2,165 |
| | 12-05-2022, 3.19% | 400 | 384 | 377 |
| Hydro One | 10-09-2018, 2.78% | 2,500 | 2,500 | 2,510 |
| Loblaw Companies Ltd | 03-12-2019, 3.75% | 3,900 | 4,000 | 3,978 |
| Lower Mattagami Energy | 05-18-2021, 4.33% | 300 | 326 | 317 |
| Pembina Pipeline Corporation | 10-24-2022, 3.77% | 400 | 407 | 389 |
| Precision Drilling Corporation | 03-15-2015, 6.50% | 750 | 783 | 779 |
| Reliance LP | 03-15-2017, 4.57% | 2,000 | 2,000 | 2,087 |
| Rogers Communications | 03-22-2021, 5.34% | 2,700 | 2,727 | 2,937 |
| | 09-29-2020, 4.70% | 500 | 559 | 529 |
| | 11-04-2019, 5.38% | 5,275 | 5,594 | 5,801 |
| Telus Corporation | 12-04-2019, 5.05% | 6,750 | 6,981 | 7,343 |
| Teranet Holdings Limited Partnership | 12-16-2020, 4.81% | 1,050 | 1,170 | 1,114 |
| Thomson Reuters Corporation | 09-30-2020, 4.35% | 1,500 | 1,559 | 1,552 |
| Tim Hortons | 09-01-2023, 4.52% | 700 | 700 | 691 |
| Videotron | 03-15-2025, 5.63% | 700 | 677 | 672 |
| **Total corporate bonds** | | 50,668 | 52,318 | 52,878 |
| **Total bonds** | | 603,960 | 617,683 | 621,679 |
| **Money market instruments (1.8%)** | | | | |
| Government of Canada | 05-22-2014, without coupon | 1,000 | 997 | 997 |
| Province of Ontario | 04-09-2014, without coupon | 700 | 698 | 698 |
| Société de transport de Montréal | 01-15-2014, 1.13% | 10,583 | 10,583 | 10,583 |
| **Total money market instruments** | | 12,283 | 12,278 | 12,278 |

# Capital régional et coopératif Desjardins
## Statement of other investments (unaudited)
## As at December 31, 2013

(in thousands of dollars)

| | | Par value $ | Cost $ | Fair Value $ |
|---|---|---|---|---|
| **Foreign exchange contracts (-0.1%)** | | | | |
| Caisse centrale Desjardins | 03-31-2014, 0.9441 CAD/AUD[2] | 140 | - | - |
| | 03-31-2014, 1.0623 CAD/USD | 133,000 | - | (484) |
| **Total foreign exchange contracts** | | | - | (484) |

| | | Number of shares | Cost $ | Fair Value $ |
|---|---|---|---|---|
| **Preferred shares (10.4%)** | | | | |
| Bank of Montreal | Perpetual, 4.50% | 33,400 | 868 | 850 |
| | Perpetual, 5.20% | 235,500 | 6,030 | 5,880 |
| Bank of Nova Scotia | Perpetual, 3.70% | 130,000 | 3,268 | 3,107 |
| | Perpetual, 4.50% | 50,200 | 1,289 | 1,281 |
| | Perpetual, 5.00% | 50,000 | 1,270 | 1,264 |
| | Perpetual, 5.25% | 16,000 | 412 | 416 |
| | Perpetual, 5.60% | 170,000 | 4,458 | 4,493 |
| Brookfield Asset Management | Perpetual, 4.20% | 35,000 | 838 | 852 |
| | Perpetual, 4.75% | 23,800 | 466 | 452 |
| | Perpetual, 5.00% | 10,260 | 258 | 259 |
| Canadian Imperial Bank of Commerce | Perpetual, 5.60% | 15,000 | 400 | 376 |
| | Perpetual, 5.75% | 17,000 | 454 | 428 |
| Canadian Utilities | Perpetual, 4.50% | 70,000 | 1,761 | 1,472 |
| | Perpetual, 4.90% | 40,000 | 1,018 | 918 |
| Enbridge | Perpetual, 4.00% | 280,000 | 7,258 | 6,623 |
| Great-West Lifeco | Perpetual, 4.50% | 45,000 | 1,084 | 955 |
| | Perpetual, 5.20% | 145,000 | 3,816 | 3,342 |
| Industrial Alliance | Perpetual, 4.60% | 15,000 | 243 | 326 |
| | Perpetual, 5.90% | 155,000 | 3,981 | 3,925 |
| | Perpetual, 6.00% | 135,300 | 3,347 | 3,481 |
| Manulife Financial Corporation | Perpetual, 2.52% | 25,400 | 675 | 656 |
| | Perpetual, 4.20% | 107,500 | 2,746 | 2,345 |
| National Bank of Canada | Perpetual, 6.00% | 125,000 | 3,350 | 3,281 |
| Power Corporation fo Canada | Perpetual, 5.00% | 55,400 | 1,212 | 1,237 |
| Power Financial Corporation | Perpetual, 1.63% | 77,800 | 1,970 | 1,685 |
| | Perpetual, 4.95% | 25,000 | 658 | 564 |
| | Perpetual, 5.10% | 10,000 | 263 | 233 |
| | Perpetual, 5.75% | 10,000 | 220 | 250 |
| | Perpetual, 6.00% | 95,000 | 2,528 | 2,416 |
| Royal Bank of Canada | Perpetual, 4.45% | 61,000 | 1,562 | 1,543 |
| | Perpetual, 4.50% | 118,600 | 2,965 | 3,009 |
| | Perpetual, 4.60% | 92,100 | 2,346 | 2,341 |
| | Perpetual, 4.70% | 15,700 | 394 | 401 |
| | Perpetual, 5.00% | 131,100 | 3,352 | 3,314 |
| | Perpetual, 6.25% | 20,000 | 500 | 506 |

[2] AUD: Australian Dollar

# Capital régional et coopératif Desjardins

## Statement of other investments (unaudited)

## As at December 31, 2013

(in thousands of dollars)

| | | Number of shares | Cost $ | Fair Value $ |
|---|---|---|---|---|
| **Preferred shares (cont.)** | | | | |
| Sunlife Financial | Perpetual, 4.75% | 82,000 | 1,755 | 1,792 |
| | Perpetual, 4.80% | 60,300 | 1,482 | 1,325 |
| Toronto Dominion Bank | Perpetual, 4.85% | 87,000 | 1,934 | 2,214 |
| | Perpetual, 5.60% | 73,100 | 1,887 | 1,919 |
| | Perpetual, 6.25% | 70,000 | 1,868 | 1,792 |
| **Total preferred shares** | | | 76,186 | 73,523 |
| **Total other investments (100.0%)** | | | 706,147 | 706,996 |

# Capital régional et coopératif Desjardins

Index of the Company's share in investments made by specialized funds and partner funds, at cost
**As at December 31, 2013**

# 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 December 31, 2013

(in thousands of dollars)

| Information from Annual Financial Report dated | | Equity Interest of the Company % | Unsecured investments: Common and preferred shares and fund units $ | Unsecured investments: Loans and advances $ | Secured investments: Loans and advances $ | Total $ |
|---|---|---|---|---|---|---|
| 31/12/2013 | **Capital croissance PME, S.E.C.** | **50.00** | | | | |
| | **Abitibi-Témiscamingue** | | | | | |
| | 2637-1914 Québec inc. (Télévision J.R.) | | - | 76 | - | 76 |
| | 9207-6553 Québec inc. (Pizzeria Noranda) | | - | 97 | - | 97 |
| | 9265-0381 Québec inc. (Barbin Sport) | | - | 93 | - | 93 |
| | Abitibi Geophysics inc. | | - | 250 | - | 250 |
| | Agence de sécurité Mirado inc. | | - | 107 | - | 107 |
| | Cartier Ressources inc. | | 150 | - | - | 150 |
| | Centre du ressort Lamarche inc. | | - | 97 | - | 97 |
| | Groupe Minier CMAC - Thyssen Mining Group | | - | 661 | - | 661 |
| | Hôtel Forestel Val d'Or inc. | | - | 1,000 | - | 1,000 |
| | Industries Béroma inc. (Les) | | - | 284 | - | 284 |
| | Integra Gold Corp. | | 75 | - | - | 75 |
| | Location Lauzon inc. | | - | 173 | - | 173 |
| | Lucien Mirault inc. | | - | 93 | - | 93 |
| | Propane Nord-Ouest inc. | | - | - | 300 | 300 |
| | **Total Abitibi-Témiscamingue** | | 225 | 2,931 | 300 | 3,456 |
| | **Bas-Saint-Laurent** | | | | | |
| | 9048-3538 Québec inc. (Matane Honda) (9244-9396 QC inc.) | | - | 175 | - | 175 |
| | Autobus Dionne inc. (Transport A.S.D.) | | - | - | 250 | 250 |
| | Entreprises d'Auteuil & fils inc. (Les) | | - | 137 | - | 137 |
| | Gestion Rima 2013 inc. (Sani-Manic inc.) | | - | 50 | 425 | 475 |
| | Groupe Fillion Sport inc. | | - | 328 | - | 328 |
| | Impressions Soleil (Les) - 3089-8522 Québec inc. | | - | 125 | - | 125 |
| | Matane Motosport inc. | | - | - | 350 | 350 |
| | **Total Bas-Saint-Laurent** | | - | 815 | 1,025 | 1,840 |
| | **Canada Hors Québec et Ontario** | | | | | |
| | 2994666 Canada inc. (Savard environnement) | | - | 250 | - | 250 |
| | **Total Canada Hors Québec et Ontario** | | - | 250 | - | 250 |
| | **Capitale-Nationale** | | | | | |
| | 9101-2492 Québec inc. (Centre médical Le Mesnil) | | - | 222 | - | 222 |
| | 9261-8263 Québec inc. (VU par Laforce inc.) | | - | - | 162 | 162 |
| | Collection Papillon Gemme inc. | | - | - | 215 | 215 |
| | Éditions Gladius International inc. | | - | - | 144 | 144 |
| | Excavation Vallier Ouellet inc. | | - | 131 | - | 131 |
| | Institut privé de chirurgie inc. (9276-9678 Québec inc.) | | - | - | 454 | 454 |

# 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 December 31, 2013

(in thousands of dollars)

| Information from Annual Financial Report dated | | Equity Interest of the Company % | Unsecured investments: Common and preferred shares and fund units $ | Unsecured investments: Loans and advances $ | Secured investments: Loans and advances $ | Total $ |
|---|---|---|---|---|---|---|
| 31/12/2013 | **Capital croissance PME, S.E.C. (cont.)** | 50.00 | | | | |
| | Institut privé d'ophtalmologie de Québec inc. (9276-9710 Québec inc.) | | - | - | 278 | 278 |
| | Pavages Nordic inc. | | - | 300 | - | 300 |
| | Pixelweb Télécom inc. (7921527 Canada inc.) | | - | - | 268 | 268 |
| | Radio-Onde inc. | | 750 | - | - | 750 |
| | RCAA-Planifika inc. | | - | - | 247 | 247 |
| | The Getaway Boutique | | - | 84 | - | 84 |
| | **Total Capitale-Nationale** | | 750 | 737 | 1,768 | 3,255 |
| | **Centre-du-Québec** | | | | | |
| | 2543-6205 Québec inc. (Groupe MBI) | | - | - | 1,099 | 1,099 |
| | 2681871 Canada inc. (Voyages Escapades Victoriaville) | | - | 150 | - | 150 |
| | 9224-7519 Québec inc. (Peinture Can-Lak inc.) | | - | - | 878 | 878 |
| | Fempro I inc. | | - | 1,862 | - | 1,862 |
| | Fromagerie L'Ancêtre inc. | | - | 375 | - | 375 |
| | Gestion TYT inc. | | - | - | 600 | 600 |
| | Structure d'acier B.R.L. 2000 inc. | | - | - | 190 | 190 |
| | **Total Centre-du-Québec** | | - | 2,387 | 2,767 | 5,154 |
| | **Chaudière - Appalaches** | | | | | |
| | 3R Com inc. (8580430 Canada inc.) | | - | 250 | - | 250 |
| | 9239-0012 Québec inc. (Les Puits du Québec inc.) | | - | 173 | - | 173 |
| | Décoplex inc. | | - | - | 488 | 488 |
| | Entreprises de services BCE Pharma inc. (Les) | | - | 100 | - | 100 |
| | Fenêtres Sélection inc. | | - | 122 | - | 122 |
| | Gesdix inc. | | - | 286 | - | 286 |
| | Groupe Bertec inc. | | - | 150 | - | 150 |
| | Gyptech Acoustique inc. | | - | 250 | - | 250 |
| | Investissements Mika inc. (Les) | | - | - | 375 | 375 |
| | Plomberie Ste-Croix inc. | | - | - | 323 | 323 |
| | Productions Horticoles Demers (Les) | | 250 | - | - | 250 |
| | Recyc RPM inc. | | - | - | 750 | 750 |
| | Serres Demers inc. (Les) | | - | - | 700 | 700 |
| | Ultima Fenestration inc. | | - | 201 | - | 201 |
| | **Total Chaudière - Appalaches** | | 250 | 1,532 | 2,636 | 4,418 |
| | **Côte-Nord** | | | | | |
| | 9269-4603 Québec inc. - Gestion Patrick Firreri | | - | - | 759 | 759 |
| | Alimentation Francis Gravel inc. | | - | 214 | - | 214 |
| | Benoit Vigneault Ltd. | | - | 550 | - | 550 |
| | Carrosserie Baie-Comeau inc. | | - | - | 125 | 125 |
| | Centre des congrès de Sept-Iles | | - | - | 125 | 125 |

# 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 December 31, 2013

(in thousands of dollars)

| Information from Annual Financial Report dated | | Equity Interest of the Company % | Unsecured investments: Common and preferred shares and fund units $ | Unsecured investments: Loans and advances $ | Secured investments: Loans and advances $ | Total $ |
|---|---|---|---|---|---|---|
| 31/12/2013 | **Capital croissance PME, S.E.C. (cont.)** | **50.00** | | | | |
| | Clinique d'optométrie VU (Thetford Mines) inc. (9256-5076 Québec inc.) | | - | - | 69 | 69 |
| | Construction Leclerc et Pelletier inc. | | - | 171 | - | 171 |
| | Entreprises G.M. Mallet inc. (les) | | - | 125 | - | 125 |
| | Express Havre St-Pierre Ltd. | | - | - | 654 | 654 |
| | Hôtel Motel Le Q'Artier des Îles inc. | | - | 250 | - | 250 |
| | Location Paul Boudreau inc. | | - | 623 | - | 623 |
| | Santerre Électrique inc. | | - | 21 | 150 | 171 |
| | Sécurgence inc. | | - | 317 | - | 317 |
| | Zone Vue (Québec) inc. | | - | - | 91 | 91 |
| | **Total Côte-Nord** | | - | 2,271 | 1,973 | 4,244 |
| | **Eastern Townships** | | | | | |
| | 6358331 Canada inc. (Sherbrooke OEM Ltd.) | | 459 | 350 | - | 809 |
| | Innotex inc. | | - | 367 | - | 367 |
| | L.P. Royer inc. | | - | 1,375 | - | 1,375 |
| | Pieux Vistech - Postech Screw Piles inc. | | - | 625 | - | 625 |
| | Plastech inc. | | - | - | 250 | 250 |
| | SE2 inc. | | - | - | 123 | 123 |
| | VR2 Distribution inc. | | - | - | 133 | 133 |
| | **Total Eastern Townships** | | 459 | 2,717 | 506 | 3,682 |
| | **Funds** | | | | | |
| | Fonds Prêt à Entreprendre, s.e.c. | | 186 | - | - | 186 |
| | **Total Funds** | | 186 | - | - | 186 |
| | **Gaspésie-Îles-de-la-Madeleine** | | | | | |
| | CFI Metal inc. | | - | 363 | - | 363 |
| | **Total Gaspésie-Îles-de-la-Madeleine** | | - | 363 | - | 363 |
| | **Lanaudière** | | | | | |
| | Thermo Structure inc. | | - | 400 | - | 400 |
| | **Total Lanaudière** | | - | 400 | - | 400 |
| | **Laurentians** | | | | | |
| | Modus FX inc. | | - | - | 292 | 292 |
| | **Total Laurentians** | | - | - | 292 | 292 |

# 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 December 31, 2013

(in thousands of dollars)

| Information from Annual Financial Report dated | | Equity Interest of the Company % | Unsecured investments: Common and preferred shares and fund units $ | Unsecured investments: Loans and advances $ | Secured investments: Loans and advances $ | Total $ |
|---|---|---|---|---|---|---|
| 31/12/2013 | **Capital croissance PME, S.E.C. (cont.)** | **50.00** | | | | |
| | **Laval** | | | | | |
| | 8376905 Canada inc. (Paramedic) | | - | 349 | - | 349 |
| | **Total Laval** | | - | 349 | - | 349 |
| | **Mauricie** | | | | | |
| | 8420220 Canada inc. (Ateliers R. Vallée) | | - | 200 | - | 200 |
| | 9210-3563 Québec inc. (Groupe E. Morel) | | - | - | 321 | 321 |
| | Investissements Bédard-Hallé inc. | | - | - | 750 | 750 |
| | Louis Lafrance & fils ltée | | - | 330 | - | 330 |
| | Louiseville Specialty Products inc. | | - | 1,469 | - | 1,469 |
| | Progi.com inc. | | - | 180 | - | 180 |
| | Résidence Le Soleil Levant inc. | | - | 125 | - | 125 |
| | RGF Électrique inc. | | - | 286 | - | 286 |
| | **Total Mauricie** | | - | 2,590 | 1,071 | 3,661 |
| | **Montérégie** | | | | | |
| | 3087-9894 Québec inc. (Habitations Trigone) | | - | - | 1,976 | 1,976 |
| | 4304047 Canada inc. (RX Santé) | | - | 123 | - | 123 |
| | 9008-7826 Québec inc. (Habitations Trigone) | | - | - | 1,976 | 1,976 |
| | 9120-6094 Québec inc. (Lanla) | | - | 265 | - | 265 |
| | 9223-5845 Québec inc. (Autobus Dufresne) | | - | - | 375 | 375 |
| | Action Mécanique inc. | | - | 71 | - | 71 |
| | Budget Propane (1998) inc. | | - | - | 750 | 750 |
| | C.R.S./Vamic inc. | | - | 271 | - | 271 |
| | Câbles Ben-Mor inc. (Les) | | - | - | 1,457 | 1,457 |
| | Carvin Pool Equipment inc. | | - | - | 566 | 566 |
| | Comax, coopérative agricole | | 1,000 | - | - | 1,000 |
| | Direct Forest Products inc. | | - | - | 1,000 | 1,000 |
| | Fibres Serden inc. (Les) | | - | 133 | - | 133 |
| | Galenova inc. et Gentes et Bolduc Pharmaciens inc. | | - | - | 1,000 | 1,000 |
| | Groupe Deslandes Fortin inc. | | - | - | 225 | 225 |
| | Groupe Loiselle inc. | | - | 460 | - | 460 |
| | Groupe Rogers Ltée | | - | 113 | - | 113 |
| | Hygie Canada inc. | | - | - | 639 | 639 |
| | Industries M.R. inc. (Les) | | - | - | 200 | 200 |
| | Isaac Instruments inc. | | - | 102 | - | 102 |
| | Plomberie St-Luc inc. | | - | 854 | - | 854 |
| | Pneus Langelier inc. | | - | 250 | - | 250 |
| | Ressorts Foster Ltd. | | - | 91 | - | 91 |
| | Station Skyspa inc. | | - | - | 617 | 617 |
| | Stornoway Diamonds (Canada) inc. | | 4 | - | - | 4 |
| | VIF Mould and Plastics Industries Ltd | | - | - | 362 | 362 |
| | **Total Montérégie** | | 1,004 | 2,733 | 11,143 | 14,880 |

# 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 December 31, 2013

(in thousands of dollars)

| Information from Annual Financial Report dated | | Equity Interest of the Company % | Unsecured investments: Common and preferred shares and fund units $ | Unsecured investments: Loans and advances $ | Secured investments: Loans and advances $ | Total $ |
|---|---|---|---|---|---|---|
| 31/12/2013 | **Capital croissance PME, S.E.C. (cont.)** | **50.00** | | | | |
| | **Montréal** | | | | | |
| | 9106-7645 Québec inc. (Vidéo MTL) | | - | 1,500 | - | 1,500 |
| | 9178-6574 Québec inc. (Moment Factory) | | - | 153 | - | 153 |
| | 9228-6384 Québec inc. (Sid Lee Technologies) | | - | 1,000 | - | 1,000 |
| | 9273-3443 Québec inc. (CLS Info) | | - | 128 | - | 128 |
| | Aeronav inc. | | - | 221 | - | 221 |
| | Alta Precision inc. | | 1,250 | 750 | - | 2,000 |
| | Attraction Media inc. | | 1,000 | 751 | - | 1,751 |
| | Balcon Idéal inc. | | - | 543 | - | 543 |
| | Bugatti-Sedona inc. | | - | 400 | - | 400 |
| | Cime Décor inc. | | - | - | 479 | 479 |
| | CTA de Negotium | | - | 1,415 | - | 1,415 |
| | DEK Canada inc. | | - | 1,405 | - | 1,405 |
| | Ge-ber Transport inc. | | - | 150 | - | 150 |
| | Gestion Vision Globale inc. (GVG) | | - | 500 | - | 500 |
| | GME Experts en sinistres inc. | | - | - | 208 | 208 |
| | Groupe Tolgeco inc. | | - | 1,250 | - | 1,250 |
| | LVL Studio inc. | | 500 | 500 | - | 1,000 |
| | M.C. Crystal inc. | | - | - | 156 | 156 |
| | Magellan Aviation Services inc. | | - | 196 | - | 196 |
| | Richelieu Hosiery (Int'l) inc. | | - | - | 944 | 944 |
| | Richporter Technology Ltd. | | - | 972 | - | 972 |
| | Senez & Associés CPA inc. | | - | - | 234 | 234 |
| | Sid Lee inc. | | - | - | 1,782 | 1,782 |
| | Solutions Victrix inc. (Les) | | - | 268 | - | 268 |
| | Source Évolution inc. | | - | - | 1,003 | 1,003 |
| | STC Footwear inc. | | - | - | 1,158 | 1,158 |
| | Stuart Packaging inc. | | 625 | 555 | - | 1,180 |
| | Systemex Communications (S.C.) inc. | | - | 900 | - | 900 |
| | **Total Montréal** | | 3,375 | 13,557 | 5,964 | 22,896 |
| | **Nord-du-Québec** | | | | | |
| | 9223-3196 Qc inc. (Rona) | | - | 342 | - | 342 |
| | Critical Elements Corporation | | 75 | - | - | 75 |
| | Donner Metals ltd | | - | 150 | - | 150 |
| | Geomega Resources inc. | | 125 | - | - | 125 |
| | Midland Exploration inc. | | 138 | - | - | 138 |
| | Némaska Lithium inc. | | 100 | - | - | 100 |
| | Nouveau Monde Mining Enterprises | | 50 | - | - | 50 |
| | Sirios Ressources inc. | | 31 | - | - | 31 |
| | **Total Nord-du-Québec** | | 519 | 492 | - | 1,011 |

# 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 December 31, 2013

(in thousands of dollars)

| Information from Annual Financial Report dated | | Equity Interest of the Company % | Unsecured investments: Common and preferred shares and fund units $ | Unsecured investments: Loans and advances $ | Secured investments: Loans and advances $ | Total $ |
|---|---|---|---|---|---|---|
| 31/12/2013 | **Capital croissance PME, S.E.C. (cont.)** | **50.00** | | | | |
| | **Outaouais** | | | | | |
| | Gestion S. Kelly (Métro Kelly) | | - | - | 1,500 | 1,500 |
| | Jacques Poirier et Fils Ltée | | - | - | 220 | 220 |
| | **Total Outaouais** | | - | - | 1,720 | 1,720 |
| | **Saguenay-Lac-Saint-Jean** | | | | | |
| | 2737-2895 Québec Inc. (Distribution Fromagerie Boivin) | | - | 662 | - | 662 |
| | 4145275 Canada inc. (Chlorophylle) | | 600 | 150 | - | 750 |
| | 9244-7770 Québec inc. (La Voie Maltée) | | - | - | 300 | 300 |
| | Ambulance Médilac inc. | | - | 374 | - | 374 |
| | Cam-Trac Sag-Lac inc. | | 220 | - | - | 220 |
| | Centrem ltée - 3888061 Canada inc. | | - | - | 112 | 112 |
| | Cervo-Polygaz inc. | | - | - | 200 | 200 |
| | Clinique médicale privée Opti-Soins inc. | | - | 348 | - | 348 |
| | Cuisines G.B.M. inc. (Les) | | - | - | 125 | 125 |
| | Denis Lavoie & fils ltée | | - | - | 362 | 362 |
| | Garage Georges Beaudoin inc. | | - | - | 123 | 123 |
| | Innovation industrielle Boivin inc. | | - | 148 | - | 148 |
| | Institut d'échafaudage du Québec (9020-4983 Québec inc.) | | - | - | 354 | 354 |
| | Location A.L.R. inc. | | - | 207 | - | 207 |
| | Matelas Lion d'or inc. | | - | 71 | - | 71 |
| | Mécanique Plomb O Gaz inc. | | 250 | - | 417 | 667 |
| | Messagerie du Fjord inc. | | - | 408 | - | 408 |
| | Métatube (1993) inc. | | - | 225 | - | 225 |
| | Récupère Sol - 8439117 Canada inc. | | - | 1,000 | - | 1,000 |
| | Sécuor inc. | | - | 175 | - | 175 |
| | Sports Guy Dumas inc. | | - | 225 | - | 225 |
| | Théka Industries inc. | | - | 250 | - | 250 |
| | Transport Réal Villeneuve inc. (9280-3162 Québec inc.) | | - | 114 | - | 114 |
| | Transports J.M.G. inc. | | - | - | 87 | 87 |
| | **Total Saguenay-Lac-Saint-Jean** | | 1,070 | 4,357 | 2,080 | 7,507 |
| | | | 7,838 | 38,481 | 33,245 | 79,564 |
| | Funds commited but not disbursed | | | | | 4,889 |
| | **Capital croissance PME, S.E.C.** | | | | | **84,453** |

# 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 December 31, 2013

(in thousands of dollars)

| Information from Annual Financial Report dated | | Equity Interest of the Company % | Unsecured investments: Common and preferred shares and fund units $ | Unsecured investments: Loans and advances $ | Secured investments: Loans and advances $ | Total $ |
|---|---|---|---|---|---|---|
| 31/12/2013 | **Desjardins – Innovatech S.E.C.** | **54.49** | | | | |
| | 7525443 Canada inc. (Inflotrolix) | | 204 | 302 | - | 506 |
| | 9274-4192 Québec inc. (Boisaco) | | 1,635 | - | - | 1,635 |
| | Albert Perron inc. | | 695 | - | 97 | 792 |
| | Asmacure inc. | | 518 | - | - | 518 |
| | AxesNetwork Solutions inc. | | 1,358 | - | - | 1,358 |
| | Biocéan Canada inc. | | - | 327 | - | 327 |
| | Bouffard Sanitaire inc. et Acier Bouffard inc. | | - | 120 | - | 120 |
| | Cadens Imagerie Medicale inc (Microsystemes DOG inc ) | | - | 610 | - | 610 |
| | Crysam Technologies inc. | | - | 191 | - | 191 |
| | E2Metrix inc. | | 272 | - | - | 272 |
| | Emerillon Capital s.e.c. | | 1,221 | - | - | 1,221 |
| | Éocycle Technologies inc. | | 1,304 | - | - | 1,304 |
| | Extenway Solutions inc. | | 520 | - | - | 520 |
| | Fonds Entrepia Nord, s.e.c. (Le) | | 305 | - | - | 305 |
| | Global LVL inc. | | 191 | - | 368 | 559 |
| | Groupe Minier CMAC - Thyssen Mining Group | | - | 155 | 354 | 509 |
| | H2O Innovation inc. | | 53 | - | - | 53 |
| | Kanwal inc. | | - | - | 593 | 593 |
| | LaserAX | | - | 109 | - | 109 |
| | LeddarTech inc. | | 317 | - | 136 | 453 |
| | Mayer Integration inc. | | - | 141 | - | 141 |
| | Novidev Santé active inc. | | - | 381 | - | 381 |
| | Ocera Therapeutics inc. (anc. Tranzyme Pharma inc.) | | 94 | - | - | 94 |
| | OptoSecurity inc. | | - | 100 | - | 100 |
| | P.L.C. inc. | | - | 41 | - | 41 |
| | Produits forestiers LAMCO inc. | | 311 | - | - | 311 |
| | Rocmec Mining inc. | | 163 | - | 272 | 435 |
| | TSO3 inc. | | 772 | - | - | 772 |
| | VIMAC Early Stage Fund L.P. | | 725 | - | - | 725 |
| | | | 10,658 | 2,477 | 1,820 | 14,955 |
| | Funds commited but not disbursed | | | | | 12,010 |
| | **Total Desjardins - Innovatech S.E.C.** | | | | | **26,965** |

# 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 December 31, 2013

(in thousands of dollars)

| Information from Annual Financial Report dated | | Equity Interest of the Company % | Unsecured investments: Common and preferred shares and fund units $ | Unsecured investments: Loans and advances $ | Secured investments: Loans and advances $ | Total $ |
|---|---|---|---|---|---|---|
| 31-12-2013 | **S.E.C. Essor et Coopération** | **100.00** | | | | |
| | Coop d'analyse sociale et environnementale | | - | 24 | - | 24 |
| | Coopérative de solidarité de santé de la MRC Robert-Cliche | | - | 27 | - | 27 |
| | La Coop fédérée | | 5,000 | - | - | 5,000 |
| | | | 5,000 | 51 | - | 5,051 |
| | Funds commited but not disbursed | | | | | 5,500 |
| | **Total S.E.C. Essor et Coopération** | | | | | **10,551** |

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.*

This document was printed on Cascades Rolland Enviro100 paper.

**Desjardins**
**Capital régional**
**et coopératif**

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FKC43121 (2014-03)