

2020 Interim Financial Report

THE FINANCIAL REPORT INCLUDES:

- Management discussion and analysis
- Management's report
- Complete audited separate 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
- Index of CRCD's share in investments made by specialized funds and partner funds, at cost

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Management discussion and analysis

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

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

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












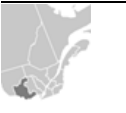





Copies of the interim financial statements may be obtained free of charge, on request, by calling 514 281-2322 or (toll free) 1 866 866-7000, extension 5552322, by writing to 2 Complexe Desjardins, P.O. Box 760, Desjardins Station, Montréal, Québec H5B 1B8, or from our website at www.capitalregional.com or SEDAR at www.sedar.com.

Annual financial information may be obtained in the same way.

1.0 Highlights

1.1 Commitments throughout Québec

CRCD and its ecosystem⁽¹⁾ make a real contribution to the economic development of the regions. As at June 30, 2020, the funds committed per region were as follows:

 ABITIBI-TÉMISCAMINGUE* \$27M → 33 companies	 LAVAL \$15M → 8 companies
 BAS-SAINT-LAURENT* \$26M → 27 companies \$0.2M → 1 cooperative	 MAURICIE* \$15M → 12 companies \$1M → 1 cooperative
 CAPITALE-NATIONALE \$102M → 45 companies \$5M → 3 cooperatives	 MONTÉRÉGIE \$296M → 59 companies \$2M → 3 cooperatives
 CENTRE-DU-QUÉBEC \$66M → 24 companies \$12M → 2 cooperatives	 MONTRÉAL \$410M → 81 companies \$3M → 3 cooperatives
 CHAUDIÈRE-APPALACHES \$127M → 43 companies \$2M → 4 cooperatives	 NORD-DU-QUÉBEC* \$3M → 15 companies
 CÔTE-NORD* \$4M → 8 companies	 OUTAOUAIS \$7M → 6 companies
 ESTRIE \$97M → 33 companies \$4M → 4 cooperatives	 SAGUENAY-LAC-SAINT-JEAN* \$68M → 65 companies \$1M → 4 cooperatives
 GASPÉSIE-ÎLES-DE-LA-MADELEINE* \$7M → 8 companies	OUTSIDE QUÉBEC (ex Europe) \$2M → 2 companies
 LANAUDIÈRE \$27M → 12 companies \$1M → 1 cooperative	EUROPE \$13M → 6 companies
 LAURENTIDES \$19M → 6 companies	FUNDS \$65M → 16 funds

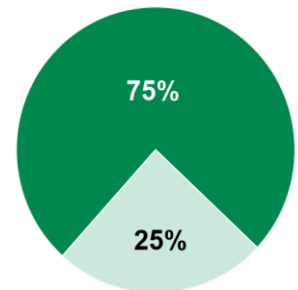
IN TOTAL

535
COMPANIES,
COOPERATIVES AND
FUNDS

\$1,429M
BENEFITTING
SMEs

80,000
JOBS CREATED OR MAINTAINED
(as at December 31, 2019)

75%
OF COMPANIES AND
COOPERATIVES
BASED IN QUÉBEC
ARE FROM REGIONS OTHER THAN
MONTRÉAL AND CAPITALE-
NATIONALE.

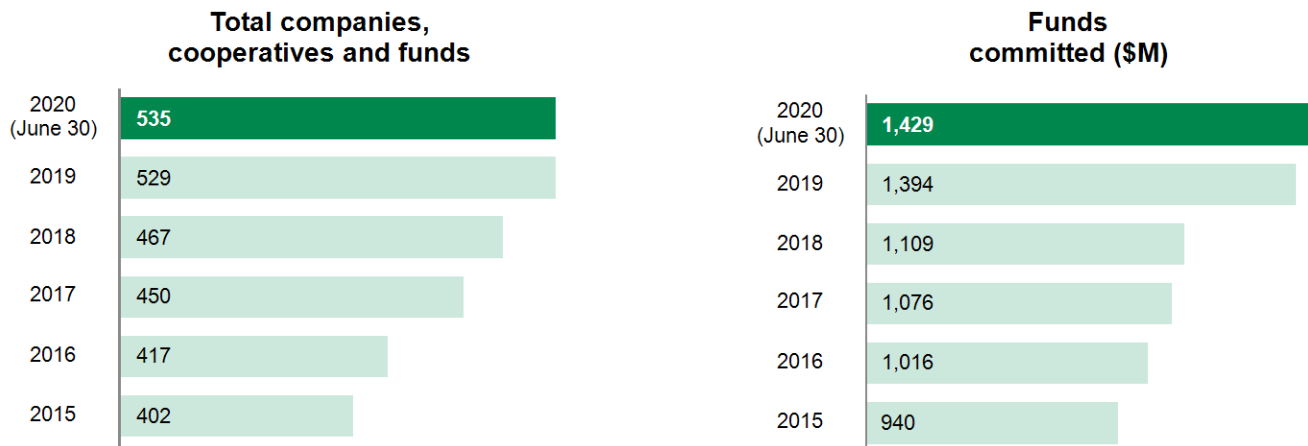


*Resource region

⁽¹⁾See the Entrepreneurial ecosystem section for a detailed description of the main features of the ecosystem.

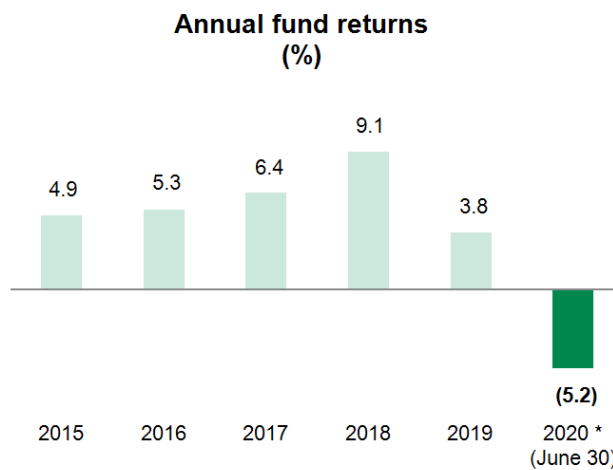
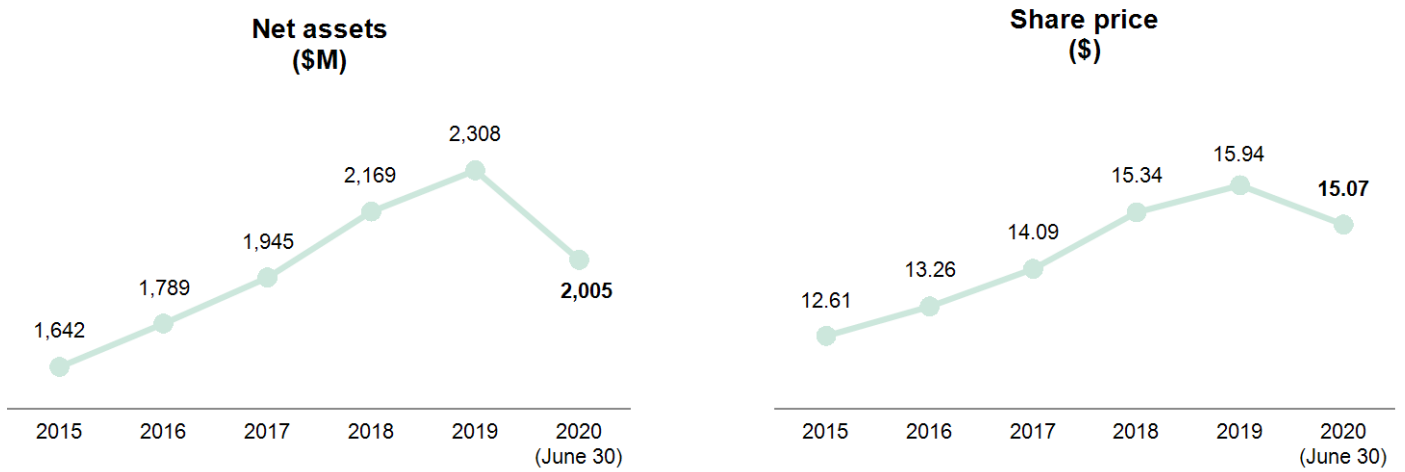
1.2 CRCD and its ecosystem support companies and cooperatives

AS AT JUNE 30, 2020 AND DECEMBER 31



1.3 CRCD financial data

AS AT JUNE 30, 2020 AND DECEMBER 31



*Negative non-annualized return for the six-month period ended June 30, 2020.

2.0 CRCD financial highlights

The following charts present key financial data and are intended to assist in understanding CRCD's financial results for the preceding five fiscal years and for the six-month period ended June 30, 2020. This information is derived from CRCD's audited separate annual financial statements.

2.1 Ratios and supplemental data

(in thousands of \$, unless indicated otherwise)	June 30, 2020 (6 months)	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Revenue	20,931	55,210	70,285	51,392	44,449	45,269
Gains (losses) on investments	(118,551)	63,703	138,632	96,541	78,869	64,035
Net earnings (loss)	(115,597)	81,302	174,894	112,757	85,957	74,806
Net assets	2,005,084	2,308,466	2,168,804	1,945,342	1,789,417	1,642,076
Common shares outstanding (number, in thousands)	133,071	144,849	141,391	138,080	134,944	130,183
Total operating expense ratio and common share issue expense ratio ⁽¹⁾ (%)	2.0	1.6	1.6	1.9	2.2	2.0
Portfolio turnover rate:						
– Investments impacting the Québec economy (%)	8	10	17	16	11	19
– Other investments (%)	68	101	163	87	126	131
Trading expense ratio ⁽²⁾ (%)	-	-	-	-	-	-
Number of shareholders (number)	105,355	109,364	107,862	105,614	104,317	102,222
Issues of common shares – Class A "Issuance"	294	140,017	141,179	134,850	133,401	149,882
Exchanges of common shares – Class B "Exchange"	-	199,445	-	-	-	-
Common share issue expenses, net of related taxes	-	-	2,523	2,396	1,579	1,750
Redemption of common shares	188,079	81,657	90,088	89,285	70,438	83,324
Investments impacting the Québec economy at cost	1,065,239	1,014,864	838,258	828,255	787,142	738,596
Fair value of investments impacting the Québec economy	1,131,563	1,249,967	1,080,069	1,033,951	921,518	817,199
Funds committed but not disbursed	188,578	237,009	192,169	183,606	189,121	171,082

⁽¹⁾ The ratio of total operating expenses and common share issue expenses is calculated by dividing total expenses (before income taxes) as shown on the separate statements of comprehensive income and common share issue expenses as shown on the separate statements of changes in net assets by net assets as at the end of the period or by average net assets for the financial year, pursuant to Section 68 of the *Regulation respecting Development Capital Investment Fund Continuous Disclosure*.

⁽²⁾ Trading expense includes brokerage fees and other portfolio transaction costs. These expenses are not material to CRCD.

2.2 Changes in net assets per common share

(in \$)	June 30, 2020 (6 months)	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Net assets per common share, beginning of period/year	15.94	15.34	14.09	13.26	12.61	12.05
Increase (decrease) attributable to operations	(0.83)	0.58	1.28	0.84	0.66	0.59
Interest, dividends, distributions and negotiation fees	0.15	0.39	0.51	0.38	0.34	0.35
Operating expenses	(0.14)	(0.25)	(0.21)	(0.24)	(0.26)	(0.23)
Income taxes	0.01	(0.01)	(0.03)	(0.02)	(0.03)	(0.03)
Realized gains (losses)	0.36	0.25	0.79	0.06	0.18	0.29
Unrealized gains (losses)	(1.21)	0.20	0.22	0.66	0.43	0.21
Difference attributable to common share issues and redemptions	(0.04)	0.02	(0.03)	(0.01)	(0.01)	(0.03)
Net assets per common share, end of period/year	15.07	15.94	15.34	14.09	13.26	12.61

3.0 Recent events

COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic and two days later, the Gouvernement du Québec declared a public health emergency throughout Québec. Like all of Desjardins Group, CRCD's top priority is the health and safety of our employees, shareholders, directors, partners and clients.

In response to the government's and Desjardins's recommendations, CRCD's manager, Desjardins Capital Management Inc. (Desjardins Capital or DC), adopted a number of preventive measures to slow the spread of COVID-19 while maintaining all of our services. Since the beginning of the pandemic, all employees of DC have been working remotely.

MAIN FINANCIAL RELIEF MEASURES FOR PARTNER COMPANIES

Today, more than ever, our entrepreneurs need us and we're right there, offering them our support. Canada's entire economy is feeling the financial repercussions of the COVID-19 pandemic, and that is especially true among entrepreneurs. Because we care about our partner companies' ability to maintain operations, we offered flexibility for those at risk of potential financial difficulties as a direct consequence of the current situation. Our team has been engaged and constantly in touch with entrepreneurs since the start of this crisis. We are monitoring the situation in real time and continue to update our support measures based on developments. This allows us to be fully attentive to our partners in today's changing environment.

ANNUAL GENERAL MEETING OF CRCD

Given the exceptional circumstances, CRCD's Annual General Meeting, initially scheduled for the Québec City Convention Centre, took place, as announced, on Friday, March 27, 2020, but via online webcast only. In particular, shareholders were able to vote live on the two nominees for election as directors or by using the form of proxy.

IMPACTS OF THE PANDEMIC

The pandemic is disrupting the global economy in general and causing heightened stock market volatility. Please see the Economic environment section for further information.

The measures introduced by various levels of government to combat the spread of the virus (including social distancing, closure of non-essential businesses, travel restrictions, household confinement, and cancellations of gatherings and events) could have a longer-term adverse impact on businesses, which would affect CRCD's financial position, profitability, and results of operations. However, it is too early to assess any such impact over the longer horizon. The various government programs available and the relief measures introduced by CRCD should help to mitigate any impact.

The Board of Directors of CRCD has met regularly since the beginning of the pandemic to monitor its evolution and impacts on CRCD's operations. In fact, capital market uncertainty and volatility led to an increase in the volume of share redemptions processed by CRCD during the first half of 2020 (\$188.1 million compared to \$50.6 million for the same period last year). The Board of Directors is monitoring redemptions, as volume peaked mainly from mid-March to the end of May.

While CRCD has the necessary liquidity to honour all of the redemptions requested by its shareholders, a continued higher volume of redemptions could affect CRCD's ability to adequately fulfill its economic development mission, while continuing to provide reasonable returns for shareholders over the long term. However, as the current pace of redemptions has stabilized and returned to a level comparable to the last few years', CRCD anticipates no difficulty in pursuing its mission.

Lastly, given the uncertainties and risks that COVID-19 poses for local, national and global economies, as well as for its partner companies and operations, CRCD has been obliged to revise the rollout schedule for its 2020 strategic priorities.

4.0 OVERVIEW

CRCD ended the first six months of 2020 with a net loss of \$115.6 million (earnings of \$93.5 million for the same period in 2019), representing a negative non-annualized return of 5.2% (positive return of 4.4% as at June 30, 2019), decreasing net assets by \$0.87 per share to \$15.07 based on the number of shares outstanding as at June 30, 2020. CRCD aims to strike an appropriate long-term balance between shareholder return and its mission of Québec economic development. The financial asset management strategy adopted by CRCD several years ago provides the benefits of strong complementarity between the Investments impacting the Québec economy and Other investments portfolios.

Investments impacting the Québec economy posted a negative non-annualized return of 9.6% for the six-month period ended June 30, 2020, compared with a return of 4.1% for the same period a year earlier. This performance resulted primarily from the lower profitability of several companies which were significantly impacted by the economic turbulence, with businesses in the following three sectors being hardest hit: Retail Trade (B2C), Automotive, and Arts, Entertainment and Recreation. That said, the health crisis and shuttering of a portion of the economy spared some of our partner companies which performed well, particularly in the three areas of Transportation, Logistics and Warehousing, Civil Engineering, and Professional, Scientific and Technical Services. That said, the health crisis and shuttering of a portion of the economy spared some of our partner companies which performed well, particularly in the three areas of Transportation, Logistics and Warehousing, Civil Engineering, and Professional, Scientific and Technical Services. As at June 30, 2020, the cost of Investments impacting the Québec economy totalled \$1,065.2 million, of which \$90.3 million was disbursed during the first six months of fiscal 2020. As at June 30, 2020, funds committed but not disbursed, which represent investments already agreed upon with companies, cooperatives or funds to be disbursed by CRCD at a later date, amounted to \$188.6 million. New commitments for the year amounted to \$40.3 million.

The Other investments portfolio recorded a non-annualized return of 2.2%. This performance was due to significant securities weighting in the bond market, which performed well during the last six months. Global and Canadian equity funds were impacted by the equity markets. For the same period in 2019, non-annualized return on the Other investments portfolio was 6.6%

During the six-month period, issues of Class A “Issuance” common shares totalled \$0.3 million, namely the balance of the 2019 issue which was completed on January 23, 2020. The subscription period for the 2020 issue will begin in the fall. Share redemptions totalled \$188.1 million, which represents a significant increase driven by the pandemic environment, compared with \$50.6 million for the same period of the previous year. Net assets amounted to \$2,005.1 million and shareholders numbered 105,355 as at June 30, 2020. Furthermore, as at June 30, 2020, the balance of shares eligible for redemption amounted to \$962.8 million. For more information, please see the Subscriptions section of this MD&A.

4.1 Our vision for Québec entrepreneurship

Québec faces a huge challenge: developing and growing existing businesses. Businesses in Québec tend to remain too small and to overleverage themselves, resulting in a less-than-optimal capital structure. Undercapitalization has significant repercussions on their performance, including low productivity and a low level of activity in international markets, which ultimately lowers Québec's ability to create and retain its fair share of highly paid jobs – jobs that are needed to maintain a healthy economy for the province. The COVID-19 crisis is creating a sense of urgency around several areas such as productivity, automation and the digital shift.

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

4.2 Growing businesses stronger

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

As a leading player on the Québec development capital scene, we contribute to the vitality of the Québec economy by financing companies' growth initiatives, energizing the regions, and supporting jobs and business successions to build a strong Québec now and for future generations. A Québec leader in business transfers, we have already completed several hundred transactions contributing to the continuity and sustainability of Québec's flagship companies. In addition, we support start-up or early-stage companies that use technological or industrial innovations and capitalize on new uses of existing technologies.

We also support Québec SMEs in their expansion in Europe with the Desjardins Capital Transatlantic, L.P. fund which began operations in 2018. This fund makes a new area of expertise available to Québec entrepreneurs, well beyond financial concerns, through support for international development with a team on the ground. A DC representative, working with some 100 employees, is based in France to support Québec entrepreneurs who want to develop new markets in Europe by setting up offices or acquiring competitors.

A real catalyst in the business development process of our existing and potential partners, we maintain close relationships with entrepreneurs throughout the province by creating numerous networking opportunities. These meetings make it possible to bring together entrepreneurs, business partners and experts who have questions on topical matters such as growth challenges and business succession issues. The pandemic is prompting us to adapt our practices in this regard.

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

Our offering, which has been unique over the years, is once again proving itself in our ability to support our entrepreneurs in the current environment, particularly through networks that have enabled portfolio companies to help each other and also leverage opportunities arising from the pandemic landscape.

Furthermore, we provide our partner companies with tailored support for implementing and monitoring sound SME governance practices, which represents undeniable value added. Very active in this area, we provide personalized support to entrepreneurs to help set up advisory committees or board of directors. We offer them on-site training as well as advice tailored to their situation. In addition, we can call on a vast network of experienced directors whose role is to help entrepreneurs set up a governance forum to support business strategy and growth. They have access to work tools and are regularly trained and evaluated to ensure they can effectively meet the needs of the companies they work with. Our entrepreneurial governance model, based on agility, simplicity, strategic thinking and alignment with business needs, is a unique type of support greatly appreciated by partner entrepreneurs.

4.3 Economic conditions

ECONOMIC ENVIRONMENT IN 2020

Global economy

The global economy was showing signs of improving at the start of the year, due in part to reduced trade tensions between China and the United States. However, this changed with the outbreak of COVID-19 in China. First it was the Chinese economy that experienced some real problems, posting a 33.8% annualized decline in real GDP in the first quarter. For the global economy, the initial consequences were falling Chinese demand and supply problems. However, as the coronavirus spread to many other countries and became a full-blown pandemic, economic development around the world faced even greater problems. The decline in tourism, the temporary closure of several services and the required health and lockdown measures, either suggested or imposed by the public authorities of many countries, led to major declines in real GDP in the first quarter and an annualized drop of 13.6% in the eurozone. Outside of China, the situation deteriorated even more in the second quarter, with annualized contractions of approximately 40% of the activity in several countries, confirming a global recession. However, May brought evidence that household and business confidence had begun to improve. The global economy is expected to rally in the second half of 2020 and in 2021, although it will take time to reach pre-crisis levels. The possibility of a significant second wave of COVID-19, however, poses a very significant risk to the global economy.

The pandemic provoked a dramatic plunge in the equity markets and a substantial widening of credit spreads in the first quarter of 2020, but this was followed by a major rebound in the value of high-risk assets in the second quarter. The main U.S. stock market indices posted their strongest quarterly gains since the start of the new millennium, with technology stocks leading the way. Credit spreads also narrowed sharply, driving appreciable gains in the bond markets. This good performance by the financial markets was largely due to the actions taken by central banks which, in addition to dramatically lowering interest rates, supported demand for all financial assets by injecting massive amounts of liquidity and even buying certain riskier assets directly. Initiatives to re-open several economies have also helped reassure investors.

In an environment where inflation and economic activity are expected to recover very gradually and where health risks are likely to persist, the U.S. Federal Reserve (the Fed) and the Bank of Canada are committed to using all the tools at their disposal to support the economic recovery and the smooth functioning of financial markets. Key interest rates should therefore remain stable in North America for the next few quarters, and this will help keep bond rates very low. Abundant liquidity and low interest rates may continue to underpin value for all financial assets.

United States

The U.S. economy was growing quite strongly at the start of 2020. Markets and consumer and business confidence were supported by the key interest rate cuts announced in 2019 and the truce in the trade war with China. However, starting in mid-March a rapid increase in COVID-19 cases changed everything. Voluntary or imposed lockdown measures caused a significant drop in economic activity. After a decrease of 5.0% in the first quarter at an annualized rate, the US real GDP fell 32.9% in the second quarter, the worst drop since 1950. Millions of jobs were quickly lost, and the unemployment rate jumped. The U.S. was thus officially declared in recession. However, job creation was already staging a comeback in May, and some indicators had begun to pick up. The U.S. economy is expected to rally as early as the third quarter of 2020 and grow strongly in 2021. This improvement is supported, among other things, by the federal government's assistance plan and the measures taken by the Fed. The recent rise in COVID-19 cases, however, risks hampering the resumption of activity.

Canada

The Canadian economy was hard hit by the adverse impacts of COVID-19. Lockdown measures introduced in all the provinces have severely disrupted production in Canada and resulted in historic fluctuations in the economy. This resulted in a 2.1% decline in real GDP for the first quarter as a whole (8.2% annualized). In the wake of a very negative month in April, the gradual easing of restrictions across the country allowed the Canadian economy to begin recovering as early as May. However, the recovery will be slow and gradual. Although real GDP by industry flipped positive in May and June, the very negative base effects stemming from the drop in real GDP in March and April will produce a very negative average for the second quarter. Our scenario therefore assumes a 12.0% (or 40.0% annualized) decline in real GDP for the second quarter as a whole. Needless to say, this will represent a historic drop in Canada's real GDP. We will therefore need to wait until the third quarter before seeing evidence of economic recovery in the quarterly results. On average, real GDP is expected to decline by approximately 6% for 2020 as a whole. The recovery should continue next year, when real GDP could grow approximately 5.0%. This being said, uncertainties abound. The direction taken by the pandemic will clearly be a determining factor in the performance of the Canadian economy going forward, and a second wave of COVID-19 cannot be ruled out.

Québec

In Québec, much like elsewhere in the world, the economic indicators for March began to reflect the beginning of the lockdown measures. This led to a sharp drop in economic activity starting in the first quarter. Real GDP fell by 2.7% (or 10.3% on an annualized basis), the steepest quarterly decline since the indicators began being reported in 1981. Household consumption expenditure plunged 11.1%, non-residential business investment slipped 2.6%, and residential expenditures fell 4.9%. In addition, Québec exports fell by 11.8% (at an annualized rate) in the first quarter. These figures reflect the magnitude of the shock that began in March for households and businesses. Educational and cultural institutions as well as non-essential businesses remained closed in April, with the exception of residential construction. April GDP fell 14.8%, more than the 9.6% drop in March, and the second-quarter plunge will be even deeper, although May and June are expected to be positive due to the gradual re-opening of the economy. The unemployment rate continues to fall from April's peak of 17.0%, and household confidence has begun to rally. However, the damage caused by COVID-19 will leave deep scars, and it will take several quarters before economic activity can fully recover.

5.0 Management's discussion of financial performance

5.1 Operating results

CRCD'S NET RESULTS AND RETURNS

CRCD ended the first half of the year on June 30, 2020 with a net loss of \$115.6 million, or a negative non-annualized return of 5.2%, compared with net earnings of \$93.5 million (non-annualized return of 4.4%) for the same period in 2019. Based on the number of common shares outstanding, net assets per share pulled back to \$15.07 as at the end of the six-month period, compared with \$15.94 at the end of fiscal 2019. For illustrative purposes, at a price of \$15.07 effective August 13, 2020, shareholders who invested seven years earlier would obtain an annual after-tax return of more than 12.5%, taking into account the 50% income tax credit as per the rate applicable on August 13, 2013.

CRCD's performance is driven primarily by Investments impacting the Québec economy and Other investments, which generated a negative non-annualized return of 9.6% and a non-annualized return of 2.2%, respectively, for the six-month period ended June 30, 2020. Returns for the same period in 2019 were 4.1% and 6.6%, respectively. Expenses, net of administrative charges and income taxes, had an impact of 0.8% on CRCD's negative non-annualized return.

CRCD's asset allocation strategy allows it to enjoy a more balanced overall portfolio profile, while actively contributing to Québec's economic development.

Return by activity

	As at June 30, 2020			
	Average assets under management	Weighting	Non-annualized return 6 months	Non-annualized contribution 6 months
	(\$M)	(%)	(%)	(%)
Activities related to Investments impacting the Québec economy ⁽¹⁾	1,206	57.0	(9.6)	(5.3)
Other investments and cash (bank overdraft)	910	43.0	2.2	0.9
	2,116	100.0	(4.4)	(4.4)
Expenses, net of administrative charges			(0.9)	(0.9)
Income taxes			0.1	0.1
CRCD's return			(5.2)	(5.2)

	As at June 30, 2019			
	Average assets under management	Weighting	Non-annualized return 6 months	Non-annualized contribution 6 months
	(\$M)	(%)	(%)	(%)
Activities related to Investments impacting the Québec economy ⁽¹⁾	1,145	52.8	4.1	2.1
Other investments and cash	1,022	47.2	6.6	3.2
	2,167	100.0	5.3	5.3
Expenses, net of administrative charges			(0.9)	(0.9)
Income taxes			-	-
CRCD's return			4.4	4.4

⁽¹⁾ Includes Investments impacting the Québec economy, amounts receivable on disposal of investments, financial liabilities and foreign exchange contracts.

INVESTMENTS IMPACTING THE QUÉBEC ECONOMY

The pandemic environment has impacted our portfolio companies. Relief measures such as moratoriums on capital, interest and management fees were made available to our companies to support them in continuing operations. In all, 257 companies have taken advantage of these relief measures. In addition, CRCD limited new investments during the second quarter to focus on companies already in its portfolio that required reinvestment to continue their business operations. As we focused our efforts on companies already in our portfolio, the pace of new investments eased during the second quarter, slowing our growth plan.

As of the date of this report, the various levels of government have relaxed certain measures announced last March to limit the spread of the virus. The partial lifting of these measures is allowing the economy to re-open to a degree.

Investments of \$99.2 million and disposals of \$87.1 million were made for a net balance of \$12.1 million. Combined with realized and unrealized net losses of \$130.6 million, these net investments brought the fair value of the investment portfolio, including foreign exchange contracts, to \$1,132.1 million as at June 30, 2020 (\$1,250.6 million as at December 31, 2019). Investments in the funds comprising the entrepreneurial ecosystem, as described below, in the amount of \$19.1 million, and a \$47.0 million aggregate investment in three companies, mainly accounted for the investments of \$99.2 million made during the first half of the year.

In measuring the Investments impacting the Québec economy, funds committed but not disbursed are also to be taken into account, amounting to \$188.6 million as at June 30, 2020, compared with \$237.0 million as at December 31, 2019. Total commitments at cost as at June 30, 2020 amounted to \$1,253.8 million in 142 companies, cooperatives and funds, of which \$1,065.2 million was disbursed. As at June 30, 2020, backed by its entrepreneurial ecosystem, CRCD supported growth in 535 companies, cooperatives and funds.

During the first six months of fiscal 2020, Investments impacting the Québec economy generated a negative contribution of \$117.3 million, for a negative non-annualized return of 9.6%, compared with a contribution of \$44.9 million for the same period of 2019 (a non-annualized return of 4.1%).

Contribution generated by Investments impacting the Québec economy

(in thousands of \$)	Six months ended June 30, 2020	Six months ended June 30, 2019
Revenue	13,847	14,864
Gains and losses	(131,129)	30,044
	(117,282)	44,908

Revenue includes interest, dividends and negotiation fees related to Investments impacting the Québec economy. Negotiation fees, which amounted to \$1.6 million for the six months ended June 30, 2020 (\$1.5 million for the same period in 2019), are earned by DC, the manager, and a credit for that amount is applied against the management fees paid to DC by CRCD. Negotiation fees are included in the contribution generated by the Investments impacting the Québec economy as they are included in the profitability analysis of the investments. The profile of the investments held by CRCD is changing and the amounts injected into its ecosystem funds continue to grow (see the following section for more details). Therefore, investments held by these ecosystem funds generate revenue in addition to the revenue generated by CRCD's direct investments. This revenue, of which CRCD's share amounted to \$7.9 million for the first six months of fiscal 2020 (\$7.3 million for the same period in 2019), is reported as "Gains and losses" as it makes a positive contribution to the fair value of CRCD's interest in these funds.

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

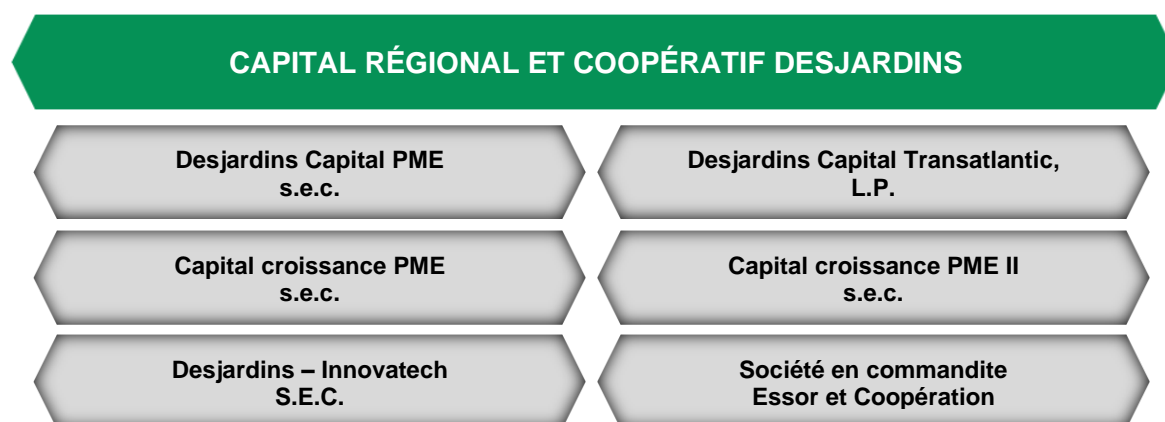
CRCD recorded in its results for the six-month period a realized and unrealized loss of \$131.1 million compared with a gain of \$30.0 million for the same period in 2019. For more information, please see Entrepreneurial ecosystem performance in the following section.

As at June 30, 2020, the overall risk level of the Investments impacting the Québec economy portfolio had deteriorated compared with its December 31, 2019 level, as discussed in the Credit and counterparty risk section.

ENTREPRENEURIAL ECOSYSTEM

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

MAIN FUNDS OF THE ENTREPRENEURIAL ECOSYSTEM



These funds, which are also managed by CRCD's manager, DC, are detailed below:

- The main goal of the Desjardins Capital PME s.e.c. fund (DCPME), created on January 1, 2018, is to invest in Québec's small- and medium-sized businesses, with an investment limit not exceeding \$10 million. This sustainable fund is an open-ended limited partnership, allowing the number of limited partners to vary. The limited partners' commitments are made on an annual basis. On January 1, 2020, Desjardins Holding financier inc. (DHF) became a limited partner of the DCPME fund. CRCD's interest in the DCPME fund is 39.9%, while the interests of the other two limited partners, Desjardins Private Management (DPM) and DHF, are 56.6% and 3.5%, respectively. As at June 30, 2020, CRCD had disbursed \$84.8 million (\$72.2 million as at December 31, 2020) allowing a total of 135 companies and funds to benefit from \$244.9 million committed by the DCPME fund.

- Jointly with France-based Groupe Siparex, on July 4, 2018, DC created two funds: the Desjardins Capital Transatlantic, L.P. fund (DC Transatlantic) and the Siparex Transatlantique – Fonds professionnel de Capital Investissements fund. The purpose of these funds is to co-invest in SMEs in Québec and Europe to support them in their marketing or acquisition efforts on both sides of the Atlantic. CRCD and other investor partners such as Export Development Canada (EDC), Groupe Siparex and French public investment bank BPIFrance committed a total of €75 million, or approximately \$114 million, to the two funds. CRCD has a 60.7% interest in DC Transatlantic, which is managed by DC. As at June 30, 2020, CRCD had disbursed \$11.3 million (\$11.3 million as at December 31, 2019) of its total commitment of \$34.8 million (€22.8 million), allowing eight companies to benefit from \$15.7 million committed by the fund.
- The objective of the Société en commandite Eссор et Coopération (Essor et Coopération), established on January 1, 2013, is to support the creation, growth and capitalization of cooperatives in Québec. CRCD and other partners, including three from the cooperative sector, have made commitments totalling \$89.9 million. CRCD has a 94.6% interest in the Essor et Coopération fund. Since the fund's inception, CRCD has disbursed \$39.0 million of its total commitment of \$85 million. As at June 30, 2020, Essor et Coopération had made commitments totalling \$46.0 million to support 23 cooperatives.
- CRCD is also the sponsor of the Desjardins-Innovatech S.E.C. fund (DI). DI has undertaken to inject a total of \$85 million to support Québec technology or innovation businesses through each stage of their development. CRCD's interest in DI is 54.5%. In addition to this interest, CRCD has agreed to make an additional investment in the form of a note for a maximum amount of \$5.0 million in DI of which \$0.4 million was disbursed during the first six months of 2020 for a total disbursement of \$2.8 million. This note does not affect the units held by CRCD in this fund. DI helps create innovative business accelerators in partnership with specialized organizations located in various regions of Québec, enabling it to support businesses from the embryonic stage through the commercialization phase. As at June 30, 2020, DI had made commitments of \$64.1 million to support a total of 57 companies and funds.
- The Capital croissance PME s.e.c. fund (CCPME), created on July 1, 2010, had an investment policy similar to that of the DCPME fund, which is to make capital available to Québec companies, with an investment limit not exceeding \$5 million. CRCD and the Caisse de dépôt et placement du Québec (CDPQ), as sponsors of the fund, agreed to invest, on a 50/50 basis, a total initial amount of \$220 million. The 2014 renewal of this agreement resulted in the creation of Capital croissance PME II s.e.c. fund (CCPME II), which allowed an additional \$320 million to be committed, increasing the total commitments in the two funds to \$540 million. As at June 30, 2020, CRCD had disbursed \$251.0 million of its total commitment of \$270 million. As CCPME II's investment period closed on November 30, 2017, funds committed but not disbursed will be used for reinvestment and to pay the fund's operating expenses until its scheduled winding-up date of November 30, 2023. A total of 213 companies and funds benefited from \$183.4 million committed by the CCPME funds as at June 30, 2020. Since their inception, these funds have committed \$461.4 million to 376 companies.

In total, as at June 30, 2020, CRCD and its ecosystem supported the growth of 535 companies, cooperatives and funds in various industries spanning all Québec regions with commitments of \$1,429 million. Of that total, 26 cooperatives benefited from commitments of \$31.2 million. As at December 31, 2019, CRCD and its ecosystem helped to create and retain 80,000 jobs.

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

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

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

- Debt: investments in the form of advances and/or mainly unsecured loans and/or preferred shares;
- Equity: investments comprising common shares and units of limited partnerships that may be combined with advances and/or mainly unsecured loans and preferred shares in companies other than those included under the Venture capital profile;
- External funds: investments in funds outside CRCD's entrepreneurial ecosystem;
- Venture capital: investments in companies in pre-startup, startup or post-startup stages.

Return by investment profile

	As at June 30, 2020			
	Average assets under management	Weighting	Non-annualized return 6 months	Non-annualized contribution 6 months
	(\$M)	(%)	(%)	(%)
Debt	411	19.4	0.6	0.1
Equity	640	30.2	(17.1)	(5.3)
External funds	49	2.3	0.4	-
Venture capital	90	4.3	(2.3)	(0.1)
Investment profiles subtotal	1,190	56.2	(9.7)	(5.3)
Other asset items held by ecosystem funds	16	0.8	2.9	-
Ecosystem total	1,206	57.0	(9.6)	(5.3)

	As at June 30, 2019			
	Average assets under management	Weighting	Non-annualized return 6 months	Non-annualized contribution 6 months
	(\$M)	(%)	(%)	(%)
Debt	347	16.0	5.3	0.8
Equity	657	30.3	3.5	1.1
External funds	43	2.0	4.3	0.1
Venture capital	78	3.6	4.6	0.2
Investment profiles subtotal	1,125	51.9	4.1	2.1
Other asset items held by ecosystem funds	20	0.9	2.1	-
Ecosystem total	1,145	52.8	4.1	2.1

CRCD's negative non-annualized return of 5.2% for the first six months ended June 30, 2020 stemmed primarily from the Equity investment profile, which recorded a negative non-annualized return of 17.1%. This performance resulted primarily from the difficulties faced by companies operating in the three sectors hardest hit by the pandemic, namely, in order, Arts, Entertainment and Recreation, Retail Trade (B2C) and Automotive. The Debt profile, with a non-annualized return of 0.6%, posted a lower return compared with the same period in 2019, with the decrease stemming from two main factors, namely increased credit risk of several portfolio companies, which led to discounts on their fair values, and higher corporate rates between the two periods.

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.

CRCD has implemented management strategies for the Other investments portfolio to optimize potential returns while retaining the required liquidity to meet liquidity needs arising from redemption requests from shareholders and Investments impacting the Québec economy it expects to make. This portfolio, consisting primarily of liquid assets, includes fixed-income securities, global equity funds, Canadian equity funds, real estate funds and market neutral equity funds. This portfolio provides a current revenue stream for CRCD and ensures sound diversification.

As at June 30, 2020, CRCD's Other investments portfolio, including cash (bank overdraft) but excluding foreign exchange contracts, totalled \$820.5 million (\$1,003.0 million as at June 30, 2019) and consisted of the following:

Other investments portfolio

	As at June 30, 2020		As at June 30, 2019	
	Fair value (\$M)	% of portfolio	Fair value (\$M)	% of portfolio
Cash (bank overdraft) and money market instruments	(59.1)	(7.2)	32.7	3.3
Bonds	560.0	68.3	602.6	60.1
Global equity funds	102.4	12.5	163.0	16.2
Canadian equity funds	44.6	5.4	74.0	7.4
Real estate funds	110.3	13.4	100.2	10.0
Market neutral equity funds	62.3	7.6	30.5	3.0
Portfolio total	820.5	100.0	1,003.0	100.0

As at June 30, 2020, 74% of portfolio bond securities were government-guaranteed (73% as at June 30, 2019).

The Other investments portfolio represented 40.9% of total net assets at the end of the first six months of 2020 (45% as at June 30, 2019), a decrease mainly arising from the bank overdraft totalling \$80.6 million as at June 30, 2020, and divestments made from the portfolio to meet requests for the redemption of shares of CRCD. Commitments already made but not disbursed of \$188.6 million, representing 9% of net assets, will eventually be covered from CRCD's Other investments portfolio and allocated to Investments impacting the Québec economy.

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

Contribution generated by Other investments

(in thousands of \$)	Six months ended June 30, 2020	Six months ended June 30, 2019
Revenue	8,325	10,755
Gains and losses	12,578	57,168
	20,903	67,923

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

Current income declined \$2.4 million for the first six months of 2020, compared with 2019, owing to lower average effective interest rates between the two periods combined with the decrease in the portfolio, due to divestments.

Gains of \$12.6 million in the first six months of 2020 stemmed mainly from the following financial assets:

- The bond portfolio recorded an increase in value of \$41.6 million, as key rates have shed 127 basis points since the beginning of the year in response to the impact of the global health crisis.
- The stock markets reacted conversely, affecting in particular global and Canadian equity funds, which suffered declines in value of \$26.3 million, and to a lesser extent real estate funds, with a \$4 million decline in value. The market-neutral equity strategy funds performed as expected in turbulent times with a gain of \$1 million.

CRCD's financial asset management strategy aims to diversify the market risks associated with the Other investments portfolio through the use of Canadian and global securities unrelated to bond markets. Furthermore, CRCD seeks to match the average maturity of the bond portfolio with the average maturity of expected cash outflows, thereby limiting the long-term effect of changes in bond rates on CRCD's results.

SUBSCRIPTION

CRCD offers its common shares for subscription through the Desjardins caisse network in Québec and via AccèsD Internet.

Under its constituting act, share issues are limited to an amount equal to the preceding issue period's redemptions, up to a maximum of \$150 million. However, certain measures provided under the Act have been applied to CRCD by the government for each of the 2018, 2019 and 2020 issue periods. Each issue period lasts 12 months and runs from March 1 to the last day of February of the following year.

CRCD obtained the right to issue \$140 million in Class A "Issuance" shares for each of the 2018, 2019 and 2020 issues and allocate a 35% tax credit rate for the purchase of such shares. To allow as many shareholders as possible to buy such shares, the maximum annual subscription amount allowable was capped at \$3,000 per investor, for a tax credit of \$1,050.

In connection with these same measures, new provisions were applied to allow a shareholder who defers the redemption of eligible shares for a further seven years the option to take advantage of a new tax credit. CRCD is authorized, for the 2018, 2019 and 2020 issue periods only, to exchange its current Class A "Issuance" shares for new Class B "Exchange" shares up to an annual maximum of \$100 million. These provisions allow CRCD shareholders who have never redeemed shares to exchange their current eligible Class A "Issuance" shares, up to a value of \$15,000 annually, for new Class B "Exchange" shares which they will also be required to hold for seven years, as consideration for a provincial tax credit of 10% of the amounts exchanged.

Accordingly, CRCD's share capital now comprises two classes of shares: Class A "Issuance" and Class B "Exchange". Class A shares are issued to raise capital, while Class B shares are designed to be exchanged for Class A shares.

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

A special tax is payable by CRCD if it fails to comply with the authorized issuance or exchange amounts, and control mechanisms have been implemented by CRCD to ensure compliance. For the first six months of 2020 and for fiscal 2019, no special tax was paid.

As at June 30, 2020, CRCD had \$1,606.2 million in share capital for 133,070,603 outstanding common shares.

During the six-month period, CRCD raised \$0.3 million through Class A "Issuance" shares, namely the balance of the 2019 issue which was completed on January 23, 2020 (\$0.4 million for the first half of 2019). The 2020 subscription period will begin in the fall.

The exchange registration period for the 2020 tax year is scheduled to begin in the fall and applications will be accepted in early 2021.

During the first six months of 2020, common share redemptions totalled \$188.1 million (\$50.6 million for the same period of 2019). This significant increase was driven by the pandemic environment which generated considerable uncertainty in the markets and triggered an upswing in redemptions, mainly from March through May.

As at June 30, 2020, the balance of shares eligible for redemption amounted to \$962.8 million. No new shares will become eligible for redemption during the second half of 2020 as the sale of the 2013 issue shares was completed before June 30, 2013. This balance will be reduced by the amount of any shares redeemed during the second half of 2020 and by subscriptions accepted for Class B "Exchange" shares during the first six months of 2021.

As at June 30, 2020, shareholders numbered 105,355 compared with 109,364 as at December 31, 2019.

CRCD's policy is to reinvest income from operations and proceeds from disposals 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.

While CRCD is authorized under the Act, for the 2021 issue period, to issue Class A "Issuance" shares for an amount equal to the preceding issue period's redemptions at the cost, up to a maximum of \$150 million, this amount may be reduced if CRCD fails to comply with investment targets (see section 5.2, CRCD's vision, mission, strategic priorities and strategies for more details).

EXPENSES AND INCOME TAXES

Expenses

	Six months ended June 30, 2020	Six months ended June 30, 2019
(in thousands of \$)		
Management fees	11,646	9,701
Other operating expenses	2,519	2,752
Shareholder services	5,579	5,818
	19,744	18,271

CRCD has entrusted the management of its operations, including the management of its Investments impacting the Québec economy and Other investments portfolios, to DC, pursuant to the terms of a management agreement concluded between them. Under this agreement, CRCD pays Desjardins Capital management fees equivalent to a maximum rate of 1.75% (1.75% for the year ended December 31, 2019) of CRCD's annual average assets' value, after deduction of any amounts payable related to Investments impacting the Québec economy and Other investments. An adjustment is made to the management fees to avoid double billing relative to CRCD's interest in other funds. DC and CRCD have agreed that, for a given fiscal year, an adjustment could be made to allow CRCD to benefit from the economies of scale achieved by DC in particular with regard to the growth of CRCD's assets. The negotiation fees arising from portfolio companies are earned by DC, and their amount is deducted from the management fees payable by CRCD. Despite CRCD's asset reduction, the increase in management fees arose mainly from the fact that for the same period in 2019, certain timing differences in growth-related expenses generated greater economies of scale.

There was no significant change in other operating expenses and shareholder services between the two periods. The main expense under shareholder services is the compensation paid by CRCD to the caisses for all shareholder advisory services, determined annually based on CRCD's net assets and the degree to which share transactions are automated.

Income tax recovery amounted to \$1.8 million for the first six months of fiscal 2020, an increase compared with the same period in 2019 (\$0.4 million for the first six months of 2019). The nature of the income has a significant impact on the income tax expense (recovery) since, unlike interest income, dividends are generally not taxable and capital gains are eligible for tax deductions and refund mechanisms.

LIQUIDITY AND CAPITAL RESOURCES

For the six-month period ended June 30, 2020, cash outflows from issues net of redemptions amounted to \$187.8 million (net cash outflows of \$50.3 million in 2019), with the increase between the two periods due mainly to the higher volume of share redemptions during the first half of 2020. Operating activities combined with fees for the development of an intangible asset generated net cash inflows of \$72.9 million (net cash inflows of \$26.8 million in 2019).

Cash outflows related to Investments impacting the Québec economy amounted to \$90.3 million for the first six months of 2020 (\$83.9 million in 2019). The Other investments portfolio generated net cash inflows of \$74.0 million, compared with net cash inflows of \$76.3 million for the same period in 2019.

As at June 30, 2020, cash and cash equivalents totalled (\$68.1 million) (\$46.8 million as at December 31, 2019).

CRCD has an authorized line of credit of \$200 million as at June 30, 2020. This line of credit was drawn down during the first six months of the current fiscal year and draw downs totalled \$80.6 million as at June 30, 2020 (undrawn in fiscal 2019). Subsequent to June 30, 2020, the Board of Directors of CRCD authorized an increase in the amount of the line of credit to \$250 million.

In the event that cash requirements exceed expectations, as occurred due to a higher than expected volume of share redemptions during the six-month period, this line of credit may be used, on a temporary basis, to meet CRCD's obligations. This additional flexibility optimizes the level of liquid assets held and reduces the risk of having to dispose of assets hastily under potentially less advantageous conditions.

Given the management approach for Other investments of matching the average maturity of bonds held with the average maturity of its expected cash outflows, CRCD does not anticipate any shortfall in liquidity in the short or medium terms and expects to be able to redeem eligible shares from those shareholders who make such a request.

5.2 CRCD's mission, vision, strategic priorities and strategies

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

CRCD's vision, mission, objectives and strategies remain substantially similar to those described in its most recent annual MD&A. In the current pandemic environment, CRCD is maintaining these, although certain strategic initiatives may be delayed.

Under the Act, CRCD must fulfil its mission within certain guidelines which include having eligible investments representing not less than 65% of its average net assets for the previous fiscal year by the end of the 2020 fiscal year. Following CRCD's evaluation of the Investments impacting the Québec economy portfolio, this benchmark had not been met as at June 30, 2020. If, as at December 31, 2020, despite the monitoring of the situation, CRCD fails to comply with this requirement, the subscription amount for Class A shares for the next capitalization period would be limited to 87.5% of the amount otherwise authorized.

5.3 Governance

BOARD OF DIRECTORS

The Board has the general authority to manage the affairs of CRCD and oversee the fulfilment of its mission. In this capacity, it is responsible for guiding and overseeing all of CRCD's affairs and risks, including strategic risk the oversight of which is specifically conferred upon it.

The Board is involved in and makes decisions on matters such as governance, strategic planning, investment, financial reporting, financial asset management, risk management, capitalization, general meetings of shareholders and contracts.

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

The committee roles and responsibilities remain substantially similar to those described in the most recent annual MD&A.

Note, however, that amendments to the governance of CRCD will be made in 2021 as provided for in *Bill 41, An Act respecting mainly the implementation of certain provisions of the Budget Speeches of 17 March 2016, 28 March 2017, 27 March 2018 and 21 March 2019*, assented to by the National Assembly of Québec on March 17, 2020. The Bill amends several provisions of the *Act constituting Capital régional et coopératif Desjardins*. Over the past few years, CRCD has implemented many of these provisions through amendments to its bylaws and charters; however, those relating to the composition of its Board of Directors are not required to come into force until the next annual general meeting scheduled for March 2021.

Accordingly, the new composition of the Board of Directors will be as follows:

- Six persons appointed by the President of the Fédération des caisses Desjardins du Québec;
- Three persons elected by the General Meeting of Shareholders;
- Three persons appointed by the previously appointed nine members, of whom two shall be deemed by those members to be representative of the eligible entities described in the Act;
- One Desjardins Group Relations director appointed by the twelve directors.

5.4 Risk management

POLICIES AND PRACTICES

Sound risk management practices are critical to the success of CRCD. An integrated risk management policy has been put in place to provide the capacity to anticipate and be proactive in mitigating the impact of risk events.

NOTE TO THE READER

The following sections regarding market risks, credit and counterparty risks, concentration risks and liquidity risks have been audited by CRCD's independent auditor as part of the audit of the separate financial statements in respect of which an independent auditor's report was issued on August 13, 2020.

MARKET RISKS

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

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

Interest rate risk

Interest rate fluctuations have an impact on the market value of fixed-income securities and real estate funds held in the portfolio for which fair value is determined based on market conditions. The fair value of these assets as at June 30, 2020 was \$972.7 million (\$956.6 million as at December 31, 2019). Fixed-income securities held in the Other investments portfolio include money market instruments and bonds. Fixed-income securities held in the Investments impacting the Québec economy portfolio include loans and advances and preferred shares.

Money market instruments with a fair value of \$21.6 million (\$46.0 million as at December 31, 2019) are not valued based on changes in interest rates, given their very short maturities.

Bonds with a fair value of \$560.0 million (\$536.0 million as at December 31, 2019) are directly affected by changes in interest rates. A 1% increase in interest rates would have resulted in a decrease of \$38.4 million in net earnings, representing a 1.8% decrease in CRCD's share price as at June 30, 2020 (\$37.1 million for 1.7% as at December 31, 2019). Similarly, a 1% decrease in interest rates would have had the opposite effect, resulting in a \$41.6 million increase in net earnings, representing a 2.0% increase in the share price (\$40.2 million for 1.8% as at December 31, 2019). CRCD's financial asset management strategy aims to diversify the portfolio securities, thereby limiting exposure to long-term bonds. Given that CRCD matches the maturities of bonds held in its portfolio with the average maturity of expected cash outflows, the long-term effect of interest rates on results should be limited.

Real estate funds with a fair value of \$110.3 million (\$112.1 million as at December 31, 2019) may also be affected by interest rate fluctuations. However, unlike bonds, there is no direct correlation between changes in interest rates and changes in fair value of this asset class.

In the Investments impacting the Québec economy portfolio, loans and advances and preferred shares for which CRCD also holds participating shares in the same company and those that are discounted, totalling a fair value of \$232.5 million (\$243.9 million as at December 31, 2019), are not sensitive to changes in interest rates. Conversely, the other loans and advances and preferred shares included in the portfolio, totalling a fair value of \$281.0 million (\$271.0 million as at December 31, 2019), are sensitive to changes in interest rates. However, the interest rate risk related to the other loans and advances and preferred shares held in the portfolio is limited given the amounts in question.

Stock market risk

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

As at June 30, 2020, global and Canadian equity funds, valued at \$147.0 million (\$236.9 million as at December 31, 2019), held in the Other investments portfolio, consisted primarily of listed equities. Accordingly, a 10% increase or decrease in the quoted market prices of listed equities would have resulted in a \$14.7 million increase or decrease in net earnings, representing a 0.7% increase or decrease in CRCD's share price.

Market-neutral equity funds, valued at \$62.3 million as at June 30, 2020 (\$60.9 million as at December 31, 2019), are less exposed to stock market fluctuations as they minimize market risk. Furthermore, since these funds represent low exposure for the portfolio, any fluctuation would not have a significant direct impact on CRCD's net earnings.

The Investments impacting the Québec economy portfolio included listed equities in the amount of \$16.4 million (\$23.9 million as at December 31, 2019). Accordingly, for these investments a 10% increase or decrease in the quoted market prices of listed equities would have resulted in a \$1.6 million increase or decrease in net earnings, representing a 0.1% increase or decrease in CRCD's share price.

Currency risk

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

Currency fluctuations impact the fair value of assets valued initially in a foreign currency and subsequently translated into Canadian dollars at the prevailing rate of exchange. In the Investments impacting the Québec economy portfolio, assets whose values fluctuate due to changes in foreign exchange rates represented a fair value of \$62.4 million or 3.1% of net assets as at June 30, 2020, compared with \$80.4 million or 3.5% of net assets at December 31, 2019.

CRCD aims to systematically hedge currency risk for assets measured in foreign currency, unless the exposure stems from the long-term expected returns of certain asset classes. A \$10 million line of credit has been granted to CRCD for its foreign exchange contract transactions. As at June 30, 2020, CRCD held foreign exchange contracts under which it will be required to deliver US\$37.8 million (US\$51.7 million as at December 31, 2019) at the rate of CAD/USD 1.3694 (CAD/USD 1.3142 as at December 31, 2019), as well as foreign exchange contracts under which it will be required to deliver €8.3 million (€8.6 million as at December 31, 2019) at the rate of CAD/EUR 1.5438 (CAD/EUR 1.4666 as at December 31, 2019) on September 30, 2020. As at June 30, 2020, CRCD had nil collateral on its foreign exchange contracts (nil as at December 31, 2019).

As at June 30, 2020, the net exposure of CRCD's Investments impacting the Québec economy portfolio and accounts receivable to foreign currencies was thus limited to \$1.6 million (\$0.9 million as at December 31, 2019). Any fluctuation in the Canadian dollar would therefore not have a significant impact on CRCD's results.

For the Other investments portfolio, the net exposure of investments to foreign currencies amounted to \$97.1 million (\$205.5 million as at December 31, 2019). Accordingly, a 10% decrease (increase) in value of the Canadian dollar relative to all of the other foreign currencies would have resulted in a \$9.7 million increase (decrease) in net income, representing a 0.5% increase (decrease) in CRCD's share price.

CREDIT AND COUNTERPARTY RISKS

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

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

The maximum credit risk is the carrying amount of the financial instruments at the end of the reporting period, in addition to funds committed but not disbursed. As at June 30, 2020, the impacts generated by the COVID-19 pandemic for the great majority of Investments impacting the Québec economy and undisbursed committed funds have not been reflected in credit risk. As these impacts are relatively recent, the financial documents of our portfolio companies do not, for the most part, reflect the effects of the COVID-19 pandemic.

Investments impacting the Québec economy, except those carried out through funds, are first ranked by risk from 1 to 9 based on the criteria defined by Moody's RiskAnalyst tool. Subsequently, all the investments are reviewed monthly to identify those that meet the criteria for a ranking of 10.

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

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

Rating		As at June 30, 2020		As at December 31, 2019	
		(in thousands of \$)	(as a %)	(in thousands of \$)	(as a %)
1 to 6.5	Low to acceptable risk	1,033,342	91.3	1,180,364	94.5
7 to 9	At risk	65,693	5.8	51,724	4.1
10	High risk and insolvent	32,528	2.9	17,879	1.4

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

Rating		As at June 30, 2020		As at December 31, 2019	
		(in thousands of \$)	(as a %)	(in thousands of \$)	(as a %)
1 to 6.5	Low to acceptable risk	184,170	97.7	234,455	98.9
7 to 9	At risk	1,875	1.0	2,554	1.1
10	High risk and insolvent	2,533	1.3	-	-

For the bond portfolio, which represented 68.2% of the fair value of the Other investments portfolio (54.0% as at December 31, 2019), credit risk is managed by diversification across numerous issuers with credit ratings as follows:

Rating ⁽¹⁾	As at June 30, 2020		As at December 31, 2019	
	(in thousands of \$)		(in thousands of \$)	
AAA	214,829		226,045	
AA	200,672		176,336	
A	89,663		80,991	
BBB	54,773		52,660	

⁽¹⁾ Credit risk ratings are established by recognized credit agencies.

Consistent with the global financial asset management policy, money market instruments have a minimum credit rating of R-1 (low), thus limiting the credit risk associated with these financial instruments.

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

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

CONCENTRATION RISKS

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

Risk of concentration in an entity

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

The concentration of the five largest Investments impacting the Québec economy and the five largest Other investments is as follows (percentages are based on fair asset value and funds committed but not disbursed):

	As at June 30, 2020		As at December 31, 2019	
	% of portfolio	% of net assets	% of portfolio	% of net assets
Investments impacting the Québec economy ⁽¹⁾	36.6	24.1	33.5	21.6
Other investments ⁽²⁾	41.6	18.7	44.8	19.2

⁽¹⁾ CRCD's interest in the ecosystem funds accounted for 64% (64% as at December 31, 2019) of the five largest Investments impacting the Québec economy.

⁽²⁾ Government issuers and issues guaranteed by government entities represented 56% (47% as at December 31, 2019) of the five largest issuers or counterparties in the Other investments portfolio.

Risk of concentration by region

In keeping with its mission of Québec economic development, the Investments impacting the Québec economy portfolio chiefly comprises businesses whose employees are, in the majority, residents of Québec. Furthermore, at least 35% of its investments must be made in companies located in the resource regions or in eligible cooperatives. Portfolio performance therefore depends heavily on economic conditions in Québec and the resource regions. As at June 30, 2020, the Investments impacting the Québec economy portfolio represented 57.0% of net assets (55.1% as at December 31, 2019).

CRCD has adopted a global financial asset management and investment guidelines policy to govern the holding of foreign securities within the Other investments portfolio. As at June 30, 2020, the Other investments portfolio includes a portion of foreign securities resulting primarily from its interest in global equity funds and comprises 88.2% of Canadian securities (79.4% as at December 31, 2019). Other investments portfolio performance therefore depends heavily on economic conditions in Canada. As at June 30, 2020, the Other investments portfolio represented 40.9% of net assets (43.2% as at December 31, 2019).

Risk of concentration in a financial product

The global financial asset management policy favours global integrated management of the Investments impacting the Québec economy and Other investments portfolios. The policy establishes limits by asset class and these limits are applied by the manager. As at June 30, 2020, bond securities represented 27.9% of net assets (23.2% as at December 31, 2019). The increase in the percentage attributed to this class of securities is due to a decrease in net assets as at June 30, 2020, compared with December 31, 2019, and a decrease in the fair value attributed to other classes of securities, including global and Canadian equity funds.

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

LIQUIDITY RISKS

CRCD must maintain sufficient liquid assets to fund share redemptions and committed Investments impacting the Québec economy. If it failed to do so, CRCD would be dependent on the markets and could be forced to carry out transactions under unfavourable conditions. With liquid investments that should represent approximately 30% of assets under management, and using a management approach that ensures that the average maturity of bonds is close to the average maturity of expected outflows, CRCD can confirm that liquidity risks are adequately covered.

Given the significant balance of redeemable shares of CRCD, new temporary measures announced by the Québec government in March 2018 allow eligible CRCD shareholders to commit their redeemable capital for an additional seven-year period. With an authorized annual amount of \$100 million until 2020, this initiative provided greater availability of capital for Investments impacting the Québec economy by reducing cash requirements related to share redemptions. See the Subscription section for more information.

This initiative was well received by shareholders as the amounts authorized for the 2018 and 2019 exchanges have been fully subscribed. The pandemic environment in the first half of 2020 resulted in an increase in requests for redemptions of shares. The credit facilities put in place several years ago were therefore drawn down in the first half of 2020 (undrawn in fiscal 2019) in order to provide greater cash management flexibility to maintain the amounts available for commitments to Investments impacting the Québec economy.

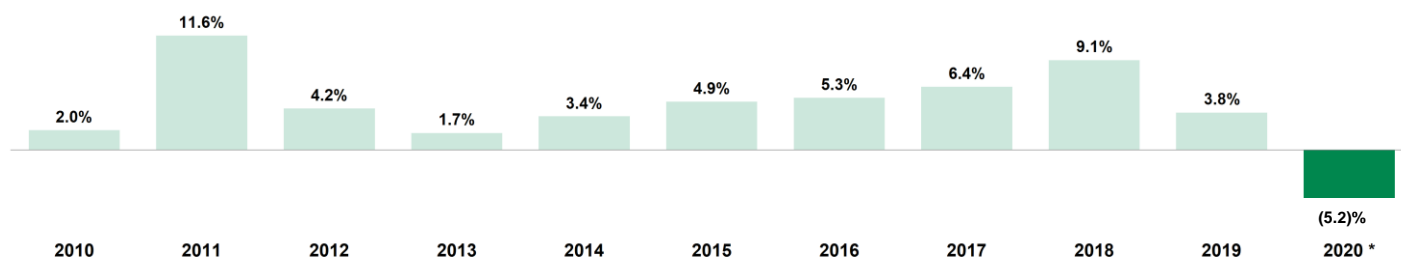
CRCD, through its balanced financial strategy and integrated risk management, has the necessary sources of funding to cover its financial obligations and pursue its mission among Québec businesses.

6.0 Past performance

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

6.1 Annual return

The following chart shows CRCD's annual returns and illustrates the change in returns from one period to the next for the past ten fiscal years and for the six-month period ended June 30, 2020. Annual return is calculated by dividing income (loss) per share for the period by the share price at the beginning of the period.



*Negative non-annualized return for the six-month period ended June 30, 2020.

6.2 Compounded return of the common share as at June 30, 2020

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

10 YEARS	7 YEARS	5 YEARS	3 YEARS	1 YEAR
4.4%	4.0%	4.3%	3.0%	(5.9)%

7.0 Portfolio summary

7.1 Core investment profiles

As at June 30, 2020, assets in CRCD's Investments impacting the Québec economy and Other investments portfolios were allocated, on a fair value basis, as follows:

Investment profile	% of net assets
INVESTMENTS IMPACTING THE QUÉBEC ECONOMY*	
Debt	20.7
Equity	28.3
External funds	2.4
Venture capital	4.8
Other asset items held by ecosystem funds	0.8
Total – Investments impacting the Québec economy	57.0
OTHER INVESTMENTS	
Cash (bank overdraft) and money market instruments	(2.9)
Bonds	27.9
Global equity funds	5.1
Canadian equity funds	2.2
Real estate funds	5.5
Market neutral equity funds	3.1
Total – Other investments	40.9

* Including foreign exchange contracts

Net assets are made up of 97.9% investment profiles and 2.1% other asset items.

7.2 Main investments held

As at June 30, 2020, on a fair value basis, the issuers of the 25 main investments held by CRCD were as follows:

Issuers as at June 30, 2020	% of net assets
Investments impacting the Québec economy – 14 issuers*	33.0
Canada Housing Trust	5.4
Government of Canada	5.1
Bentall Kennedy Prime Canadian Property Fund	2.9
Desjardins IBrix Low Volatility Global Equity Fund (I-Class Units)	2.7
Fiera Properties CORE Fund	2.6
Desjardins Global Dividend Fund (I-Class Units)	2.5
Hydro-Québec	2.2
Province of Ontario	2.2
CC&L market neutral funds	2.1
Province of Saskatchewan	1.7
Province of Manitoba	1.5

* The 14 issuers which collectively represented 33.0% of CRCD's net assets are:

Agropur Cooperative
 Avjet Holding Inc.
 Capital croissance PME II s.e.c.
 Desjardins - Innovatech S.E.C.
 Desjardins Capital PME s.e.c.
 Exo-s Inc.
 Groupe ameublement E-Solutions inc.
 Groupe Filgo inc.
 Fournier Industries Group Inc.
 Norbec Group Inc.
 SJM Group Inc.
 Groupe Solotech inc.
 Société en commandite Essor et Coopération
 Sollio Cooperative Group (prev. La Coop fédérée)

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

August 13, 2020

8.0 Management's report

August 13, 2020

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

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

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

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

The financial statements present the financial information available as at August 13, 2020. Prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board, these statements have been audited by PricewaterhouseCoopers LLP.

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

(signed) Yves Calloc'h, CPA, CA
Chief Financial Officer

Capital régional et coopératif Desjardins

Separate Financial Statements
June 30, 2020 and 2019
(in thousands of Canadian dollars)



Independent auditor's report

To the Shareholders of
Capital régional et coopératif Desjardins

Our opinion

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of Capital régional et coopératif Desjardins (CRCD) as at June 30, 2020 and December 31, 2019, and its financial performance and its cash flows for the six-month periods ended June 30, 2020 and 2019 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

CRCD's separate financial statements comprise:

- the separate balance sheets as at June 30, 2020 and December 31, 2019;
- the separate statements of comprehensive income for the six-month periods ended June 30, 2020 and 2019;
- the separate statements of changes in net assets for the six-month periods ended June 30, 2020 and 2019;
- the separate statements of cash flows for the six-month periods ended June 30, 2020 and 2019; and
- the notes to separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the separate financial statements* section of our report.

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

Independence

We are independent of CRCD in accordance with the ethical requirements that are relevant to our audit of the separate financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the separate financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

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

In preparing the separate financial statements, management is responsible for assessing CRCD's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate CRCD or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing CRCD's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 CRCDC's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on CRCDC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause CRCDC to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(Signed) "PricewaterhouseCoopers LLP"

Montréal, Quebec
August 13, 2020

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

Separate Balance Sheets

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

	Notes	As at June 30, 2020 \$	As at December 31, 2019 \$
ASSETS			
Investments impacting the Québec economy	7	1,131,563	1,249,967
Other investments	8	901,692	992,746
Intangibles assets	10	6,472	4,466
Income taxes recoverable	19	37,455	32,486
Accounts receivable	11	18,549	32,699
Cash	12	-	6,961
		2,095,731	2,319,325
LIABILITIES			
Financial liabilities	13	2,583	2,252
Income taxes payables	19	77	168
Accounts payable	14	7,361	8,439
Bank overdraft	12	80,626	-
		90,647	10,859
NET ASSETS	16	2,005,084	2,308,466
NUMBER OF COMMON SHARES OUTSTANDING		133,070,603	144,849,327
NET ASSET VALUE PER COMMON SHARE		15.07	15.94

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

(signed) Bernard Bolduc, B.A.A. Finance, Director

(signed) Marlène Devaux, B.A., M.A., ASC, Director

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

Separate Statements of Comprehensive Income

For the six-month periods ended June 30

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

	Notes	2020 \$	2019 \$
REVENUE			
Interest	7 et 8	12,780	13,584
Dividends and distributions		7,979	10,498
Administrative charges		172	96
		20,931	24,178
GAINS (LOSSES) ON INVESTMENTS			
Realized		50,482	20,134
Unrealized		(169,033)	67,078
		(118,551)	87,212
TOTAL REVENUE AND GAINS (LOSSES) ON INVESTMENTS			
		(97,620)	111,390
EXPENSES			
Management fees		11,646	9,701
Other operating expenses	18	2,519	2,752
Shareholder services	18	5,579	5,818
		19,744	18,271
EARNINGS (LOSS) BEFORE INCOME TAXES			
Income tax recovery	19	(1,767)	(381)
NET EARNINGS (NET LOSS) FOR THE PERIOD			
		(115,597)	93,500
WEIGHTED AVERAGE NUMBER OF COMMON SHARES			
		139,206,840	139,731,711
NET EARNINGS (NET LOSS) PER COMMON SHARE			
		(0.83)	0.67

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

Separate Statements of Changes in Net Assets

For the six-month periods ended June 30

(in thousands of Canadian dollars)

	Share capital (note 16)				Total	Retained earnings	Net assets	
	"Issuance" Shares ⁽¹⁾		"Exchange" Shares ⁽¹⁾					
	Number	\$	Number	\$	Number	\$	\$	
BALANCE – DECEMBRE 31, 2019	131,551,585	1,529,277	13,297,742	199,445	144,849,327	1,728,722	579,744	2,308,466
Net loss for the period	-	-	-	-	-	-	(115,597)	(115,597)
Share capital transactions⁽²⁾								
Issuance of common shares	18,377	294	-	-	18,377	294	-	294
Redemption of common shares	(11,797,101)	(122,771)	-	-	(11,797,101)	(122,771)	(65,308)	(188,079)
Exchange of common shares	-	-	-	-	-	-	-	-
BALANCE – JUNE 30, 2020	119,772,861	1,406,800	13,297,742	199,445	133,070,603	1,606,245	398,839	2,005,084
BALANCE – DECEMBRE 31, 2018	141,391,214	1,577,431	-	-	141,391,214	1,577,431	591,373	2,168,804
Net earnings for the period	-	-	-	-	-	-	93,500	93,500
Share capital transactions⁽²⁾								
Issuance of common shares	24,792	363	-	-	24,792	363	-	363
Redemption of common shares	(3,327,156)	(34,314)	-	-	(3,327,156)	(34,314)	(16,302)	(50,616)
Exchange of common shares	(6,790,166)	(67,831)	6,790,166	99,612	-	31,781	(31,781)	-
BALANCE – JUNE 30, 2019	131,298,684	1,475,649	6,790,166	99,612	138,088,850	1,575,261	636,790	2,212,051

⁽¹⁾ Issuance shares refer to Class A "Issuance" common shares and Exchange shares refer to Class B "Exchange" common shares; collectively referred as common shares.

⁽²⁾ This data does not include the redemption requests made within 30 days of subscription.

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

Separate Statements of Cash Flows

For the six-month periods ended June 30

(in thousands of Canadian dollars)

	2020 \$	2019 \$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net earnings (net loss) for the period	(115,597)	93,500
Non-cash items:		
Losses (gains) on investments	118,551	(87,212)
Amortization of premiums and discounts on other investments	(547)	(593)
Amortization of intangibles assets	526	183
Deferred taxes	(91)	257
Capitalized interest and other non-cash items	(3,413)	(360)
Changes in operating assets and liabilities:		
Income taxes recoverable	(4,969)	(4,840)
Income taxes payable	-	(12,360)
Accounts receivable	1,632	586
Accounts payable	(1,878)	1,457
Acquisition of investments impacting the Québec economy	(90,340)	(83,936)
Proceeds from disposals of investments impacting the Québec economy	97,551	45,452
Acquisition of other investments	(648,462)	(425,570)
Proceeds on disposal of other investments	722,444	501,918
	75,407	28,482
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Acquisition of intangibles assets	(2,532)	(1,721)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Issuance of common shares	294	363
Redemption of common shares	(188,079)	(50,616)
	(187,785)	(50,253)
Net change in cash and cash equivalents during the period	(114,910)	(23,492)
Cash and cash equivalents – Beginning of period	46,780	41,253
CASH AND CASH EQUIVALENTS – END OF PERIOD	(68,130)	17,761
Supplemental information about cash flows from operating activities		
Interest received	9,603	12,933
Dividends and distributions received	8,098	10,537
Income taxes paid	(3,293)	(16,562)

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

Notes to Separate Financial Statements

Note 1 – Governing statute, administration and investments

Governing statute

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

Administration

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

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

Amendments to the governance of CRCD will come into force at the next annual general meeting as provided for in *Bill 41*, assented to by the Québec National Assembly on March 17, 2020. Please see section 5.3, Governance, of the MD&A for more information.

Investments

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

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

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

CRCD’s eligible investments, as defined in the Act, must represent on average at least 65% (64% as at December 31, 2019) of CRCD’s average net assets for the preceding year.

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

Note 1 – Governing statute, administration and investments (*continued*)

Investments (*continued*)

If one of these targets is not met, CRCD will be subject to a reduction of the authorized issue of capital for the capitalization period following the end of the fiscal year. As at June 30, 2020, estimates showed the first target to be below the 65% threshold set under the Act. As compliance with this target will be determined at the end of the fiscal year and will depend on investment developments over the second half of the year, the period ended June 30, 2020 was not affected.

Note 2 – Basis of presentation

Statement of compliance

CRCD has prepared its separate financial statements (the “financial statements”) in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These financial statements were approved by the Board of Directors on August 13, 2020.

Basis of measurement

These financial statements have been prepared on a fair value basis, except with respect to cash, accounts receivable, accounts payable, Bank overdraft and taxes, which are measured at amortized cost and at cost as well as intangible assets which are measured at amortized cost.

Investment entity

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

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

Presentation and functional currency

These separate financial statements are expressed in Canadian dollars, which is also the functional currency of CRCD. Dollar amounts reported in the tables of the notes to the financial statements are in thousands of dollars, unless otherwise stated.

Note 2 – Basis of presentation (*continued*)

Significant event

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. On March 13, 2020, the Gouvernement du Québec declared a public health emergency throughout Québec. Similarly, the Government of Canada implemented various protective measures through the first quarter of 2020. This situation and the measures put in place have widespread economic implications at the global, national, provincial and local levels. CRCD has introduced relief measures for portfolio companies that could experience difficulty meeting their financial obligations.

The COVID-19 pandemic has created new sources of uncertainty that affect the significant judgments, estimates and assumptions made by CRCD for purposes of preparing the financial statements. Please see note 4, Significant judgments, estimates and assumptions, for further information. The COVID-19 pandemic has increased stock market volatility. The duration and magnitude of its impact on local and global economies, capital markets, industries and issuers in which CRCD invests are not known at this time. CRCD is closely monitoring the pandemic as it evolves for its impact on CRCD's results and financial position.

The pandemic environment in the first half of 2020 resulted in an increase in requests for redemptions of CRCD's shares. Due to its Other investments portfolio, CRCD has the necessary liquidity to honour share redemptions and undertake investments to support the portfolio companies. In order to provide greater cash management flexibility, the credit facilities put in place several years ago have been drawn down.

Note 3 – Significant accounting policies

a) Financial instruments

CRCD accounts for its financial instruments at fair value on initial recognition. Purchases and sales of financial assets are recognized at the trade date.

Classification and measurement

Financial assets are classified according to their contractual cash flow characteristics as well as the economic model under which they are held.

Contractual cash flow characteristics

To satisfy the criteria related to the cash flow characteristics for classifying a financial asset, the cash flows related to this asset must consist solely of principal and interest payments on the principal amount outstanding. The principal generally represents the fair value of the financial asset at initial recognition. Interest consists primarily of consideration for the time value of money and credit risk associated with the principal outstanding over a given period.

Business model

CRCD's business models are determined in a manner that reflects how groups of financial assets are managed together to achieve a particular business objective. The business models represent how CRCD manages its financial assets to generate cash flows, that is, they reflect whether the cash flows will arise from the collection of contractual cash flows, the sale of financial assets, or both. CRCD's business models are outlined as follows:

- Held to collect contractual cash flows: The objective of holding financial assets is to collect contractual cash flows
- Held to collect contractual cash flows and for sale: The objective is achieved by collecting contractual cash flows and by selling financial assets
- Other business models: The objective is not consistent with any of the above business models.

The classification and measurement of CRCD's financial assets and liabilities can be summarized as follows :

- Investments impacting the Québec economy, Other investments and amounts receivable on disposals of Investments impacting the Québec economy are classified as at fair value through profit or loss because they are held according to an economic model whose aim is to manage and measure investment performance on a fair value basis.
- Cash and accounts receivable are measured at amortized cost, which approximates their fair value, since they are held under a business model whose objective is to collect contractual cash flows and they satisfy the criteria of the cash flow characteristics test, that is, they consist solely of payments of principal and interest.
- Bank overdraft and Accounts payable are classified and measured at amortized cost which approximates their fair value, while financial liabilities are designated at fair value through profit or loss. Financial liabilities are derecognized when the liability is extinguished, that is, when the obligation specified in the contract is discharged or cancelled, or expires.

Note 3 – Significant accounting policies (continued)

b) Fair value measurement

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

Fair value of assets and liabilities traded in a market

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

Fair value of assets and liabilities not traded in a market

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

Loans and advances, non-participating shares

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

Participating shares

The main technique used to determine the fair value of participating shares is the capitalization of cash flows. Two key variables used in that technique are representative cash flow and the capitalization rate. To determine representative cash flow, recurring cash flows are estimated using the entity's historical results and/or financial forecasts. A risk weight is subsequently applied to each of the cash flows thus determined to reflect its probability of occurrence. The rate used to capitalize the representative cash flow thus obtained reflects the way in which the entity could fund its operations and the risks associated with the occurrence of that representative cash flow.

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

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

Note 3 – Significant accounting policies (continued)

b) Fair value measurement (continued)

Global equities funds, Canadian equities funds, Real estate funds and Market neutral equity funds

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

Guarantee

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

Note

The note receivable is related to an investment impacting the Québec economy and is recognized at fair value, which is the amount that CRCD would receive on the reporting date under the contractual agreement underlying this note receivable.

Financial liabilities

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

Amounts receivable on disposal of investments impacting the Québec economy

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

c) Intangible assets

IT development consists primarily of costs relating to the development of applications that can be used internally or to provide services to shareholders. Intangible assets are initially recognized at cost and subsequently measured at cost less any accumulated amortization and any impairment losses. These costs are capitalized when the application's development phase begins. The costs incurred prior to this phase are expensed.

Intangible assets are amortized over their estimated useful lives, using the following method and period:

Intangible assets	Method	Period
IT development	Straight-line	3 years

Amortization begins when intangible assets are available for use. The amortization method and the useful life are revised at least once per year. Changes are recognized prospectively similarly to changes in accounting estimates.

Note 3 – Significant accounting policies (continued)

c) Intangible assets (continued)

Impairment of assets

The carrying amount of intangible assets is reviewed at each reporting date to determine whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. For intangible assets that are not yet available for use, an annual impairment test is performed by comparing their carrying amount to their recoverable amount.

d) Cash and cash equivalents

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

e) Share capital

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

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

f) Revenue recognition

Interest

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

Note 3 – Significant accounting policies (*continued*)

f) Revenue recognition (*continued*)

Dividends and distributions

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

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

Administration charges

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

Gains and losses

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

g) Functional currency and foreign currency translation

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

h) Taxes

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

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

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

Note 3 – Significant accounting policies (continued)

h) Taxes (continued)

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

i) Net earnings per common share

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

Note 4 – Significant judgments, estimates and assumptions

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

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

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

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

Note 4 – Significant judgments, estimates and assumptions (continued)

COVID-19 — significant judgments, estimates and assumptions

The evolution of the COVID-19 pandemic and economic recovery introduces greater uncertainty into the assumptions used. The unobservable inputs used as at June 30, 2020 have been adjusted for the potential impacts of COVID-19 based on the information and data available at that date.

In the context of the pandemic, it is very difficult for companies to predict future cash flows. In determining the fair value of certain participating share interests, CRCD has estimated the point at which the company's operations will have returned to normal unless their going concern basis is called into question. Assumptions as to the duration of the crisis period for portfolio companies were based on industry classifications that allowed estimation of a low, medium or high pandemic-related financial impact.

The duration and magnitude of the economic impact of the pandemic on the future results of portfolio companies cannot be determined with certainty. There is a risk that the assumptions used and forecasts made by CRCD in determining the fair value of investments impacting the Québec economy which are not traded in an active market may differ from actual results, which could give rise to increased volatility in the fair value of financial instruments and net assets over the next few six-month periods.

Note 5 – Accounting standards issued but not yet adopted

No accounting standards issued by the IASB and not yet effective as at June 30, 2020 could have a material impact on CRCD's financial statements.

Note 6 – Risks associated with financial instruments

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

Note 7 – Investments impacting the Québec economy

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

	As at June 30, 2020		
	Cost \$	Unrealized gain (loss) \$	Fair value \$
Unsecured			
Common shares	338,831	(37,503)	301,328
Preferred shares	307,912	46,210	354,122
Fund units	252,797	61,054	313,851
Loans and advances	142,336	(1,360)	140,976
Note ⁽¹⁾	2,825	83	2,908
Secured			
Loans and advances	20,538	(2,160)	18,378
Total	1,065,239	66,324	1,131,563

	As at December 31, 2019		
	Cost \$	Unrealized gain (loss) \$	Fair value \$
Unsecured			
Common shares	303,952	103,767	407,719
Preferred shares	307,166	62,494	369,660
Fund units	252,274	72,321	324,595
Loans and advances	135,533	(2,189)	133,344
Note ⁽¹⁾	2,461	297	2,758
Secured			
Loans and advances	13,478	(1,587)	11,891
Total	1,014,864	235,103	1,249,967

⁽¹⁾ On September 28, 2017, CRCD made a commitment to invest, in the form of a note, a maximum amount of \$5.0 million in the Desjardins-Innovatech S.E.C. fund (DI) which will use the amount to make an investment impacting the Québec economy. This note contains a clause under which the amount receivable by CRCD will be equal to the fair value of the investment made by DI. The entire proceeds received by DI upon a partial or full disposal of the investment will be paid to CRCD and deducted from the note receivable.

Note 7 – Investments impacting the Québec economy (continued)

Investments impacting the Québec economy include investments valued at fair value in U.S. dollars for an amount of \$42.0 million (\$48.5 million as at December 31, 2019) and in euros for an amount of \$11.1 million (\$12.6 million as at December 31, 2019).

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

Loans and advances bear interest at a weighted average rate of 7.9% (8.7% as at December 31, 2019). The interest rate is fixed for substantially all interest-bearing loans and advances. For the period ended June 30, 2020, interest income recognized at the contractual rate amounted to \$6.3 million (\$4.9 million for the period ended June 30, 2019). Substantially all of the change in the fair value of loans and advances resulted from changes in the rates charged on these types of products and la deterioration in credit risk.

Loans and advances have an annual residual maturity of 4.4 years (4.0 years as at December 31, 2019) and the fair market value of the current portion maturing in less than one year is \$11.2 million (\$32.5 million as at December 31, 2019).

Allocation of investments and funds committed by segment

Investments and funds committed are allocated by segment as follows:

Segment	As at June 30, 2020				
	Investments at cost \$	Unrealized gain (loss) \$	Fair value \$	Funds committed but not disbursed ⁽¹⁾ \$	Total commitment \$
Manufacturing	569,757	21,853	591,610	5,392	597,002
Services	194,562	(10,100)	184,462	13,200	197,662
Technological innovations	45,298	(6,566)	38,732	625	39,357
Funds	255,622	61,137	316,759	169,361	486,120
Total	1,065,239	66,324	1,131,563	188,578	1,320,141

Segment	As at December 31, 2019				
	Investments at cost \$	Unrealized gain (loss) \$	Fair value \$	Funds committed but not disbursed ⁽¹⁾ \$	Total commitment \$
Manufacturing	533,581	83,238	616,819	41,449	658,268
Services	174,660	85,908	260,568	900	261,468
Technological innovations	33,288	(6,661)	26,627	4,929	31,556
Funds	273,335	72,618	345,953	189,731	535,684
Total	1,014,864	235,103	1,249,967	237,009	1,486,976

⁽¹⁾ Funds committed but not disbursed are not included in assets.

Note 7 – Investments impacting the Québec economy (continued)

Funds committed but not disbursed

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

2020 (6 months) \$	2021 \$	2022 \$	2023 \$	2024 and thereafter \$	Total \$
95,650	32,749	18,241	16,992	24,946	188,578

Investments in subsidiaries and associates

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

	As at June 30, 2020		As at December 31, 2019	
	Number	Fair value \$	Number	Fair value \$
Subsidiaries				
Partner companies	8	202,568	9	254,725
Associates				
Partner companies	28	222,842	28	296,890
Funds	11	292,404	11	319,537

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

Interests in the share capital of these partner companies comprise common shares and preferred shares. The percentage of equity securities held by CRCD in each of the partner companies is equal to or over 50% for the subsidiaries, and between 2% and 45% (2% and 45% as at December 31, 2019) for associates. As at June 30, 2020 and December 31, 2019, the voting rights are equivalent to the proportion of interests held except for two subsidiaries and an associate. During the periods ended June 30, 2020 and 2019, CRCD did not receive any significant dividend from a subsidiary.

As at June 30, 2020, the interests in the funds were made up of units and the holding percentage varied from 13% to 95% (13% and 100% as at December 31, 2019).

Note 8 – Other investments

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

	AS at June 30, 2020		
	Cost \$	Unrealized gain (loss) \$	Fair value \$
Bonds			
Federal or guaranteed	203,195	8,377	211,572
Provincial, municipal or guaranteed	201,470	14,360	215,830
Financial institutions	57,977	3,127	61,104
Companies	66,457	4,974	71,431
	529,099	30,838	559,937
Money market instruments ⁽¹⁾	21,570	-	21,570
Foreign exchange contracts ⁽²⁾	-	580	580
Canadian equity funds	42,325	2,254	44,579
Global equity funds	101,839	602	102,441
Real estate funds	110,120	138	110,258
Market neutral equity funds	61,327	1,000	62,327
Total	866,280	35,412	901,692

	As at December 31, 2019		
	Cost \$	Unrealized gain (loss) \$	Fair value \$
Bonds			
Federal or guaranteed	212,266	(1,812)	210,454
Provincial, municipal or guaranteed	189,104	4,870	193,974
Financial institutions	72,338	2,358	74,696
Companies	54,611	2,297	56,908
	528,319	7,713	536,032
Money market instruments ⁽¹⁾	46,037	-	46,037
Foreign exchange contracts ⁽²⁾	-	850	850
Canadian equity funds	55,058	7,731	62,789
Global equity funds	158,642	15,440	174,082
Real estate funds	108,046	4,016	112,062
Market neutral equity funds	60,979	(85)	60,894
Total	957,081	35,665	992,746

Note 8 – Other investments (continued)

Breakdown of bonds by maturity date

	As at June 30, 2020			
	Under 1 year \$	1 to 5 years \$	Over 5 years \$	Total \$
Cost	13,026	35,830	480,243	529,099
Par value	12,992	35,845	492,109	540,946
Fair value	13,045	36,754	510,138	559,937
Average nominal rate ⁽³⁾	1.35%	1.55%	2.23%	2.16%
Average effective rate	0.98%	1.56%	2.13%	2.07%

	As at December 31, 2019			
	Under 1 year \$	1 to 5 years \$	Over 5 years \$	Total \$
Cost	8,010	6,695	513,614	528,319
Par value	8,265	6,735	518,832	533,832
Fair value	8,258	6,858	520,916	536,032
Average nominal rate ⁽³⁾	1.83%	3.20%	2.36%	2.36%
Average effective rate	1.93%	3.32%	2.48%	2.48%

⁽¹⁾ Money market instruments consisted of Treasury bills, commercial paper, bankers' acceptances and bearer deposit notes.

⁽²⁾ Foreign exchange contracts to sell US\$37.8 million (US\$51.7 million as at December 31, 2019) and €8.3 million (€8.6 million as at December 31, 2019) have three-month maturities.

⁽³⁾ Substantially all bonds bear are fixed-interest rate issues.

Other investments include investments which represent foreign currency exposure with a fair value of \$97.1 million (\$205.5 million as at December 31, 2019).

For the six-month period ended June 30, 2020, interest income on bonds recognized at the effective interest rate amounted to \$6.5 million (\$8.6 million for the six-month period ended June 30, 2019)

Funds committed but not disbursed

Funds committed but not disbursed represent investments in the real estate fund that have already been agreed upon and for which amounts have been committed but not disbursed by CRCD at the reporting date. The estimated installments over the coming years ended December 31 are as follows:

2020 (6 months) \$	2021 \$	2022 \$	2023 \$	2024 et après \$	Total \$
-	2,000	-	-	-	2,000

Note 9 – Fair value of financial instruments

Hierarchy levels of financial instruments measured at fair value.

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

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

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

	As at June 30, 2020			
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial Assets				
Investments impacting the Québec economy	16,427	-	1,115,136	1,131,563
Other investments	626,201	165,233	110,258	901,692
Amounts receivable on disposal of investments impacting the Québec economy	-	-	10,513	10,513
Total financial assets	642,628	165,233	1,235,907	2,043,768
Financial liabilities	-	-	2,583	2,583

	As at December 31, 2019			
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial Assets				
Investments impacting the Québec economy	23,877	-	1,226,090	1,249,967
Other investments	698,923	181,761	112,062	992,746
Amounts receivable on disposal of investments impacting the Québec economy	-	-	23,031	23,031
Total financial assets	722,800	181,761	1,361,183	2,265,744
Financial liabilities	-	-	2,252	2,252

Transfers between hierarchy levels of financial instruments measured at fair value are made at the reporting date. No transfers between hierarchy levels took place during the six-month period ended June 30, 2020 (one transfer during the year ended December 31, 2019).

Note 9 – Fair value of financial instruments (continued)

Level 3 financial instruments

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

	For the six-month period ended June 30, 2020			
	Investments impacting the Québec economy \$	Other investments \$	Amounts receivable on disposal of investments impacting the Québec economy \$	Financial liabilities \$
Fair value as at December 31, 2019	1,226,090	112,062	23,031	(2,252)
Realized gains (losses)	34,708	-	4,059	(331)
Unrealized gains (losses)	(161,284)	(3,878)	-	-
Acquisitions/issuances	99,153	2,074	1,314	-
Disposals/repayments	(83,531)	-	(17,891)	-
Fair value as at June 30, 2020	1,115,136	110,258	10,513	(2,583)
Unrealized gains (losses) in comprehensive income on investments and financial liabilities as at June 30, 2020	(151,402)	(3,878)	-	-
	For the six-month period ended June 30, 2019			
	Investments impacting the Québec economy \$	Other investments \$	Amounts receivable on disposal of investments impacting the Québec economy \$	Financial liabilities \$
Fair value as at December 31, 2018	1,061,668	96,428	36,925	(4,726)
Realized gains (losses)	6,366	-	1,543	(230)
Unrealized gains (losses)	17,468	1,499	-	-
Acquisitions/issuances	87,933	2,261	-	-
Disposals/repayments	(48,623)	-	(2,160)	-
Fair value as at June 30, 2019	1,124,812	100,188	36,308	(4,956)
Unrealized gains (losses) in comprehensive income on investments and financial liabilities as at June 30, 2019	14,911	1,499	-	-

Note 9 – Fair value of financial instruments (continued)

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

	As at June 30, 2020			
	Fair value \$	Main valuation techniques	Unobservable inputs	Input value range (weighted average)
Investments impacting the Québec economy				
Loans and advances	75,693	Discounted cash flows	Required return	7.3% to 15.4% (9.5%)
Non-participating shares	207,798	Discounted cash flows	Required return	5.5% to 12.2% (6.9%)
Participating controlling shares	186,801	Capitalized cash flows	Capitalization rate	9.3% to 13.3% (11.6%)
			% of representative cash flows ⁽¹⁾	8.7% to 27.0% (13.4%)
Participating non-controlling shares	36,415	Restated net assets	Entity's net assets	(2)
			Capitalization rate	8.4% to 17.2% (10.5%)
	145,625	Capitalized cash flows	% of representative cash flows ⁽¹⁾	7.6% to 39.9% (17.6%)
			Recent transactions and bids	Paid/bid price
	43,694	Restated net assets	Entity's net assets	(2)
	75,497	Other ⁽³⁾	-	-
	26,854	Restated net assets	Fund's net assets	(4)
Note	2,908	Restated net assets	Fund's net assets	(2)
Fund units	313,851	Restated net assets	Fund's net assets	(2)
	1,115,136			
Other investments – Real estate funds	110,258	Restated net assets	Fund's net assets	(2)
Amounts receivable on disposal of investments impacting the Québec economy	10,513	Discounted cash flows	Required return	0.3% to 9.0% (7.4%)
Financial liabilities	(2,583)	Miscellaneous	-	

Note 9 – Fair value of financial instruments (continued)

	As at December 31, 2019			
	Fair value \$	Main valuation techniques	Unobservable inputs	Input value range (weighted average)
Investments impacting the Québec economy				
Loans and advances	80,366	Discounted cash flows	Required return	5.7 % to 15.1 % (9.7 %)
Non-participating shares	212,062	Discounted cash flows	Required return	4.5 % to 14.5 % (6.2 %)
Participating controlling shares	161,635	Capitalized cash flows	Capitalization rate	9.8 % to 12.5 % (11.0 %)
			% of representative cash flows ⁽¹⁾	9.2 % to 26.9 % (13.0 %)
Participating non-controlling shares	82,085	Recent transactions and bids	Paid/bid price	-
	39,206	Restated net assets	Entity's net assets	(2)
	138,520	Capitalized cash flows	Capitalization rate	8.5% to 19.0% (10.5%)
			% of representative cash flows ⁽¹⁾	3.5% to 25.9% (14.2%)
99,257	Recent transactions and bids	Paid/bid price	-	
Note	69,621	Restated net assets	Entity's net assets	(2)
	15,985	Other ⁽³⁾	-	-
	2,758	Restated net assets	Fund's net assets	(4)
Fund units	324,595	Restated net assets	Fund's net assets	(2)
	1,226,090			
Other investments – Real estate funds	112,062	Restated net assets	Fund's net assets	(2)
Amounts receivable on disposal of investments impacting the Québec economy	23,031	Discounted cash flows	Required return	0.5% to 10.0% (4.1%)
Financial liabilities	(2,252)	Miscellaneous	-	

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

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

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

⁽⁴⁾ The note receivable is related to an investment impacting the Québec economy in a fund.

Note 9 – Fair value of financial instruments (continued)

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

Sensitivity of fair value to unobservable inputs

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

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

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

Participating shares – Capitalized cash flows

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

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

	As at June 30, 2020 \$	As at December 31, 2019 \$
Participating controlling shares	+/- 0.3%	+/- 0.2%
Participating non-controlling shares	+/- 0.4%	+/- 0.2%

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

Participating shares – Recent transactions and bids

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

Note 9 – Fair value of financial instruments (continued)

Fund units – Restated net assets

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

Other valuation techniques

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

Note 10 – Intangible assets

	IT development (\$)
Cost	
As at December 31, 2018	1,096
Acquisition	3,808
As at December 31, 2019	4,904
Acquisition	2,532
As at June 30, 2020	7,436
Accumulated depreciation	
As at December 31, 2018	(73)
Depreciation	(365)
As at December 31, 2019	(438)
Depreciation	(526)
As at June 30, 2020	(964)
Net carrying amount	
As at June 30, 2020	6,472
As at December 31, 2019	4,466

Note 11 – Accounts receivable

	As at June 30, 2020 \$	As at December 31, 2019 \$
Interest, dividends and distributions receivable on investments	7,718	8,729
Amounts receivable on disposal of investments impacting the Québec economy	10,513	23,031
Other	318	939
Total	18,549	32,699

Note 11 – Accounts receivable (continued)

The change in fair value of amounts receivable on disposal of investments impacting the Québec economy is not attributable to changes in credit risk. These amounts receivable include amounts denominated in U.S. dollars for \$9.1 million (\$19.3 million as at December 31, 2019).

Based on the information available as at the reporting date and the assumptions made as to the timing of collection, CRCD expects to collect accounts receivable with a fair value of \$8.6 million (\$13.5 million as at December 31, 2019) no later than 12 months after the reporting date.

Note 12 – Cash and cash equivalents

	As at June 30, 2020 \$	As at December 31, 2019 \$
Cash (Bank overdraft)	(80,626)	6,961
Money market instruments	12,496	39,819
Total	(68,130)	46,780

Note 13 – Financial liabilities

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

As at June 30, 2020, financial liabilities with a fair value of \$2.6 million were related to investments impacting the Québec economy measured in U.S. dollars (\$2.3 million as at December 31, 2019).

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

Note 14 – Accounts payable

	As at June 30, 2020 \$	As at December 31, 2019 \$
Trade payables and accrued liabilities	4,683	6,364
Amounts payable on acquisitions of other investments	800	-
Other	1,878	2,075
Total	7,361	8,439

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

Note 15 – Line of credit

CRCD had an authorized line of credit of \$200 million as at June 30, 2020 and December 31, 2019 with the Fédération des caisses Desjardins du Québec (FCDQ), bearing interest at the operating credit rate of FCDQ plus 0.5% (0.75% as at June 30, 2020) and renewable annually. As at June 30, 2020, \$82.0 million was drawn down on this line of credit (no amount drawn as at December 31, 2019). This line of credit was drawn down in the amount of \$128.2 million during the first six months of 2020 (undrawn in fiscal 2019). Subsequent to June 30, 2020, the Board of Directors of CRCD authorized an increase in the amount of the line of credit to \$250.0 million.

Note 16 – Share capital

Authorized

CRCD is authorized to issue Class A “Issuance” and Class B “Exchange” common shares and fractions of common shares without par value, participating, voting, with the right to elect two representatives to the Board of Directors, redeemable under certain conditions prescribed by the Act.

For each of its capitalization periods between March 1, 2018 and February 28, 2021, CRCD is authorized to raise an annual maximum of \$140 million in Class A “Issuance” shares and to exchange Class A “Issuance” shares held for at least seven years for Class B “Exchange” shares up to a maximum of \$100 million.

Each capitalization period, which lasts 12 months, begins on March 1 of each year.

Issued

The net assets of CRCD as at June 30, 2020 totalled \$2,005.1 million broken down by issue as follows:

Issue	*Balance \$M			Eligible for redemption
	“Issuance” Shares	Exchange” Shares	Total	
2001 to 2013	962.9	-	962.9	Today
2014	78.7	-	78.7	2021
2015	185.4	-	185.4	2022
2016	156.2	-	156.2	2023
2017	146.9	-	146.9	2024
2018	143.4	102.1	245.5	2025
2019	131.5	98.0	229.5	2026
Net assets	1,805.0	200.1	2,005.1	

* Calculated as net asset value per share as at June 30, 2020.

Note 17 – Capital disclosures

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

CRCD is not subject to any external capital requirements other than those governing the issuance and redemption of its shares, as indicated in note 16.

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

Note 18 – Expenses

	For the six-month periods ended June 30,	
	2020 \$	2019 \$
Other operating expenses		
IT expenses	1,303	1,468
Professional services fees	338	454
Compensation of members of the Board of Directors and its committees	278	306
Audit fees	93	93
Custodial and trustee fees	65	84
Marketing	13	238
Other expenses	429	109
Total	2,519	2,752
Shareholder services		
Trustee fees (registration)	1,095	1,114
Reporting to shareholders	282	276
Share distribution fees	2,731	2,614
IT expenses	1,462	1,606
Other expenses	9	208
Total	5,579	5,818

Note 19 – Income taxes

Income tax expense (recovery)

Income tax expense is detailed as follows:

	For the six-month periods ended June 30,			
	2020		2019	
	Statement of Comprehensive Income \$	Statement of Changes in Net Assets \$	Statement of Comprehensive Income \$	Statement of Changes in Net Assets \$
Current (recovered)	(1,676)	-	(638)	-
Deferred	(91)	-	257	-
Total	(1,767)	-	(381)	-

Reconciliation of the income tax rate

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

	For the six-month periods ended June 30,	
	2020 \$	2019 \$
Income taxes at the combined basic tax rate of 39.5% (39.6% in 2019)	(46,359)	36,875
Permanent differences between earnings before income taxes and taxable income and other items		
Realized and unrealized losses (gains) on investments	48,504	(34,180)
Non-taxable dividends	(2,357)	(3,318)
Other	(1,555)	242
Total	(1,767)	(381)

Income tax balance

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

	As at June 30, 2020 \$	Au at December 31, 2019 \$
Assets		
Refundable tax on hand	27,351	26,019
Income taxes recoverable	10,104	6,467
Total	37,455	32,486
Liabilities		
Deferred taxes – Share issue expenses and Share distribution fees	3,689	3,385
Deferred taxes – Other	(3,766)	(3,553)
Total	(77)	(168)

CRCD expects to recover \$14.8 million (\$9.9 million as at December 31, 2019) in income taxes no later than 12 months after the reporting date.

Note 20 – Related party transactions

Related parties include Desjardins Capital Management Inc. (DC), CRCD's manager, which is a subsidiary of FCDQ and is part of Desjardins Group. CRCD is therefore indirectly related to Desjardins Group. Related parties also include CRCD's key management personnel:

- CRCD has entrusted DC with its management and operations, in accordance with the strategies and objectives approved by the Board of Directors. The current management agreement with a three-year term is in effect as of January 1, 2018. Under this agreement, management fees amount to a maximum rate of 1.75% (1.75% for the fiscal year ended December 31, 2019) of CRCD's annual average asset value less any amounts payable related to Investments impacting the Québec economy and Other investments. An adjustment is made to the management fees charged to CRCD to avoid double billing relative to CRCD's interest in some funds. DC and CRCD have agreed that, for a given fiscal year, an adjustment could also be made to allow CRCD to benefit from economies of scale realized by DC with regard to the growth in CRCD's assets and the increase in the balance of CRCD shares eligible for redemption over the last few years. The negotiation fees arising from portfolio companies are earned by DC, and their amount is deducted from the management fees payable by CRCD. Discussions are currently ongoing to renew or extend the agreement.
- CRCD has appointed Desjardins Trust Inc. as shareholder registrar and share transfer agent. Desjardins Trust also acts as an intermediary for various shareholder support services. This agreement is effective from July 1, 2016 until December 31, 2020. Discussions are currently ongoing to renew or extend the agreement.
- CRCD has entrusted Desjardins Trust Inc. with custody services for its assets. The custody and administration agreement came into effect on May 1, 2009 and will remain in force until December 31, 2020. Discussions are currently ongoing to renew or extend the agreement.
- CRCD has appointed FCDQ to oversee the distribution of its shares through the Desjardins caisse network. This agreement is effective from July 1, 2016 until December 31, 2020. Discussions are currently ongoing to renew or extend the agreement. CRCD also agreed to pay, as needed, project fees to cover the work required to upgrade the tools and applications supporting the CRCD share distribution processes.
- CRCD has entrusted the Desjardins caisse network with issuing its shares.
- CRCD has entrusted FCDQ with the banking operations related to its day-to-day activities and its role as counterparty in foreign exchange contracts.
- CRCD has appointed Desjardins Securities as its full-service broker, to serve as an intermediary for buying and selling shares traded on public markets.
- CRCD has entrusted Desjardins Technology Group Inc. with its IT development strategy (IT master plan), particularly the implementation and upgrading of a new investment management software.

Note 20 – Related party transactions (continued)

Related party transactions

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

	As at June 30, 2020			As at December 31, 2019		
	DC \$	Other related parties ⁽¹⁾ \$	Total \$	DC \$	Other related parties ⁽¹⁾ \$	Total \$
Balance Sheets						
Assets						
Other investments	-	580	580	-	830	830
Intangible assets	-	6,472	6,472	-	4,466	4,466
Accounts receivables	-	11	11	-	2	2
Cash	-	-	-	-	7,079	7,079
Liabilities						
Accounts payable	1,815	3,791	5,606	2,022	5,510	7,532
Bank overdraft	-	79,871	79,871	-	-	-

	For the six-month periods Ended June 30,					
	2020			2019		
	DC \$	Other related parties ⁽¹⁾ \$	Total \$	DC \$	Other related parties ⁽¹⁾ \$	Total \$
Statements of Comprehensive Income						
Revenue						
Interest	-	-	-	-	6	6
Gains (losses) on investments	-	(3,674)	(3,674)	-	2,993	2,993
Expenses						
Management fees	11,646	-	11,646	9,701	-	9,701
Other operating expenses	-	1,265	1,265	-	1,358	1,358
Shareholder services	-	5,288	5,288	-	5,334	5,334

⁽¹⁾ Other related parties include FCDQ and its subsidiaries, namely, Desjardins Securities, Desjardins Technology Group Inc, Desjardins Trust, Desjardins Investment and Desjardins Global Asset Management. They also include Desjardins caisse network.

Key management personnel compensation

CRCD's key management personnel are the members of the Board of Directors. For the six-month period ended June 30, 2020, compensation of key management personnel comprised solely short-term benefits in the amount of \$254,000 (\$253,000 for the six-month period ended June 30, 2019).

Capital régional et coopératif Desjardins

Audited schedule of cost of investments impacting
the Québec economy
As at June 30, 2020



Independent auditor's report

To the Shareholders of
Capital régional et coopératif Desjardins

Our opinion

In our opinion, the accompanying schedule of cost of investments impacting the Quebec economy (the schedule) of Capital régional et coopératif Desjardins (CRCD) as at June 30, 2020 is prepared, in all material respects, in accordance with the dispositions of Article 18 of the Regulation Respecting Development Capital Investment Fund Continuous Disclosure.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the schedule* section of our report.

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

Independence

We are independent of the CRCD in accordance with the ethical requirements that are relevant to our audit of the schedule in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – basis of accounting

We draw attention to note to the schedule, which describes the basis of accounting. The schedule is prepared in order to comply with the dispositions of Article 18 of the Regulation Respecting Development Capital Investment Fund Continuous Disclosure. As a result, the schedule may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of management and those charged with governance for the schedule

Management is responsible for the preparation of the schedule in accordance with the dispositions of Article 18 of the Regulation Respecting Development Capital Investment Fund Continuous Disclosure, and for such internal control as management determines is necessary to enable the preparation of a schedule that is free from material misstatement, whether due to fraud or error.

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



In preparing the schedule, management is responsible for assessing the CRCD's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate CRCD or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing CRCD's financial reporting process.

Auditor's responsibilities for the audit of the schedule

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this schedule.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the schedule, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 CRCD's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on CRCD's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the schedule or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause CRCD to cease to continue as a going concern.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and that we have communicated to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

(Signed) “PricewaterhouseCoopers LLP”

Montréal, Quebec
August 13, 2020

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

**Audited schedule of cost of investments impacting the Québec economy
As at June 30, 2020**

(in thousands of dollars)

	Initial investment year	Industry segment	Unsecured investments		Secured investments		Total \$
			Common and Preferredshares and funds units \$	Loans, advances and notes \$	Loans, advances and notes \$		
Abitibi-Témiscamingue							
9212-9402 Québec inc.(Construction Francis Roy inc.)	2019	S	-	500	-	-	500
Groupe financier Pentagone inc.	2019	S	-	1,000	-	-	1,000
Manufacture Adria inc. (Adria Power Systems)	2020	M	-	500	-	-	500
Ressources minières Radisson inc.	2019	M	105	-	-	-	105
Trim Line de l'Abitibi inc.	2009	S	125	-	-	-	125
Total Abitibi-Témiscamingue			230	2,000	-	-	2,230
Bas-Saint-Laurent							
2862-2272 Québec inc. (Quincaillerie Home Hardware Rimouski)	2018	S	-	124	-	-	124
Domaine Élie-Raphaël inc.	2018	S	-	536	-	-	536
Total Bas-Saint-Laurent			-	660	-	-	660
Capitale-Nationale							
9038-6418 Québec inc. (Etaltech)	2019	S	-	200	-	-	200
AxesNetwork Solutions inc.	2019	TI	-	-	1,569	-	1,569
Boutique Le Pentagone inc.	2008	S	2,951	-	-	-	2,951
Congébec Logistique II inc.	2015	S	-	-	5,491	-	5,491
Flash Romeo inc. (Voilà)	2019	TI	-	660	-	-	660
Gecko Alliance Group inc.	2016	M	14,773	6,691	-	-	21,464
Groupe conseil NOVO SST inc.	2013	S	750	-	-	-	750
Jobillico inc.	2015	S	1,020	4,750	-	-	5,770
Laserax inc.	2020	M	-	992	-	-	992
Latéral Innovations inc.	2019	M	-	259	-	-	259
Nuutok Entreprise inc.	2019	TI	-	836	-	-	836
Qohash inc.	2019	TI	1,000	-	-	-	1,000
TB4 inc.	2019	S	-	308	-	-	308
Total Capitale-Nationale			20,494	14,696	7,060	-	42,250
Centre-du-Québec							
Avjet Holding inc.	2009	S	3,732	-	-	-	3,732
CBR Laser inc.	2012	M	-	9,382	-	-	9,382
Citadelle, Maple Syrup producer's Cooperative	2016	M	7,500	-	-	-	7,500
Farinart inc.	2010	M	924	200	-	-	1,124
Fruit d'or inc.	2018	M	20,000	-	-	-	20,000
Groupe Anderson inc.	2007	M	3,740	-	-	-	3,740
Total Centre-du-Québec			35,896	9,582	-	-	45,478
Chaudière - Appalaches							
Amisco Industries Ltd.	2018	M	17,220	-	-	-	17,220
CareMedic System inc.	2020	TI	-	206	-	-	206
Cycles Lambert inc.	2018	S	-	-	3,800	-	3,800
Fertilec Ltd.	2019	M	-	500	-	-	500
Fournier Industries Group inc.	2013	M	17,000	-	-	-	17,000
Grondin et Nadeau inc.	2019	S	-	517	-	-	517
Groupe Filgo inc.	2012	S	11,680	-	-	-	11,680
Hortau inc.	2010	M	2,617	-	-	-	2,617
Industries Radisson inc. (Les)	2019	M	-	517	-	-	517
Liberty Spring inc.	2019	M	22,500	5,853	-	-	28,353
Marquis Book Printing inc.	2007	M	2,811	1,075	-	-	3,886
Total Chaudière - Appalaches			73,828	8,668	3,800	-	86,296

**Audited schedule of cost of investments impacting the Québec economy
As at June 30, 2020**

(in thousands of dollars)

	Initial investment year	Industry segment	Unsecured investments		Secured investments		Total \$
			Common and Preferredshares and funds units \$	Loans, advances and notes \$	Loans, advances and notes \$		
Eastern Townships							
Bestar inc.	2020	M	25,626	10,071	-		35,697
Clôtures Orford inc.	2019	S	-	393	-		393
Coopérative funéraire de l'Estrie	2006	S	-	237	-		237
Demtroys Technology inc.	2019	M	-	414	-		414
Exo-s-inc.	2012	M	20,572	-	-		20,572
FilSpec inc.	2004	M	1,291	-	-		1,291
Imprimerie Précî-Grafik inc.	2009	M	1,500	542	260		2,302
Kemestrie inc.	2010	TI	527	-	-		527
Leadfox technologie inc.	2019	TI	-	1,363	-		1,363
Technic-Eau Drillings inc.	2017	M	11,964	2,738	-		14,702
The Sustainable Development Enterprises Energy Solutions & Associates inc.	2019	M	500	-	-		500
Total Eastern Townships			61,980	15,758	260		77,998
Gaspésie-Îles-de-la-Madeleine							
Les Entreprises Leblanc 3 inc.	2018	S	-	509	-		509
Total Gaspésie-Îles-de-la-Madeleine			-	509	-		509
Lanaudière							
Groupe Composites VCI inc.	2007	M	2,250	201	-		2,451
Xpertdoc Technologies inc.	2018	S	3,000	1,016	-		4,016
Total Lanaudière			5,250	1,217	-		6,467
Laval							
Ionodes inc.	2019	TI	-	416	-		416
Total Laval			-	416	-		416
Mauricie							
Classement Luc Beaudoin inc.	2013	S	-	285	-		285
Innovations Voltflex inc.	2006	M	17	-	-		17
Total Mauricie			17	285	-		302
Montérégie							
9349-6347 Québec inc. (Habitations Trigone)	2019	S	-	18,321	-		18,321
9523383 Canada inc. (C.A.T.)	2016	S	8,224	-	-		8,224
A. & D. Prévost inc.	2011	M	5,589	-	-		5,589
A.T.L.A.S. Aéronautique inc.	2010	M	6,114	-	-		6,114
Agropur Coopérative	2014	M	74,947	-	-		74,947
Atis Group inc.	2015	M	34,231	1,741	817		36,789
Ben-Mor Cables inc.	2009	M	-	1,185	-		1,185
Collaboration Québec, coopérative de solidarité en ingénierie et construction (A.E.F.)	2020	M	250	-	-		250
Dose Juices inc.	2019	M	1,000	750	-		1,750
Groupe Jafaco Gestion inc.	2019	M	-	9,778	-		9,778
Norbec Group inc.	2017	M	7,450	800	-		8,250
Novo Poultry inc.	2017	M	-	2,308	-		2,308
NSE Automatech inc.	2013	M	2,639	-	-		2,639
Nutri Group inc.	2018	M	15,000	-	-		15,000
Spectra Premium Industries inc.	2006	M	2,589	-	-		2,589
Unicel Architectural Corp.	2017	M	6,000	963	-		6,963
Valtech Fabrication inc.	2017	M	14,146	3,577	-		17,723
Total Montérégie			178,179	39,423	817		218,419

**Audited schedule of cost of investments impacting the Québec economy
As at June 30, 2020**

(in thousands of dollars)

	Initial investment year	Industry segment	Unsecured investments		Secured investments		Total \$
			Common and Preferredshares and funds units \$	Loans, advances and notes \$	Loans, advances and notes \$		
Montréal							
360 Agency inc.	2016	S	12,692	500	-		13,192
10337803 Canada inc. (Arbell Electronics inc.)	2019	S	-	-	2,315		2,315
9337-4791 Québec inc (Motorleaf)	2018	TI	866	-	-		866
9493662 Canada inc (Ananda Devices)	2019	TI	750	-	-		750
9813063 Canada inc. (My Intelligent Machines (MIMs))	2019	TI	-	872	-		872
Agriculture Concentric inc.	2018	M	2,469	-	1,269		3,738
Alaya Care inc.	2019	TI	1,030	-	-		1,030
Alithya Group inc.	2015	S	22,217	-	-		22,217
Azimut Exploration inc.	2019	M	185	-	-		185
Brainbox AI inc.	2020	TI	-	2,041	-		2,041
Courchesne, Larose Itée	2015	M	-	6,300	-		6,300
Delve Laboratories inc.	2020	TI	-	763	-		763
Emballages Deltapac inc. (Les)	2005	M	42	-	-		42
Emovi inc.	2018	M	1,078	-	-		1,078
Entreprise Nexmoov inc.	2018	TI	-	1,615	-		1,615
Fluent.ai inc.	2019	TI	-	1,368	-		1,368
Groupe Sojotech inc.	2013	S	30,332	-	-		30,332
Haleo Preventive Health Solutions inc.	2019	TI	-	130	-		130
Imagia Cybernetics Inc.	2019	TI	1,447	-	-		1,447
Keatext inc.	2018	TI	-	1,374	-		1,374
MedHelper inc.	2020	TI	-	287	-		287
Moka Financial Technologies inc. (ex: Mylo)	2017	TI	4,075	1,003	-		5,078
NeuroServo inc.	2020	M	-	156	-		156
Ni2 inc.	2017	TI	5,084	-	1,051		6,135
o3d inc.	2019	TI	-	260	-		260
Optina Diagnostics inc.	2018	TI	2,868	-	-		2,868
Phildan inc.	2015	M	8,250	3,057	-		11,307
Potloc inc.	2018	TI	2,815	-	-		2,815
Prevu3D inc.	2020	TI	750	-	-		750
Rekruti Solutions inc.	2018	TI	-	544	-		544
Résidences pour aînés Immo 1ere inc.	2019	S	788	-	-		788
SJM Group inc.	2019	M	16,250	16,236	-		32,486
Sofdesk inc.	2019	TI	1,000	-	-		1,000
Sollio Groupe Coopératif (ex: La Coop fédérée)	2005	M	95,000	-	-		95,000
Technologies Heyday Inc.	2019	TI	500	1,012	-		1,512
Tekalia Aéronautik (2010) inc.	2019	S	3,108	-	-		3,108
Télécon inc.	2011	S	45,441	-	-		45,441
Thorasys Thoracic Medical Systems inc.	2018	TI	585	271	-		856
Wrk Technologies inc.	2020	TI	-	2,000	-		2,000
Total Montréal			259,622	39,789	4,635		304,046
Nord-du-Québec							
Harfang Exploration inc.	2019	M	100	-	-		100
Maple Gold Mines Ltd	2018	M	150	-	-		150
Sirios Resources inc.	2019	M	150	-	-		150
Stelmine Canada Ltd.	2019	M	98	-	-		98
Total Nord-du-Québec			498	-	-		498
Outaouais							
Agrisoma Biosciences inc.	2018	M	-	-	3,462		3,462
Construction Michel Lacroix inc. / Michel Lacroix Construction inc.	2019	S	-	425	-		425
Signalisation Prosign Québec inc.	2019	S	-	206	-		206
Total Outaouais			-	631	3,462		4,093

**Audited schedule of cost of investments impacting the Québec economy
As at June 30, 2020**

(in thousands of dollars)

	Initial investment year	Industry segment	Unsecured investments		Secured investments		Total \$
			Common and Preferredshares and funds units \$	Loans, advances and notes \$	Loans, advances and notes \$		
Outside of Canada							
Pharmaxis Ltd.	2010	TI	2,360	-	-		2,360
Total Outside of Canada			2,360	-	-		2,360
Saguenay-Lac-Saint-Jean							
11077422 Canada inc. (Congèlerie l'Héritier)	2019	M	-	1,000	-		1,000
9366-5099 Québec inc. (Voie maltée Laurier)	2018	S	-	-	504		504
Groupe Canmec inc.	2004	M	7,014	-	-		7,014
L.S.M. Son & Lumières inc.	2019	S	-	518	-		518
Nature ALU inc.	2019	M	-	1,026	-		1,026
Osblock inc.	2020	M	-	361	-		361
Produits sanitaires Lépine inc. (Les)	2010	M	1,375	-	-		1,375
S.E.C. Lokia Sélection Sherbrooke	2019	S	-	5,502	-		5,502
Senneco inc.	2013	S	-	295	-		295
Total Saguenay-Lac-Saint-Jean			8,389	8,702	504		17,595
Funds							
Capital croissance PME s.e.c.	2014	F	-	-	-		-
Capital croissance PME II s.e.c.	2014	F	66,266	-	-		66,266
DC Immo 1ère S.E.C.	2019	F	7,106	-	-		7,106
Desjardins - Innovatech S.E.C.	2005	F	33,755	2,825	-		36,580
Desjardins Capital PME s.e.c.	2018	F	84,806	-	-		84,806
Desjardins Capital Transatlantique, L.P.	2018	F	11,335	-	-		11,335
FIER Partenaires, s.e.c.	2005	F	1,704	-	-		1,704
Fonds de transfert d'entreprise du Québec, s.e.c.	2011	F	2,747	-	-		2,747
Fonds d'investissement MSBI, s.e.c.	2004	F	3,412	-	-		3,412
Fonds d'investissement pour la relève agricole (FIRA)	2011	F	10,205	-	-		10,205
Fonds Ecofuel I, S.E.C.	2018	F	842	-	-		842
Luge Investment Fund 1, L.P.	2018	F	850	-	-		850
Novacap Industries III, L.P.	2007	F	25	-	-		25
Novacap Technologies III, L.P.	2007	F	-	-	-		-
RVOMTL17 Limited Partnership	2017	F	2,696	-	-		2,696
Siparex Transatlantique - Fonds Professionnel de Capital Investissement	2018	F	2,476	-	-		2,476
Société en commandite Essor et Coopération	2013	F	24,572	-	-		24,572
Total Funds			252,797	2,825	-		255,622
Total cost			899,540	145,161	20,538		1,065,239

Industry segment legend

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

The schedule of cost of investments impacting the Québec economy is prepared in accordance with the section 18 of the *Regulation respecting Development Capital Investment Fund Continuous Disclosure*. This audited schedule of cost of investments impacting the Québec economy provides details, per entity, of the sums invested by Capital régional et coopératif Desjardins. This amount appears in note 7 to the financial statements of CRCD, as at June 30, 2020.

Capital régional et coopératif Desjardins

Statement of other investments
As at June 30, 2020

Statement of other investments (unaudited)
As at June 30, 2020

(in thousands of dollars)

Description	Par value \$	Cost \$	Fair Value \$
Bonds (62.1%)			
Federal and guaranteed bonds (23.5%)			
Canada Housing Trust	09-15-2020, 0.53%	4,000	4,002
	06-15-2025, 0.95%	20,300	20,575
	12-15-2025, 2.25%	10,000	10,821
	09-15-2026, 1.90%	37,600	40,191
	06-15-2027, 2.35%	1,480	1,634
	03-15-2028, 2.35%	11,800	13,112
	12-15-2028, 2.65%	4,250	4,858
	09-15-2029, 2.10%	12,000	13,239
Government of Canada	03-01-2025, 1.25%	825	859
	09-01-2025, 0.50%	16,482	16,595
	06-01-2026, 1.50%	8,625	9,195
	06-01-2027, 1.00%	30,367	31,585
	06-01-2028, 2.00%	12,000	13,450
	06-01-2029, 2.25%	3,660	4,226
	06-01-2030, 1.25%	18,770	20,080
	06-01-2041, 4.00%	1,344	2,126
	12-01-2045, 3.50%	2,000	3,128
	12-01-2048, 2.75%	1,000	1,435
	12-01-2050, 0.50%	392	461
Total federal and guaranteed bonds		196,895	203,195
			211,572
Provincial, municipal or guaranteed bonds (23.9%)			
City of Montreal	09-01-2029, 2.30%	3,500	3,499
	09-01-2030, 1.75%	2,000	1,993
City of Toronto	12-02-2030, 1.60%	500	500
	09-24-2039, 2.60%	200	199
Hydro-Québec	08-15-2028, 1.65%	9,500	8,315
	02-15-2029, 1.93%	18,000	15,256
	02-15-2030, 2.07%	23,000	18,865
Municipal Finance Authority of British Columbia	10-02-2025, 2.65%	3,000	3,005
Omers Finance Trust	05-14-2029, 2.60%	800	799
OPB Finance Trust	10-25-2026, 2.98%	3,330	3,329
Province of Alberta	06-01-2026, 2.20%	1,500	1,498
	06-01-2027, 2.55%	4,400	4,329
	06-01-2030, 2.05%	6,650	6,469
	12-01-2043, 3.45%	235	277
	06-01-2050, 3.10%	1,400	1,555
Province of Manitoba	06-02-2027, 2.60%	10,000	9,757
	06-02-2028, 3.00%	10,400	10,266
	06-02-2030, 2.05%	5,000	4,997
	09-05-2046, 2.85%	1,250	1,228
Province of New Brunswick	08-14-2027, 2.35%	2,500	2,417
	06-03-2030, 2.50%	1,775	1,387
Province of Newfoundland and Labrador	06-02-2029, 2.85%	3,000	3,134
	10-17-2050, 2.65%	1,500	1,483
Province of Nova Scotia	06-01-2027, 2.10%	3,500	3,401
	09-01-2030, 2.00%	3,000	2,982
Province of Ontario	06-02-2026, 2.40%	10,004	9,962
	12-02-2028, 1.70%	28,000	24,272
	06-02-2040, 2.43%	9,450	5,845

Statement of other investments (unaudited)
As at June 30, 2020

(in thousands of dollars)

Description	Par value \$	Cost \$	Fair Value \$	
Provincial, municipal or guaranteed bonds (cont.)				
Province of Québec	09-01-2025, 2.75%	3,700	3,684	4,058
	09-01-2026, 2.50%	9,400	9,272	10,260
	12-01-2028, 2.04%	6,100	5,143	5,419
Province of Saskatchewan	06-02-2026, 2.55%	7,985	8,042	8,677
	12-02-2028, 3.05%	6,500	6,693	7,393
	06-02-2030, 2.20%	16,215	16,093	17,333
	12-02-2046, 2.75%	750	724	835
Translink	07-03-2030, 1.60%	800	800	804
Total provincial, municipal or guaranteed bonds		218,844	201,470	215,830
Financial institutions bonds (6.8%)				
Allied Properties Real Estate Investment Trust	11-21-2029, 3.12%	150	150	150
Bank of Montreal	03-31-2021, 1.88%	2,750	2,774	2,776
	12-09-2026, 2.70%	8,300	8,077	9,014
bclMC Realty	12-31-2026, 3.00%	600	600	654
Brookfield Properties Partners	11-15-2026, 3.93%	174	174	170
Canadian Imperial Bank of Commerce	04-17-2025, 2.00%	916	915	936
Canadian Tire Real Estate Investment Trust	03-01-2026, 3.29%	750	742	767
Choice Properties Real Estate Investment Trust	03-21-2027, 2.85%	726	726	744
	03-11-2029, 3.53%	1,910	1,910	2,032
	12-04-2029, 2.98%	348	348	354
	09-04-2049, 3.83%	29	29	28
CI Financial	06-27-2027, 3.90%	350	341	354
Crombie Real Estate Investment Trust	04-21-2027, 3.92%	273	273	280
Fairfax Financial Holdings	09-06-2027, 4.25%	1,900	1,874	1,953
First Capital Realty	04-12-2027, 3.75%	800	800	790
Great-West Lifeco	11-28-2027, 3.34%	500	496	558
HCN Canadian Holdings-1 LP	11-15-2026, 2.95%	180	180	178
IA Financial Group	09-24-2026, 3.07%	413	413	433
IGM Financial	10-26-2026, 3.44%	600	591	635
Intact Financial Corporation	03-07-2027, 2.85%	1,600	1,600	1,706
John Deere Canada Funding	07-13-2020, 1.60%	2,242	2,242	2,243
John Deere Financial	10-16-2026, 2.58%	740	740	787
OMERS Realty	07-04-2027, 3.24%	2,500	2,488	2,780
Riocan Real Estate Investment Trust	01-10-2027, 2.36%	479	479	460
Royal Bank of Canada	03-15-2021, 2.03%	2,000	2,004	2,020
	07-25-2024, 2.74%	450	450	465
	05-01-2025, 1.94%	1,333	1,333	1,361
	06-30-2025, 2.09%	825	825	827
	07-16-2025, 4.93%	1,500	1,621	1,772
	01-28-2027, 2.33%	2,430	2,430	2,536
Scotiabank	02-03-2025, 2.16%	6,760	6,758	6,964
	12-02-2026, 2.62%	5,500	5,556	5,953
SmartCentres Real Estate Investment Trust	09-21-2027, 3.83%	1,500	1,469	1,584
	09-20-2029, 3.53%	430	430	438
Toronto Dominion Bank	03-13-2025, 1.94%	1,000	1,000	1,023
	04-22-2025, 3.11%	500	500	526
	01-26-2027, 3.06%	3,640	3,639	3,853
Toyota Credit Canada	07-24-2020, 0.78%	1,000	1,000	1,000
Total financial institutions bonds		58,098	57,977	61,104

Statement of other investments (unaudited)
As at June 30, 2020

(in thousands of dollars)

Description	Par value \$	Cost \$	Fair Value \$	
Corporate bonds (7.9%)				
407 International	02-04-2027, 2.43%	1,650	1,567	1,743
	09-07-2049, 2.84%	668	667	698
Aéroports de Montréal	10-21-2049, 3.03%	60	60	65
Alectra	02-17-2027, 2.49%	1,000	956	1,066
Algonquin Power & Utilities	10-29-2028, 4.60%	2,900	2,899	3,274
AltaGas	05-10-2025, 2.16%	761	761	767
AltaLink	02-28-2026, 2.75%	1,360	1,344	1,468
Bell Canada	06-10-2029, 2.90%	900	846	957
	02-14-2030, 2.50%	7,476	7,463	7,662
	03-30-2050, 3.50%	484	484	504
BMW Canada	06-15-2021, 1.83%	1,000	1,004	1,004
Brookfield Asset Management	12-16-2026, 3.80%	2,950	2,834	3,165
Brookfield Infrastructure Partners	07-09-2029, 3.41%	1,650	1,650	1,696
Brookfield Renewable Energy Partners	05-05-2049, 4.29%	1,250	1,248	1,403
Bruce Power	03-21-2030, 4.00%	524	524	587
Canadian Utilities	03-07-2049, 2.96%	595	595	637
Enbridge	05-10-2026, 3.00%	1,000	971	1,059
	09-27-2027, 5.38%	1,700	1,700	1,707
	04-12-2028, 6.63%	750	750	811
	11-22-2028, 3.52%	800	800	880
	05-09-2029, 2.37%	500	498	528
	07-03-2029, 2.99%	1,899	1,898	1,984
	01-01-2030, 2.90%	326	326	357
Enbridge Gas Distribution	06-11-2025, 3.31%	2,000	2,004	2,189
Énergir	02-16-2027, 2.10%	338	338	350
Epcor Utilities	11-19-2049, 2.90%	151	151	160
FortisAlberta	03-21-2046, 3.34%	50	49	57
FortisBC Energy	01-08-2026, 2.58%	975	955	1,040
Greater Toronto Airports Authority	01-03-2029, 2.73%	1,180	1,171	1,264
	04-17-2039, 2.75%	507	506	520
Hydro One	11-26-2025, 2.77%	3,150	3,120	3,385
	11-28-2029, 2.16%	2,300	2,240	2,393
	08-28-2049, 2.71%	630	629	648
Loblaw Companies Ltd	09-11-2028, 4.49%	1,100	1,119	1,316
	02-07-2030, 2.28%	605	605	616
Lower Mattagami Energy	10-21-2026, 2.31%	1,300	1,275	1,371
Metro	09-06-2027, 3.39%	470	470	520
	02-28-2050, 3.41%	162	162	167
NAV Canada	02-28-2030, 2.06%	482	482	496
	03-29-2051, 2.92%	12	12	13
North West Redwater Partnership	03-01-2027, 2.80%	2,543	2,470	2,655
Ontario Power Generation	01-08-2030, 3.22%	152	152	167
Pembina Pipeline	05-11-2026, 3.71%	1,150	1,169	1,241
	03-15-2027, 4.24%	2,300	2,336	2,557
	01-03-2029, 3.62%	807	832	863
	10-03-2048, 4.54%	200	212	217
	11-28-2049, 4.67%	7	7	8
Reliance	01-15-2026, 3.75%	370	369	383
Rogers Communications	01-31-2027, 3.65%	333	331	369
	02-01-2029, 3.25%	1,000	991	1,094
Saputo	04-15-2027, 2.24%	626	626	632

Statement of other investments (unaudited)
As at June 30, 2020

(in thousands of dollars)

Description	Par value \$	Cost \$	Fair Value \$	
Corporate bonds (cont.)				
Shaw Communications	12-01-2026, 3.80%	500	491	552
	09-09-2030, 2.90%	915	913	942
	06-29-2049, 4.25%	25	25	27
Suncor Energy Inc.	02-24-2029, 3.10%	500	468	517
	01-09-2030, 5.00%	80	80	94
TELUS	05-08-2026, 2.75%	1,120	1,119	1,181
	11-27-2027, 2.35%	250	249	256
	12-01-2027, 3.63%	1,500	1,475	1,668
Toromont Industries	07-27-2027, 3.84%	750	750	821
Toronto Hydro	09-11-2029, 2.43%	380	380	409
TransCanada PipeLines	02-05-2027, 3.80%	700	699	772
	01-03-2048, 4.18%	286	295	316
Transcanada Trust	05-18-2027, 4.65%	1,000	912	983
Union Gas	06-17-2025, 3.19%	1,000	997	1,090
	08-22-2027, 2.88%	1,000	976	1,090
Total corporate bonds		67,109	66,457	71,431
Total bonds		540,946	529,099	559,937
Money market instruments (2.4%)				
Alectra	07-17-2020, 0.31%	2,750	2,750	2,750
AltaLink	07-29-2020, 0.41%	2,500	2,499	2,499
Canadian Imperial Bank of Commerce	07-20-2020, 1.81%	1,500	1,499	1,499
National Bank of Canada	08-05-2020, 0.38%	2,331	2,330	2,330
Province of Ontario	09-09-2020, 0.24%	2,250	2,247	2,247
Province of Québec	08-14-2020, 0.24%	2,000	1,999	1,999
Royal Bank of Canada	09-03-2020, 0.32%	1,000	999	999
Scotiabank	07-13-2020, 0.55%	1,500	1,500	1,500
	09-03-2020, 0.33%	500	500	500
	09-16-2020, 0.28%	750	750	750
TMX Group	07-16-2020, 0.31%	3,000	3,000	3,000
Toronto Dominion Bank	09-04-2020, 1.24%	1,500	1,497	1,497
Total money market instruments		21,581	21,570	21,570
Foreign exchange contracts (0.1%)				
Fédération des caisses Desjardins du Québec	09-30-2020, 1.36935 CAD/USD	37,800	0	451
	09-30-2020, 1.543775 CAD/€	8,278	0	129
Total foreign exchange contracts			0	580
		Number of units		
Canadian Equity Funds (4.9%)				
BMO Low Volatility Equity ETF		913	21,654	21,817
Fidelity Canadian Low Volatility Equity Institutional Trust		1,652	20,671	22,762
Total canadian equity funds			42,325	44,579

Statement of other investments (unaudited)
As at June 30, 2020

(in thousands of dollars)

Description	Number of units	Cost \$	Fair Value \$
Global Equity Funds (11.4%)			
Desjardins Global Dividend Fund	2,567	51,075	49,214
Desjardins IBrix Low Volatility Global Equity Fund	4,310	50,764	53,227
Total global equity funds		101,839	102,441
Market Neutral Equity Funds (6.9%)			
CC&L Q Market Neutral Fund	192	40,320	41,304
DGIA Canadian Equity Market Neutral Fund	2,012	21,007	21,023
Total market neutral equity funds		61,327	62,327
Real Estate Funds (12.2%)			
Bentall Kennedy Prime Canadian Property Fund	7,135	57,201	58,324
Fiera Properties CORE Fund	44	52,919	51,934
Total real estate funds		110,120	110,258
Total other investments (100.0%)		866,280	901,692

Capital régional et coopératif Desjardins

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

As at June 30, 2020

**Index of the Company's share in investments made by specialized funds and partner funds, at cost (unaudited)
As at June 30, 2020**

(in thousands of dollars)

Information from Annual Financial Report dated	Equity Interest of the Company %	Unsecured investments		Secured investments	Total \$
		Common and Preferred shares and funds units \$	Loans and advances \$	Loans and advances \$	
2019-12-31 Capital croissance PME s.e.c.	50.00				
Abitibi-Témiscamingue					
9265-0381 Québec inc. (Barbin Sport)		-	7	-	7
Cartier Resources inc.		44	-	-	44
Hôtel Forestel Val d'Or inc.		-	555	-	555
Total Abitibi-Témiscamingue		44	562	-	606
Capitale-Nationale					
Planifika inc.		-	-	75	75
Radio-Onde inc.		750	-	-	750
Total Capitale-Nationale		750	-	75	825
Centre-du-Québec					
2543-6205 Québec inc. (Groupe MBI)		-	-	119	119
2681871 Canada inc. (Voyages Escapades Victoriaville)		-	57	-	57
Fromagerie L'Ancêtre inc.		-	26	-	26
Total Centre-du-Québec		-	83	119	202
Chaudière - Appalaches					
Entreprises de services BCE Pharma inc. (Les)		-	-	75	75
Fenêtres Sélection inc.		-	18	-	18
Humaco Acoustique inc.		-	44	-	44
Investissements Mika inc. (Les)		-	-	186	186
Productions Horticoles Demers (Les)		250	-	-	250
Serres Demers inc. (Les)		-	-	324	324
Umano Medical inc.		-	28	-	28
Total Chaudière - Appalaches		250	90	585	925

**Index of the Company's share in investments made by specialized funds and partner funds, at cost (unaudited)
As at June 30, 2020**

(in thousands of dollars)

Information from Annual Financial Report dated	Equity Interest of the Company %	Unsecured investments		Secured investments	Total \$
		Common and Preferred shares and funds units \$	Loans and advances \$	Loans and advances \$	
2019-12-31 Capital croissance PME s.e.c. (cont.)	50.00				
Côte-Nord					
9160-7671 Québec inc. (Pétroles MB)		600	-	-	600
Carrosserie Baie-Comeau inc.		-	-	37	37
Construction Leclerc et Pelletier inc.		-	-	11	11
Entreprises G.M. Mallet inc. (Les)		-	-	74	74
Sécurgence inc.		-	-	87	87
Total Côte-Nord		600	-	209	809
Eastern Townships					
6358331 Canada inc. (Groupe OEM)		458	-	-	458
Innotex inc.		-	67	-	67
Potesch Screw Piles inc.		-	459	-	459
S.E.2 inc.		125	-	-	125
Total Eastern Townships		583	526	-	1,109
Funds					
Fonds Prêt à Entreprendre, s.e.c.		291	-	-	291
Total Funds		291	-	-	291
Laval					
8376905 Canada inc. (Paramedic)		-	198	-	198
Total Laval		-	198	-	198
Mauricie					
Ateliers de l'électro-ménager R. Vallée inc.		75	-	54	129
Investissements Bédard-Hallé inc.		-	-	530	530
Total Mauricie		75	-	584	659
Montérégie					
Ben-Mor Cables inc.		-	-	491	491
Comax, coopérative agricole		600	-	-	600
Industries M.R. inc. (Les)		-	-	30	30
Total Montérégie		600	-	521	1,121

**Index of the Company's share in investments made by specialized funds and partner funds, at cost (unaudited)
As at June 30, 2020**

(in thousands of dollars)

Information from Annual Financial Report dated	Equity Interest of the Company %	Unsecured investments		Secured investments	Total \$
		Common and Preferred shares and funds units \$	Loans and advances \$	Loans and advances \$	
2019-12-31 Capital croissance PME s.e.c. (cont.)	50.00				
Montréal					
9106-7645 Québec inc. (Vidéo MTL)		-	1,339	-	1,339
Balcon Idéal inc.		-	105	-	105
CTA de Negotium		-	423	-	423
DEK Canada inc.		518	133	-	651
Ge-ber Transport inc.		-	-	40	40
LVL Studio inc.		625	-	904	1,529
Total Montréal		1,143	2,000	944	4,087
Nord-du-Québec					
9223-3196 Québec inc. (Rona)		-	31	-	31
GeoMegA Resources inc.		18	-	-	18
Midland Exploration inc.		32	-	-	32
Némaska Lithium inc.		9	-	-	9
Total Nord-du-Québec		59	31	-	90
Outaouais					
Gestion S. Kelly (Métro Kelly)		300	-	489	789
Total Outaouais		300	-	489	789
Saguenay-Lac-Saint-Jean					
4145275 Canada inc. (Chlorophylle)		200	-	138	338
9244-7770 Québec inc. (La Voie Maltée)		-	-	29	29
Denis Lavoie & fils ltée		-	-	134	134
Garage Georges Beaudoin inc.		-	-	17	17
Location A.L.R. inc.		-	-	212	212
Métatube (1993) inc.		-	34	-	34
Sécur inc.		-	25	-	25
Sports Guy Dumas inc.		36	-	-	36
Total Saguenay-Lac-Saint-Jean		236	59	530	825
		4,931	3,549	4,056	12,536
Funds committed but not disbursed					119
Total Capital croissance PME s.e.c.					12,655

**Index of the Company's share in investments made by specialized funds and partner funds, at cost (unaudited)
As at June 30, 2020**

(in thousands of dollars)

Information from Annual Financial Report dated	Equity Interest of the Company %	Unsecured investments		Secured investments	Total \$
		Common and Preferred shares and funds units \$	Loans and advances \$	Loans and advances \$	
2019-12-31	Capital croissance PME II s.e.c.	50.00			
	Abitibi-Témiscamingue				
	9063-7547 Québec inc. (Usinage Laquerre)	800	468	-	1,268
	9207-6553 Québec inc. (Pizzeria Noranda)	-	-	1	1
	9222-0201 Québec inc. (Location Dumco)	-	75	-	75
	Ace services mécaniques inc.	-	43	-	43
	Autobus Maheux Itée (Les)	-	750	-	750
	Cartier Resources inc.	87	-	-	87
	Centre de camping et propane d'Amos	-	246	-	246
	Cmac-Thyssen mining group inc.	-	17	-	17
	Construction Gaston Proulx et Frères inc.	-	36	89	125
	Corporation aurifère Monarques	158	-	-	158
	Falco Resources Ltd.	141	-	-	141
	Gestion Martin Dandurand inc.	-	29	-	29
	Hôtel des Eskers inc.	-	167	-	167
	Maison des Viandes inc.	-	162	-	162
	Osisko Mining inc.	35	-	-	35
	Probe Metals inc.	88	-	-	88
	Ressources minières Radisson inc.	103	-	-	103
	Yorbeau Ressources inc.	53	-	-	53
	Total Abitibi-Témiscamingue	1,465	1,993	90	3,548
	Bas-Saint-Laurent				
	9091-4532 Québec inc. (Cotech)	-	313	-	313
	9188-1441 Québec inc. (Caravane Rimouski)	-	73	-	73
	Bouffard Sanitaire inc.	-	-	326	326
	Gestion AFM-Séma inc.	1,943	184	-	2,127
	Gestion Brasa inc.	-	137	971	1,108
	Groupe PVP inc.	250	75	-	325
	Les Finesses d'Alsace inc.	-	75	-	75
	Location Jesna inc.	-	200	151	351
	Produits métalliques Pouliot Machinerie inc.	-	-	468	468
	Service Diron inc.	-	99	-	99
	Total Bas-Saint-Laurent	2,193	1,156	1,916	5,265

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

As at June 30, 2020

(in thousands of dollars)

Information from Annual Financial Report dated	Equity Interest of the Company %	Unsecured investments		Secured investments	Total \$
		Common and Preferred shares and funds units \$	Loans and advances \$	Loans and advances \$	
2019-12-31	50.00				
Capital croissance PME II s.e.c. (cont.)					
Capitale-Nationale					
9166-4789 Québec inc. (RE/MAX Référence 2000)		-	-	284	284
9265-1934 Québec inc. (Centurion Fondation)		-	-	125	125
9295-4874 Québec inc. (Naterro - Santé, pharma et cie)		-	127	-	127
9306-5779 Québec inc. (Ventilation CDR inc.)		-	184	-	184
9348-0648 Québec inc. (Gestion C.C. Blouin inc.)		-	-	164	164
Capilex-Beauté ltd		-	-	102	102
DMB Distribution alimentaire inc.		1,312	171	-	1,483
Groupe Restos Plaisirs inc. (Le)		-	1,218	-	1,218
Lasertech industries inc.		-	261	-	261
Matériaux Blanchet inc.		-	-	768	768
Multi Options Nursing inc.		-	40	-	40
Panthera Dental inc.		188	-	-	188
Pol R Entreprises inc.		2,713	-	-	2,713
R. Bouffard & Fils inc.		-	-	369	369
Ruchers Promiel inc. (Les)		-	269	-	269
Vitrierie Lepage (1995) inc.		164	-	-	164
Total Capitale-Nationale		4,377	2,270	1,812	8,459
Centre-du-Québec					
9138-4529 Québec inc. (GG Telecom)		1,800	-	-	1,800
9324-9605 Québec inc. (Pré-scolaire Vision)		83	-	-	83
Advantag Canada inc.		-	75	213	288
Davinci Compass inc.		-	-	348	348
Distribution Pro-Excellence		-	300	-	300
Fromagerie L'Ancêtre inc.		-	87	-	87
Lacal Technologie inc.		-	258	-	258
Produits Mobilicab Canada inc.		-	-	1,395	1,395
Réfléc inc.		-	60	-	60
Sipromac II inc.		-	-	162	162
Total Centre-du-Québec		1,883	780	2,118	4,781
Chaudière - Appalaches					
Emballages E.B. Itée (Les)		-	319	-	319
F. Charest Itée		-	-	558	558
Gestion Maître C inc.		1,550	-	-	1,550
Groupe Audaz inc.		-	147	-	147
Humaco Acoustique inc.		-	261	-	261
I. Thibault Inc.		-	13	-	13
Industries et équipements Laliberté (Les)		-	291	-	291
Lou-Tec Group inc.		-	124	-	124
Productions Horticoles Demers (Les)		188	737	-	925
Résidence intermédiaire Fortier inc.		-	86	-	86
Techno-Moules P.L.C. inc.		-	-	33	33
Transport St-Agapit inc.		-	-	357	357
Total Chaudière - Appalaches		1,738	1,978	948	4,664

**Index of the Company's share in investments made by specialized funds and partner funds, at cost (unaudited)
As at June 30, 2020**

(in thousands of dollars)

Information from Annual Financial Report dated	Equity Interest of the Company %	Unsecured investments		Secured investments	Total \$
		Common and Preferred shares and funds units \$	Loans and advances \$	Loans and advances \$	
2019-12-31	Capital croissance PME II s.e.c. (cont.)	50.00			
	Côte-Nord				
	9074-9664 Québec inc. (Portes et fenêtres Vaillancourt)	-	-	62	62
	9160-7671 Québec inc. (Pétroles MB)	-	83	-	83
	Construction Leclerc et Pelletier inc.	-	-	125	125
	Total Côte-Nord	-	83	187	270
	Eastern Townships				
	6358331 Canada inc. (Groupe OEM)	-	23	-	23
	9316-3251 Québec inc. (Éco-Pak inc.)	-	-	281	281
	Attraction inc.	-	225	-	225
	Avizo Experts-Conseils inc.	-	336	-	336
	Fruits et légumes de l'Estrie (Les)	-	17	-	17
	Innotex inc.	-	121	-	121
	Khrome Product - Transport (KPT) inc.	-	296	-	296
	Nautic & Art inc.	-	-	422	422
	Potesch Screw Piles inc.	375	457	-	832
	S.E.2 inc.	125	-	-	125
	Sherlic inc.	350	-	-	350
	Total Eastern Townships	850	1,475	703	3,028
	Gaspésie-Îles-de-la-Madeleine				
	9088-6086 Québec inc. (Subaru New Richmond)	-	-	156	156
	9144-3036 Québec inc. (Navigue.com)	-	263	-	263
	Construction L.F.G. inc.	-	-	1,375	1,375
	Entreprises Larebel inc. (Les)	-	125	-	125
	Hôtel Baker Ltd.	125	-	-	125
	Total Gaspésie-Îles-de-la-Madeleine	125	388	1,531	2,044
	Lanaudière				
	Artotech Integration inc.	-	-	8	8
	Cryos Technologies Inc.	837	475	-	1,312
	La Fromagerie Champêtre inc.	911	-	-	911
	Nouveau Monde Graphite inc.	193	-	-	193
	Produits de Métal Pointech inc.	-	-	225	225
	Total Lanaudière	1,941	475	233	2,649
	Laurentians				
	9317-5602 Québec inc. (Marché Leblanc inc.)	-	98	-	98
	Distribution Multi Online inc.	-	570	-	570
	Jean-Jacques Campeau inc.	2,000	380	-	2,380
	Technoflex International inc.	350	185	-	535
	Total Laurentians	2,350	1,233	-	3,583

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

Information from Annual Financial Report dated	Equity Interest of the Company %	Unsecured investments		Secured investments	Total \$
		Common and Preferred shares and funds units \$	Loans and advances \$	Loans and advances \$	
2019-12-31	50.00				
Capital croissance PME II s.e.c. (cont.)					
Laval					
8376905 Canada inc. (Paramedic)		-	298	-	298
Marina Del Rey Foods inc.		-	67	-	67
Norseco inc.		-	247	-	247
Numesh inc.		-	1,300	-	1,300
Total Laval		-	1,912	-	1,912
Mauricie					
Ateliers de l'électro-ménager R. Vallée inc.		-	-	48	48
Maison Jamy inc.		-	20	79	99
Placements Le Belvédère inc.		-	564	2,992	3,556
Premont Foods Inc.		-	249	-	249
Somnus Société de gestion inc.		-	-	145	145
Total Mauricie		-	833	3,264	4,097
Montérégie					
3087-9894 Québec inc. (Habitations Trigone)		-	-	75	75
9008-7826 Québec inc. (Habitations Trigone)		-	-	75	75
9020-5758 Québec inc. (AVRIL)		-	1,360	-	1,360
9286-9890 Québec inc. (Groupe Surmesure)		-	396	-	396
Acam Transport inc.		-	-	1,438	1,438
Acema Importations inc.		-	18	-	18
Alarme S.P.P. inc.		-	-	97	97
Autobus Bibeau inc.		-	-	143	143
Autobus Dufresne inc.		-	94	-	94
Brosses Lacasse inc. (Les)		-	-	50	50
Cloisons Corflex inc. (Les)		-	505	-	505
Constructions 3P inc.		-	425	-	425
Éclairages Électroniques C.B.M. inc. (Les)		-	146	-	146
Groupe Bertrand éditeurs inc.		-	-	187	187
Groupe Grégor inc.		-	-	1,066	1,066
Groupe Thomas Marine inc.		-	-	550	550
Habitations Deschênes et Pépin inc. (Les)		-	1,258	-	1,258
Helios Group inc.		1,500	552	-	2,052
Industries B. Rainville inc.		-	-	150	150
Logicmed inc.		-	-	337	337
MTL Technologies inc.		-	323	-	323
Placements F.I. inc.		-	467	-	467
Pro Action Diesel inc.		-	-	160	160
Rotoplast inc.		-	455	-	455
W. Côté & fils Itée		-	-	750	750
Total Montérégie		1,500	5,999	5,078	12,577

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(in thousands of dollars)

Information from Annual Financial Report dated	Equity Interest of the Company %	Unsecured investments		Secured investments	Total \$
		Common and Preferred shares and funds units \$	Loans and advances \$	Loans and advances \$	
2019-12-31	Capital croissance PME II s.e.c. (cont.)	50.00			
	Montréal				
	11309692 Canada inc. (Circle6 Solutions)	270	-	-	270
	3236013 Canada inc. (Planète Mobile)	-	-	338	338
	9168-5909 Québec inc. (Piknic Électronik inc.)	-	-	131	131
	9272-6751 Québec inc. (Studio de Yoga Wanderlust)	-	70	-	70
	9303-6408 Québec inc. (Atelier d'usinage de précision Innova)	-	-	129	129
	Azimet Exploration inc.	126	-	-	126
	C.R.H. Oral Design inc.	-	97	-	97
	CDREM Group inc.	-	395	-	395
	Datsit sphère inc.	1,000	1,296	-	2,296
	Éditions Info Presse inc.	-	195	-	195
	Faspac Plastiks inc.	-	425	-	425
	G. & S. Fer-Aluminium inc.	-	311	-	311
	Gorski Group Ltd.	-	489	-	489
	Groupe Bugatti inc. (Le)	-	-	1,373	1,373
	Groupe Shemie inc.	-	-	859	859
	JSS Medical Research inc.	2,000	367	-	2,367
	M.C. Crystal inc.	-	-	180	180
	Masdel inc.	725	836	-	1,561
	Multiforme Métal inc.	-	-	491	491
	OBOX (anciennement Oboxmedia inc. (9210-2920 Québec inc.))	-	287	-	287
	Pershimex Resources Corporation (ex Exploration Khalkos)	50	-	-	50
	Reftech international inc.	-	-	164	164
	Total Montréal	4,171	4,768	3,665	12,604
	Nord-du-Québec				
	9223-3196 Québec inc. (Rona)	-	-	173	173
	9249-2206 Québec inc. (Construction Baie-James inc.)	-	85	-	85
	Dios Exploration inc.	62	-	-	62
	GeoMegA Resources inc.	164	-	-	164
	Harfang Exploration inc.	107	-	-	107
	Kintavar Exploration inc.	156	-	-	156
	Midland Exploration inc.	76	-	-	76
	Sirios Resources inc.	144	-	-	144
	Société d'exploration minière Vior inc.	52	-	-	52
	Sphinx Ressources Ltd	50	-	-	50
	Stelmine Canada Ltd.	101	-	-	101
	Tarku Resources Ltd	50	-	-	50
	X-Terra Resources inc.	112	-	-	112
	Total Nord-du-Québec	1,074	85	173	1,332

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(in thousands of dollars)

Information from Annual Financial Report dated	Equity Interest of the Company %	Unsecured investments		Secured investments	Total \$
		Common and Preferred shares and funds units \$	Loans and advances \$	Loans and advances \$	
2019-12-31	Capital croissance PME II s.e.c. (cont.)	50.00			
	Saguenay-Lac-Saint-Jean				
	130395 Canada Inc. (Nordex Inc.)	1,875	-	-	1,875
	2526-0100 Qc inc. (Terrassement J. Fortin)	-	-	419	419
	2737-2895 Québec Inc. (Distribution Fromagerie Boivin)	-	-	33	33
	2956-7062 Québec (NAPA La Baie)	-	38	-	38
	4145275 Canada inc. (Chlorophylle)	-	13	-	13
	9165-8021 Québec inc. (Transport R.C.I.)	-	200	-	200
	9182-6032 Québec inc. (La Bonne Patate)	-	-	79	79
	9216-3146 Québec inc. (Micro Brasserie du Saguenay)	-	-	61	61
	9280-3162 Québec inc. (Transport Réal Villeneuve inc.)	-	200	-	200
	9328-9486 Québec inc. (Groupe Démex-Centrem)	390	121	-	511
	9348-0739 Québec inc. (Voie Maltée Usine)	-	-	131	131
	9365-4606 Québec inc. (Voie Maltée Holding)	825	-	-	825
	Cervo-Polygaz inc.	-	-	116	116
	Clinique médicale privée Opti-Soins inc.	-	442	-	442
	Communications Télésignal inc.	338	-	-	338
	Constructions Fabmec inc.	-	-	225	225
	Déménagements Tremblay Express ltée (Les)	250	-	125	375
	Dery Telecom inc.	-	-	1,331	1,331
	Équipements industriels Barsatech inc.	-	-	198	198
	Équipements Villeneuve inc.	-	309	-	309
	Flash Néon inc.	-	-	128	128
	Gestion R. et G.G. inc.	2,000	-	-	2,000
	Groupe E.D.S. inc.	-	63	-	63
	Imprimeurs Associés ICLT-Commerciale inc. (Les)	-	98	-	98
	Industries G.R.C. inc. (Les)	-	-	65	65
	Mermax inc.	-	-	86	86
	Métatube (1993) inc.	-	128	-	128
	Pavillon des Mille Fleurs inc.	-	-	2,206	2,206
	Restaurant La Cuisine inc.	-	116	-	116
	Sécuor inc.	-	108	70	178
	Taimi R & D inc.	-	8	-	8
	Télénet Informatique inc.	500	-	81	581
	Total Saguenay-Lac-Saint-Jean	6,178	1,844	5,354	13,376
		29,845	27,272	27,072	84,189
	Funds committed but not disbursed				988
	Total Capital croissance PME II s.e.c.				85,177

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(in thousands of dollars)

Information from Annual Financial Report dated	Equity Interest of the Company %	Unsecured investments		Secured investments	Total \$
		Common and Preferred shares and funds units \$	Loans and advances \$	Loans and advances \$	
2019-12-31 Desjardins Capital PME s.e.c.	40.00				
Abitibi-Témiscamingue					
11360345 Canada inc.		-	-	295	295
2732-2304 Québec inc. (Location Dion)		-	560	-	560
Abitibi Geophysics inc.		-	299	-	299
Atelier Rivard inc.		-	-	130	130
Cmac-Thyssen mining group inc.		1,546	2,114	-	3,660
Perseus Services-Conseils inc.		-	80	-	80
Total Abitibi-Témiscamingue		1,546	3,053	425	5,024
Bas-Saint-Laurent					
3326403 Canada inc. (Méridien Maritime)		-	-	800	800
9024-0177 Québec inc. (Transport Stéphane Ross)		-	172	-	172
Bois CFM inc.		-	-	300	300
Gestion AJ (2003) inc.		-	-	400	400
Gestion Groupe Bouffard inc.		1,200	-	-	1,200
Gestion Rima 2013 inc.		-	-	233	233
La Maison du Lac Témiscouata inc.		-	114	-	114
Les Conteneurs Verts inc.		-	-	280	280
Les Finesses d'Alsace inc.		-	44	-	44
Plastica Morneau 2014 inc.		-	-	80	80
Produits métalliques A.T. inc. (Les)		-	400	-	400
Services à domicile de la région de Matane (Les)		-	-	240	240
Transport Gérard Hallé inc.		-	165	-	165
Total Bas-Saint-Laurent		1,200	895	2,333	4,428
Capitale-Nationale					
Action SST inc.		119	-	330	449
Capilex-Beauté ltd		-	416	-	416
Centre hydraulique GMB inc.		-	160	-	160
Ciao Technologies inc.		-	400	-	400
Clinique d'Expertises Médicales du Québec		-	-	260	260
Élite Management SST inc.		153	-	70	223
Granite D.R.C. inc.		640	-	-	640
Groupe Restos Plaisirs inc. (Le)		-	1,177	-	1,177
Matériaux Blanchet inc.		-	-	890	890
Métafab (1996) inc		-	360	-	360
Oricom internet inc.		238	266	-	504
Piscines Soucy inc.		-	246	-	246
Produits Pâtisserie Michaud inc.		-	134	-	134
Total Capitale-Nationale		1,150	3,159	1,550	5,859
Centre-du-Québec					
C.M.P Mayer Fire Equipment inc.		-	-	440	440
Ferblanterie Gilles Laliberté inc.		-	328	-	328
Hydraulique Vigneault inc.		-	560	-	560
Métal Pless inc.		-	2,000	-	2,000
Transport Dessaults inc.		-	-	150	150
Total Centre-du-Québec		-	2,888	590	3,478

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

Information from Annual Financial Report dated	Equity Interest of the Company %	Unsecured investments		Secured investments	Total \$
		Common and Preferred shares and funds units \$	Loans and advances \$	Loans and advances \$	
2019-12-31 Desjardins Capital PME s.e.c. (cont.)	40.00				
Chaudière - Appalaches					
AEF Global inc.		-	200	-	200
Ancia Personnel inc.		-	221	-	221
Camille Blais & Fils Ltd		-	300	-	300
Canada Motor Import inc.		-	-	800	800
Fonderie Poitras Ltd		875	861	-	1,736
Lavoie & Pleau inc.		-	220	-	220
Litières Ripbec inc. (Les)		-	160	-	160
Métal Méroc inc.		-	-	160	160
Plate 2000 inc.		-	-	300	300
Sablère A.D. Roy inc.		-	-	495	495
Textiles Gauvin inc. (Les)		-	280	-	280
Total Chaudière - Appalaches		875	2,242	1,755	4,872
Côte-Nord					
9356-3609 Québec inc. (Groupe Tecnor)		-	-	400	400
9389-1596 Québec inc. (Clinique d'audioprothésiste)		-	-	180	180
Pêcheries LD inc.		-	144	-	144
Total Côte-Nord		-	144	580	724
Eastern Townships					
9045-7631 Québec inc. (Clément Le Gourmand)		-	-	160	160
Cible-Solutions d'affaires inc.		-	-	100	100
Total Eastern Townships		-	-	260	260
Gaspésie-Îles-de-la-Madeleine					
9193-6575 Québec inc. (Pit Caribou)		-	-	660	660
9368-8828 Québec inc. (Danis Renaud Pêcheur de Homard)		-	224	-	224
Total Gaspésie-Îles-de-la-Madeleine		-	224	660	884
Lanaudière					
EEGT inc.		-	-	400	400
Paul Arbec inc.		-	3,600	-	3,600
PEL International Furniture Ltd.		-	300	-	300
Total Lanaudière		-	3,900	400	4,300
Laurentians					
9364-6297 Québec inc (Médifice Investissements)		-	3,200	-	3,200
Centre de location G.M. inc.		-	-	800	800
FRE Composites inc.		-	-	800	800
Total Laurentians		-	3,200	1,600	4,800

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2019-12-31 Desjardins Capital PME s.e.c. (cont.)	40.00				
Laval					
Construction Jadco inc.		-	-	800	800
L. Nardella Associates Ltd.		640	1,400	-	2,040
Total Laval		640	1,400	800	2,840
Mauricie					
Construction et location Jenik inc.		-	-	400	400
RGF Électrique inc.		-	400	-	400
Solutions Genyk inc.		-	1,360	-	1,360
Systèmes hydrauliques T.L.G. inc. (Les)		140	-	-	140
Transport Chainé inc.		400	-	-	400
Total Mauricie		540	1,760	400	2,700
Montérégie					
3894207 Canada inc. (Barbies TM)		-	200	-	200
9020-5758 Québec inc. (AVRIL)		-	1,600	-	1,600
9219-3267 Québec inc. (Nutrition FITPLUS)		-	400	-	400
9378-5962 Québec inc. (Keg Farnham)		240	560	-	800
Alain Royer Consultant inc.		590	-	-	590
Asselin Mécanique Industrielle inc.		-	669	-	669
Ben-Mor Cables inc.		-	-	1,200	1,200
Bigo inc.		-	188	-	188
Éveil des Sens Inc.		-	195	-	195
Groupe Satori inc.		-	1,200	-	1,200
H2O Traitements Industriels Inc.		-	200	-	200
Helios Group inc.		-	-	400	400
Isaac Instruments inc.		-	1,600	-	1,600
Total Montérégie		830	6,812	1,600	9,242
Montréal					
3236013 Canada inc. (Planète Mobile)		-	-	480	480
7198795 Canada inc. (Au Noir)		-	-	700	700
9115-7115 Québec inc. (Résidence des Bâisseurs, Sept-Îles)		-	-	800	800
Azur Group inc.		600	-	-	600
DEK Canada inc.		-	100	-	100
Dentistree Solutions inc.		116	-	-	116
Gastronomia Aliments Fins inc.		720	1,260	-	1,980
Gorski Group Ltd.		-	343	-	343
Groupe Canva inc.		1,200	1,600	-	2,800
Groupe Shemie inc.		-	-	2,000	2,000
IP4B inc.		-	267	-	267
Momentis Systems Inc.		-	400	-	400
Multiforme Métal inc.		-	-	92	92
Neomed Institute		-	-	360	360
Orthogone Technologies inc.		-	1,600	-	1,600
Pénéga Communication inc.		-	184	-	184
Reftech International Maintenance inc.		-	-	378	378
Résidences pour aînés Immo 1ere inc.		3,800	-	-	3,800
XcCommerce inc.		878	200	-	1,078
Total Montréal		7,314	5,954	4,810	18,078

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		Common and Preferred shares and funds units \$	Loans and advances \$	Loans and advances \$	
2019-12-31 Desjardins Capital PME s.e.c. (cont.)	40.00				
Outaouais					
Affichage National inc.		-	-	280	280
Rampes Mirik inc. (Les)		220	-	-	220
Total Outaouais		220	-	280	500
Saguenay-Lac-Saint-Jean					
2331-8884 Québec inc. (Advantage Logistic Group)		240	-	-	240
2724600 Canada Itée (Industries Soudex)		-	76	-	76
6348017 Canada inc. (Dynamic Concept)		-	-	300	300
9292-2913 Québec inc. (Deliwok)		-	376	-	376
Câble-Axion Digital inc.		-	-	1,835	1,835
Clinique médicale privée Opti-Soins inc.		-	250	-	250
Communications Télésignal inc.		-	280	-	280
Groupe MYK inc.		-	-	420	420
Groupe Ongerneige inc.		-	170	-	170
Panorama Helicopters Ltd.		-	-	200	200
Service électronique professionnel (S.E.P.) inc.		-	82	-	82
Société en commandite Lokia Trois-Rivières		-	-	2,270	2,270
STC Manufacturier inc.		-	120	-	120
Theka Industries inc.		-	800	-	800
Total Saguenay-Lac-Saint-Jean		240	2,154	5,025	7,419
		14,555	37,785	23,068	75,408
Funds committed but not disbursed					8,796
Total Desjardins Capital PME s.e.c.					84,204

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Information from Annual Financial Report dated	Equity Interest of the Company %	Unsecured investments		Secured investments	Total \$
		Common and Preferred shares and funds units \$	Loans and advances \$	Loans and advances \$	
2019-12-31 Desjardins Capital Transatlantique, L.P.	60.67				
Montréal					
Groupe Solotech inc.		910	-	-	910
Total Montréal		910	-	-	910
Outside of Canada					
Apside Advance		1,430	392	-	1,822
Rondot Group		885	-	-	885
Texelis Fintex		779	-	-	779
Texelis Mobilitex		-	1,603	-	1,603
Xtech Control		1,324	-	-	1,324
Xtech Invest		-	1,317	-	1,317
Total Outside of Canada		4,418	3,312	-	7,730
		5,328	3,312	-	8,640
Funds committed but not disbursed					-
Total Desjardins Capital Transatlantique, L.P.					8,640

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Information from Annual Financial Report dated	Equity Interest of the Company %	Unsecured investments		Secured investments	Total \$
		Common and Preferred shares and funds units \$	Loans and advances \$	Loans and advances \$	
2019-12-31 Desjardins – Innovatech S.E.C.	54.49				
7525443 Canada inc. (Infotrolrix)		400	-	-	400
9088-9148 Québec inc. (Usinage SM)		-	155	-	155
9310-3760 Québec inc. (Rhéabrio Interface Corporelle)		-	145	-	145
9360-4742 Québec inc. (LONGPREBP Béton préfabriqué)		-	90	-	90
9493662 Canada inc (Ananda Devices)		153	-	-	153
9813063 Canada inc. (My Intelligent Machines (MIMs))		-	150	-	150
9972242 Canada inc. (Entosystème)		-	115	-	115
A3 Surfaces inc.		-	142	-	142
Agriculture Concentric inc.		2,866	-	-	2,866
Airex Énergie inc.		1,585	-	-	1,585
Alaya Care inc.		136	-	-	136
Albert Perron inc.		470	-	-	470
AppMed inc.		-	77	-	77
AxesNetwork Solutions inc.		1,933	812	-	2,745
Biocéan Canada inc.		272	54	-	326
Biomomentum inc.		-	160	-	160
Cmac-Thyssen mining group inc.		-	18	-	18
CmLabs Simulations inc.		817	-	272	1,089
Delve Laboratories inc.		1,250	-	-	1,250
Dymedso inc.		-	146	-	146
E2Metrix inc.		348	682	-	1,030
Emovi inc.		153	-	-	153
Énergie Solution Air (ESA)		148	-	-	148
FjordAI Aluminium inc.		163	-	-	163
Fonds Entrepia Nord, s.e.c. (Le)		305	-	-	305
Fonds Innovexport s.e.c.		1,341	-	-	1,341
Fond-vers inc.		-	54	-	54
Global LVL inc.		191	-	-	191
Greybox Solutions inc.		-	144	-	144
Groupe Icible inc.		-	104	-	104
Hortau inc.		368	-	-	368
Imagia Cybernetics Inc.		2,725	-	-	2,725
Imeka Solutions inc.		-	216	-	216
Inno-3B inc.		-	491	-	491
Innomalt inc.		-	271	-	271
Innovative Imaging Technologies inc.		1,090	-	-	1,090
Interactive Validated Solutions 88 Inc.		1,143	-	-	1,143
Ionodes inc.		316	-	-	316
Kinesiq inc.		-	152	-	152
Kube Innovation inc.		-	76	-	76
Laboratoire M2 inc.		817	-	272	1,089
Laserax inc.		1,880	-	-	1,880
Leadfox technologie inc.		-	228	-	228
LeddarTech inc.		714	1,180	-	1,894
Mobilus Technologies inc.		-	104	-	104

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		Common and Preferred shares and funds units \$	Loans and advances \$	Loans and advances \$	
2019-12-31 Desjardins – Innovatech S.E.C. (cont.)	54.49				
nGUVU Technologies inc.		817	-	-	817
Nippon Dragon Resources inc.		178	-	-	178
o3d inc.		-	78	-	78
Optina Diagnostics inc.		148	-	-	148
OXO Fab inc.		-	152	-	152
OxyNov inc.		611	-	183	794
Produits forestiers LAMCO inc.		311	-	-	311
Rekruti Solutions inc.		-	290	-	290
Société de gestion de projets Ecotierra inc.		296	-	-	296
Technologies Intelia inc.		235	466	-	701
Thorasys Thoracic Medical Systems inc.		316	-	-	316
Umanx inc.		-	655	-	655
VIMAC Early Stage Fund L.P.		611	-	-	611
Voltra Technologie - Réseau Synapse inc.		-	87	-	87
		<u>25,107</u>	<u>7,494</u>	<u>727</u>	<u>33,328</u>
Funds committed but not disbursed					<u>2,705</u>
Total Desjardins - Innovatech S.E.C.					<u>36,033</u>

**Index of the Company's share in investments made by specialized funds and partner funds, at cost (unaudited)
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Information from Annual Financial Report dated	Equity Interest of the Company %	Unsecured investments		Secured investments	Total \$
		Common and Preferred shares and funds units \$	Loans and advances \$	Loans and advances \$	
2019-12-31 Société en commandite Essor et Coopération	94.55				
Agropur Coopérative		4,728	-	-	4,728
Café Cambio, coopérative de travail		174	-	-	174
Camping co-op des Érables de Montmagny		236	-	-	236
Central Café - Coop de solidarité		184	-	-	184
Citadelle, Maple Syrup producer's Cooperative		4,160	-	-	4,160
Club coopératif de consommation d'Amos		946	-	-	946
Coop Agri-Énergie Warwick		355	-	-	355
Coopérative Actionnaire Les Paramédics d'Urgence Bois-Francis		-	465	-	465
Coopérative de quilleurs et quilleuses Le Dallo de Chicoutimi		66	-	-	66
Coopérative des horticulteurs de Québec (La)		520	-	-	520
Coopérative des travailleurs actionnaires de Xpertdoc Technologies		473	456	-	929
Coopérative forestière de Petit Paris		-	639	-	639
Coopérative forestière Ferland-Boilleau		-	553	-	553
Coopérative Radio Web Média des Sources		72	-	-	72
Coopérative Vision-Éducation		756	-	-	756
École Plein Soleil (Association coopérative)		946	-	-	946
Fédération des coopératives funéraires du Québec		1,371	-	-	1,371
Horisol, coopérative de travailleurs		425	-	-	425
Journal de Lévis, coopérative de solidarité (Le)		-	208	-	208
La Coop Avantis		1,418	-	-	1,418
La Coop fédérée		4,728	-	-	4,728
La Coop Unifrontières		668	-	-	668
Québec Federation of Forestry Cooperatives		170	-	-	170
		22,396	2,321	-	24,717
Funds committed but not disbursed					2,680
Total Société en commandite Essor et Coopération					27,397

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 or 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*.



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