CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

Annual financial information may be obtained in the same way.

FINANCIAL HIGHLIGHTS

The following charts present key financial data and are intended to assist in understanding the Company's financial results for the preceding five fiscal years and for the six-month period ended June 30, 2014. This information is derived from the Company's audited annual and interim financial statements.

RATIOS AND SUPPLEMENTAL DATA

(in thousands of $, unless indicated otherwise)

	JUNE 30, 2014 (6 MONTHS)	DEC. 31, 2013	DEC. 31, 2012	DEC. 31, 2011	DEC. 31, 2010	DEC. 31, 2009
Revenue	**22,645**	51,982	53,491	46,894	44,970	39,900
Net earnings	**32,401**	24,950	53,435	122,588	18,696	17,145
Net assets	**1,459,630**	1,470,576	1,356,446	1,220,427	1,019,846	905,921
Shares outstanding (number, in thousands)	**122,432**	126,165	118,243	110,776	102,908	93,142
Total operating expense ratio (%)	**2.0**	2.0	2.4	3.0	2.8	2.8
Portfolio turnover rate:						
– Investments impacting the Québec economy (%)	**5**	16	23	28	11	9
– Other investments (%)	**43**	108	67	110	112	84
Trading expense ratio[1] (%)	**0.0**	0.0	0.0	0.0	0.0	0.0
Number of shareholders (number)	**95,845**	100,861	103,052	106,577	111,476	118,119
Issues of shares	–	149,995	149,994	153,955	180,982	129,443
Share issue expenses, net of related taxes	–	1,739	–	–	–	–
Redemptions of shares	**43,347**	59,075	67,410	75,962	85,753	53,273
Investments impacting the Québec economy at cost	**681,232**	671,547	625,414	498,984	473,331	475,785
Fair value of investments impacting the Québec economy	**762,100**	733,907	659,045	541,909	439,550	401,321
Funds committed but not disbursed	**182,046**	227,593	142,350	151,822	200,485	63,907

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

CHANGES IN NET ASSETS PER SHARE

	JUNE 30, 2014 (6 MONTHS)	DEC. 31, 2013	DEC. 31, 2012	DEC. 31, 2011	DEC. 31, 2010	DEC. 31, 2009
	($)	($)	($)	($)	($)	($)
Net assets per share, beginning of period/year	**11.66**	**11.47**	**11.02**	**9.91**	**9.73**	**9.54**
Increase (decrease) attributable to operations	**0.25**	**0.20**	**0.46**	**1.15**	**0.19**	**0.19**
Interest, dividends and negotiation fees	**0.18**	0.41	0.46	0.43	0.45	0.43
Operating expenses	**(0.12)**	(0.23)	(0.28)	(0.31)	(0.27)	(0.27)
Income taxes and capital tax	**(0.03)**	(0.07)	(0.09)	(0.07)	(0.07)	(0.06)
Realized gains (losses)	**0.01**	0.03	0.48	0.20	(0.36)	0.13
Unrealized gains (losses)	**0.21**	0.06	(0.11)	0.90	0.44	(0.04)
Difference attributable to share issues and redemptions	**0.01**	**(0.01)**	**(0.01)**	**(0.04)**	**(0.01)**	**0.00**
Net assets per share, end of period/year	**11.92**	**11.66**	**11.47**	**11.02**	**9.91**	**9.73**

OVERVIEW

The Company ended the first half of fiscal 2014 with net earnings of $32.4 million ($2.0 million for the same period of 2013), representing a non-annualized return of 2.2% (0.1% as at June 30, 2013), resulting in an increase in net assets per share to $11.92 based on the number of outstanding shares as at June 30, 2014.

Investments impacting the Québec economy posted a non-annualized return of 4.0% for the six-month period ended June 30, 2014 compared with a non-annualized return of 4.1% for the same period a year earlier. As at June 30, 2014, the cost of Investments impacting the Québec economy disbursed totalled $681.2 million and investments made during the period reached $54.2 million. Funds committed but not disbursed reached $182.1 million and new commitments for the period came to $8.6 million.

Other investments generated a non-annualized return of 3.3% for the first six months of 2014, compared with a negative non-annualized return of 0.9% for the same period of 2013.

On July 10, 2014, the Company confirmed that the authorized amount will be $63 million for the 2014 issue and $150 million for 2015. Sales of shares for the 2014 issue will begin on October 6, 2014 across the Desjardins caisse network. Investors are now required to make an appointment to purchase shares, without which no shares can be sold by the caisse. Appointments are available starting two weeks before sales begin, that is September 22, 2014 for the 2014 issue. Share redemptions totalled $43.3 million for the six-month period. As at June 30, 2014, the balance of shares eligible for redemption totalled nearly $364 million. Net assets amounted to $1,459.6 million, down 0.7% from December 31, 2013. The number of shareholders as at June 30, 2014 was 95,845.

ECONOMIC ENVIRONMENT

Economic and financial conditions are showing signs of improvement in a number of industrialized countries. But, indicators in the euro zone continue to suggest sluggish economic growth for this year, as demonstrated by the recent actions taken by the European Central Bank (ECB). Real GDP growth in the eurozone is forecast at 1.1% for 2014 and 1.4% for 2015. In China, the signs are more encouraging amid new measures introduced by the authorities to ensure the economy does not slow down too much. In light of the foregoing, following 2.9% growth in 2013, world GDP should grow 3.2% in real terms in 2014 and 3.7% in 2015. The higher pace of growth will certainly give a boost to world trade.

In the U.S., real GDP weakened in the first quarter amid adverse weather conditions. But the economy rebounded at an annualized rate of 4.0% in the second quarter, driven mainly by consumer spending. The residential sector and corporate capital expenditures were also strong, fuelling solid growth in the domestic economy. The job market is also showing sound momentum with noteworthy job creation during the first half of the year. In addition, new automobile sales are up sharply and bank lending finally seems to be gathering steam. That said, these results will not offset the fallout of the winter contraction, which means that real annual GDP growth will reach around 2% in 2014, compared with 2.2% in 2013 and expected growth of 3.1% in 2015.

In Canada, real GDP grew a mere 1.2% (annualized) in the first quarter of 2014, falling well short of expectations. Domestic demand fell by 0.3% for the quarter, a first since the 2008-2009 recession. However, certain indicators are pointing to stronger growth in Canada starting in the second quarter. In addition, the recovery in U.S. imports augurs well for Canadian exports. Given the high backlog in the country, manufacturing sales could strengthen in the coming months. Against this backdrop, real GDP should grow 2.2% in 2014, up slightly from 2.0% in 2013. In 2015, growth should further accelerate to an annualized rate of 2.5%.

In Québec, the economy started the year on a strong note with real GDP reaching an annualized 2.4% in the first quarter of 2014. Nonetheless, domestic demand remains weak as consumers show more restraint, the residential sector stabilizes, businesses are reluctant to invest and governments try to rein in their spending. As a result, external trade was the sole driving factor for the Québec economy. Economic growth should reach around 2% in the second quarter, fuelled by international trade and higher consumer spending, following a recovery in retail sales this spring and improvement in consumer and business confidence indices. But the job market is still weak. The slight gain in June was insufficient to wipe out the losses in the previous month, resulting in net job losses year-to-date and a relatively high unemployment rate of 8.1% in June. Besides high household debt, there are some persisting uncertainties. As a result, real GDP should grow at an annualized 1.7% in 2014 (1.1% in 2013), slightly accelerating to 1.9% in 2015.

Last, the second quarter of 2014 was favourable for the main asset classes. A number of stock market indices, including the S&P 500 and the S&P/TSX hit new highs as investor concerns subsided. However, stock market gains are expected to be modest between now and year-end. Serious conflicts, including those in Iraq and Ukraine, have fuelled oil prices, pushing up the Canadian dollar. Central banks are sticking to highly accommodative monetary policies and the ECB has even announced new measures to stimulate economic activity and inflation. Combined with the U.S. GDP pullback in the first quarter of 2014, these factors continue to apply downward pressure on bond rates. As the job market is clearly improving and inflation is accelerating in the U.S., the coming quarters will likely be challenging for the bond market. The highly conservative stance adopted by the Fed and other central banks seem to have convinced investors not to count too much on interest rate increases in the coming years. Nonetheless, bond rates can still increase by the end of the year. As rates have decreased in recent months, the upward trend could be sharper once it starts. All signs indicate that the Federal Reserve will put an end to its third quantitative easing program this fall and show its intention to start tightening monetary policy in 2015. The Bank of Canada is expected to follow suit and raise its key rate to prevent the Canadian dollar from rising further.

MANAGEMENT'S DISCUSSION OF FINANCIAL PERFORMANCE

OPERATING RESULTS

COMPANY NET RESULTS AND RETURNS

The Company ended the first half of the year on June 30, 2014 with net earnings of $32.4 million or a non-annualized return of 2.2%, compared with net earnings of $2.0 million (non-annualized return of 0.1%) for the same period of 2013. Based on the number of shares outstanding, this performance brings net assets per share to $11.92 as at June 30, 2014, compared with $11.66 at the end of fiscal 2013. For information purposes, at a price of $11.92 effective August 21, 2014, shareholders who invested seven years earlier would obtain an annual after-tax return of more than 8.1%, taking into account the 35% income tax credit as per the rate applicable on August 21, 2007 (rate effective from March 24, 2006 to November 9, 2007).

The Company's performance is driven primarily by Investments impacting the Québec economy and Other investments, which generated non-annualized contributions of 1.9% and 1.6%, respectively, while expenses, net of administrative charges and income taxes, had an impact of 1.3% on the Company's non-annualized return.

The financial asset management strategy the Company has adopted provides for a more balanced overall portfolio profile, allowing it to actively contribute to Québec's economic development. This should limit the volatility of the Company's returns in periods of substantial market turbulence.

INVESTMENTS IMPACTING THE QUÉBEC ECONOMY

Activities relating to Investments impacting the Québec economy

Investments of $54.2 million made during the first half of 2014, sale proceeds of $41.5 million and realized and unrealized net gains of $15.9 million increased the total fair value of the Company's investment portfolio, including foreign exchange contracts, to $762.1 million as at June 30, 2014 ($733.5 million as at December 31, 2013). Investments in the funds comprising the entrepreneurial ecosystem, as described below, in the amount of $25.0 million, and a $15.0 million investment in a services company, mainly accounted for the investments made during the first half of the year.

Investments impacting the Québec economy should also be measured taking into account funds committed but not disbursed, which amounted to $182.1 million as at June 30, 2014, compared with $227.6 million as at December 31, 2013. Total commitments at cost as at June 30, 2014 amounted to $863.3 million in 144 companies, cooperatives and funds, of which $681.2 million was disbursed. As at June 30, 2014, the Company directly supported growth in 376 companies, cooperatives and funds within its entrepreneurial ecosystem.

Notes payable and financial liabilities with a fair value of $15.4 million ($15.0 million as at December 31, 2013) resulted mainly from the acquisition on November 30, 2010 of certain investments of Desjardins Venture Capital L.P. Their fair value is adjusted according to changes in the fair value of these investments held by the Company. During the six months ended on June 30, 2014, the Company repaid $1.0 million in notes and the fair value of notes and financial liabilities was adjusted upwards by $1.4 million, which, combined with gains of $4.3 million on these investments, generated a net gain of $2.9 million.

RETURN BY ACTIVITY	JUNE 30, 2014				JUNE 30, 2013			
	Average assets under management ($M)	**Weighting (%)**	**Non-annualized return 6 months (%)**	**Non-annualized contribution 6 months (%)**	Average assets under management ($M)	Weighting (%)	Non-annualized return 6 months (%)	Non-annualized contribution 6 months (%)
Investments impacting the Québec economy	**733**	**51.2**	**4.0**	**1.9**	653	47.2	4.1	2.0
Other investments and cash	**699**	**48.8**	**3.3**	**1.6**	729	52.8	(0.9)	(0.4)
	1,432	**100.0**	**3.5**	**3.5**	1,382	100.0	1.6	1.6
Expenses, net of administrative charges			**(1.1)**	**(1.1)**			(1.2)	(1.2)
Income taxes			**(0.2)**	**(0.2)**			(0.3)	(0.3)
Company's return			**2.2**	**2.2**			0.1	0.1

During the first six months of fiscal 2014, the Investments impacting the Québec economy portfolio generated a positive contribution of $27.9 million, for a return of 4.0%, compared with $28.3 million for the same period of 2013 (return of 4.1%).

CONTRIBUTION GENERATED BY INVESTMENTS IMPACTING THE QUÉBEC ECONOMY (in thousands of $)	SIX MONTHS ENDED JUNE 30, 2014	SIX MONTHS ENDED JUNE 30, 2013
Revenue	**13,300**	15,651
Gains and losses	**14,555**	12,630
	27,855	28,281

Revenue, consisting of interest, dividends and negotiation fees related to Investments impacting the Québec economy, provides a solid income base that promotes overall portfolio profitability. Negotiation fees, which amounted to $1.1 million for the six-month period ended June 30, 2014, are earned by Desjardins Venture Capital (DVC) and a credit for that amount is applied against the management fees paid to DVC by the Company. Negotiation fees are included in the contribution generated by the Investments impacting the Québec economy as they are included in the profitability analysis of the investments.

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

The Company recorded a realized and unrealized gain of $14.6 million in its results for the six-month period compared with a gain of $12.6 million for the same period in 2013. These favourable changes in fair value on the Company's results are explained by the sound performance of a number of portfolio companies, despite the more difficult economic environment that affected certain companies.

As at June 30, 2014, the overall risk level of the Investments impacting the Québec economy portfolio had deteriorated compared with its December 31, 2013 level, due to more difficult economic conditions, as discussed in the Credit and counterparty risk section.

ENTREPRENEURIAL ECOSYSTEM

The Company invests directly in Québec companies, and also makes indirect investments, via the funds it has helped create; these two components make up its entrepreneurial ecosystem. With this approach of seeking capital from various partners, the Company can leverage its resources and enhance its positive impact on Québec's economic development.

These funds, which are also managed by its manager DVC, are:

- Capital croissance PME s.e.c. (CCPME), whose main goal is to invest in Québec's small- and medium-sized businesses, primarily in the form of subordinated debt securities (maximum investments of $5 million), was created on July 1, 2010. The Company and the Caisse de dépôt et placement du Québec (CDPQ), as sponsors of the fund, agreed to invest equal amounts totalling a maximum of $220 million. As at June 30, 2014, the Company had disbursed $99.2 million of its total commitment of $110 million. As CCPME's investment period is now closed, funds committed but not disbursed totalling $10.8 million will be used for reinvestment and to pay the Fund's operating expenses until its scheduled winding up date of July 1, 2021. As at June 30, 2014, CCPME had made disbursements of $145.7 million to support a total of 173 companies and funds.

- In 2013, the Company announced the renewal of the partnership agreement with CDPQ through a new fund – Capital croissance PME II s.e.c. (CCPME II). A maximum additional amount of $230 million, most of which will be invested over a three-year period, will be used to support small- and medium-sized enterprises in Québec. The Company's interest in CCPME II is 50%, and has committed an amount of $115 million. CCPME II started its operations on January 1, 2014. As at June 30, 2014, CCPME II had made commitments of $44.7 million in a total of 40 companies.

- The Company is also the sponsor of the Desjardins - Innovatech S.E.C. fund (DI). DI has undertaken to inject a total of $85 million to support Québec technology or innovation businesses through each stage of their development. As at June 30, 2014, DI had made disbursements of $29.6 million to support a total of 33 companies and funds. The Company's interest in DI is 54.5%.

- The objective of the Essor et Coopération limited partnership (Essor et Coopération) is to support the creation, growth and capitalization of cooperatives in Québec. This fund is expected to have a capital of $44 million, in respect of which the Company and another partner have made commitments of $40 million and $4 million, respectively. The partnership also entered into an agreement with the Business Development Bank of Canada and the Sociétés d'aide au développement des collectivités and Centres d'aide aux entreprises network to make joint investments into projects, thereby making available a total amount of almost $60 million to Québec cooperatives. Since inception of the Essor et Coopération fund on January 1, 2013, the Company has disbursed $12.6 million of its total commitment of $40 million, allowing the Essor et Coopération fund to support the development of seven cooperatives.

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

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

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

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

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

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

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

Entrepreneurial ecosystem performance

RETURN BY INVESTMENT PROFILE	JUNE 30, 2014				JUNE 30, 2013			
	Average assets under management ($M)	Weighting (%)	Non-annualized return 6 months (%)	Non-annualized contribution 6 months (%)	Average assets under management ($M)	Weighting (%)	Non-annualized return 6 months (%)	Non-annualized contribution 6 months (%)
Debt	186	13.0	3.1	0.4	179	13.0	3.5	0.4
Equity	446	31.2	5.1	1.5	376	27.2	5.3	1.5
External funds	34	2.4	1.9	0.0	32	2.3	0.6	0.0
Venture capital	16	1.1	(10.6)	(0.1)	18	1.3	7.7	0.1
Investment profiles subtotal	682	47.7	4.0	1.8	605	43.8	4.6	2.0
Other asset items held by ecosystem funds	51	3.5	2.7	0.1	48	3.4	(1.2)	0.0
Ecosystem total	733	51.2	4.0	1.9	653	47.2	4.1	2.0

The entrepreneurial ecosystem's sound performance stems primarily from the Equity investment profile, which gained a strong 5.1%. This gain is attributable to the higher profitability of some portfolio companies and given the significant assets allocated to this profile, it made a major contribution to the ecosystem's return of 4.0% for the first six months of 2014. The Venture capital investment profile's negative return resulted from declines in the values of public companies; however, due to its volume, the profile has a very limited impact on the portfolio's total return.

OTHER INVESTMENTS

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

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

As at June 30, 2014, the Company's Other investments portfolio, including cash but excluding foreign exchange contracts, totalled $680.1 million compared with $717.2 million as at December 31, 2013. These funds were invested mainly in the fixed-income securities market in highly liquid, low-credit risk instruments. As at June 30, 2014, 64% of portfolio bond securities were government-guaranteed (65% as at December 31, 2013).

Other investments accounted for 47% of the portfolio's total net assets as at the end of the first six months of 2014 (49% as at December 31, 2013). Commitments already made but not disbursed of $182.0 million, representing nearly 12% of net assets, will eventually be covered from the Company's Other investments portfolio and allocated to Investments impacting the Québec economy.

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

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

CONTRIBUTION GENERATED BY OTHER INVESTMENTS (in thousands of $)	SIX MONTHS ENDED JUNE 30, 2014	SIX MONTHS ENDED JUNE 30, 2013
Revenue	10,229	9,968
Gains and losses	13,291	(16,208)
	23,520	(6,240)

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

Other investments made a contribution of $23.5 million in the first six months of 2014 compared with a negative contribution of $6.2 million a year earlier. Current revenue was comparable with the same period of 2013.

For the first half of 2014, the Company recorded a gain of $13.3 million on its Other investments portfolio. The gain stems primarily from the decline in bond rates during the period and the tightening of corporate credit spreads. As a result, typical returns on 5-year Canadian government bonds were 1.53% as at June 30, 2014 (1.95% as at December 31, 2013).

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

CAPITAL RAISING

The Company shares are offered to the public only through the Desjardins caisse network, which consists of about 360 Desjardins caisses and 940 service centres, totalling 1,300 points of sale.

Following the tabling of the recent provincial budget on June 4, 2014, the Company announced the new terms governing the sale of its shares as of the 2014 issue:

- Given that its $1,250 million capital limit has been reached and pursuant to its constituting act, the Company is limited to issuing, for its 2014 issue, an amount equal to the redemptions during the period of the previous issue. Accordingly, the authorized amount for the 2014 issue will be $63 million;
- For the 2015 issue, the Company has been exceptionally authorized by the Québec government to raise $150 million;
- From now on, the rate of the Québec tax credit on the purchase of Company shares is set at 45%;
- Sales of shares for the 2014 issue will begin on October 6, 2014 across the Desjardins caisse network. Sales for the 2015 issue will begin on April 13, 2015;
- Investors are now required to make an appointment to purchase shares, without which no shares can be sold by the caisse. Appointments are available starting two weeks before sales begin:
  - As of September 22, 2014 for the 2014 issue;
  - As of March 30, 2015 for the 2015 issue.
- To allow as many shareholders as possible to buy Company shares, purchases will be capped at $3,000 per investor for each of the 2014 and 2015 issues, for a tax credit of $1,350.

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

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

The minimum holding period for shares of the Company is seven years to the day from the date of purchase before the shareholder would normally be eligible for a redemption. Note however that shareholders who request a redemption to withdraw some or all of their shares after the seven-year holding period may not claim a tax credit for any subscription for which the tax credit would apply in the current tax year or in any subsequent tax year.

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

As at June 30, 2014, the Company had $1,247.2 million in share capital for 122,432,368 outstanding shares.

Since the sale of shares of the 2014 issue is set for October 6, 2014, the Company has not received any subscriptions for the first six months of 2014, compared with an amount of $150.0 million for the same period of 2013.

For the first six months of 2014, redemptions and purchases by agreement totalled $43.3 million ($34.1 million in 2013).

As at June 30, 2014, the balance of shares eligible for redemption amounted to over $364 million. This amount will be increased by approximately $66 million during the second half of 2014, bringing the potential maximum to $430 million as at December 31, 2014. The Company believes that the current economic conditions and low interest rates in particular are behind the low volume of redemptions.

The shareholders' equity of the Company as at June 30, 2014 totalled $1,459.6 million broken down by issue as follows:

ISSUE	ISSUE PRICE ($)	BALANCE* ($M)	ELIGIBLE FOR REDEMPTION
2001	10.00	30.1	2008
2002	10.00	84.0	2009
2003	10.12 and 10.24	42.3	2010
2004	10.25	52.7	2011
2005	10.25	58.7	2012
2006	10.37 and 10.21	58.1	2013
2007	10.21 and 9.92	103.7	2014
2008	9.89 9.83 and 9.54	168.3	2015
2009	9.54 9.62 and 9.73	184.0	2016
2010	9.73 and 9.80	181.3	2017
2011	9.91 and 10.02	179.2	2018
2012	11.02	161.6	2019
2013	11.47	155.6	2020
Shareholders' equity		**1,459.6**	

* Calculated at net asset value per share as at June 30, 2014

The redemptions made during the first six months of 2014 brought the number of shareholders to 95,845 as at June 30, 2014, compared with 100,861 as at December 31, 2013.

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

EXPENSES AND INCOME TAXES

EXPENSES (IN THOUSANDS OF $)	SIX MONTHS ENDED JUNE 30, 2014	SIX MONTHS ENDED JUNE 30, 2013
Management fees	**12,210**	12,478
Other operating expenses	**1,594**	1,895
Shareholder services	**1,018**	813
	14,822	15,186

The Company has entrusted DVC with its management and operations, in accordance with the strategies and objectives approved by the Board of Directors. The five-year management agreement is effective January 1, 2013. The agreement provides for the invoicing of separate fees for the Desjardins caisse network's contribution in distributing the Company's shares. Under the management agreement, certain governance expenses are now allocated to the Company. Negotiation fees, which amounted to $1.1 million for the six-month period ended June 30, 2014, are earned by DVC and a credit for that amount is applied against the management fees paid to DVC by the Company.

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

The $0.3 million decrease in Other operating expenses results mainly from fees related to the implementation process for new investment software to manage higher volumes of direct and indirect investments.

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

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

Income taxes for the first six months of fiscal 2014 amounted to $3.3 million, compared with $3.9 million for the same period in 2013. Revenue type has a significant impact since, unlike business income, capital gains are eligible for deductions and mechanisms allowing for income tax refunds.

LIQUIDITY AND CAPITAL RESOURCES

For the six month period ended June 30, 2014, cash outflows from redemptions net of subscriptions totalled $43.3 million (cash inflows from subscriptions net of redemptions of $113.2 million for the same period of 2013). Operating activities generated cash inflows of $46.7 million, compared with cash outflows of $113.2 million for the same period in 2013.

Cash outflows related to Investments impacting the Québec economy amounted to $52.9 million for the first six months of 2014, compared with $29.9 million for the same period of 2013. This increase over the two comparative periods stems primarily from the $15.0 million investment in a services company. The Other investments portfolio recorded net sale proceeds of $57.1 million compared with net acquisitions of $124.0 million for the same period of 2013. This significant difference between the two periods is attributable to the postponement of the Company's share issuance to October 2014 and the higher level of activity related to the Investments impacting the Québec economy.

As at June 30, 2014, cash and cash equivalents totalled $23.6 million ($20.3 million as at December 31, 2013).

The Company has an authorized line of credit of $10 million. In the event that liquidity needs exceed expectations, this line of credit could be used on a temporary basis to cover the Company's obligations. This additional flexibility optimizes cash levels held and reduces the risk of having to dispose of assets hastily under potentially less advantageous conditions. The line of credit was not used during the first six months ended June 30, 2014.

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

COMPANY VISION, MISSION, OBJECTIVES AND STRATEGIES

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

The vision, mission, objectives and strategies of the Company remain substantially the same as those described in its most recent annual MD&A.

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

RISK MANAGEMENT

RISK GOVERNANCE

The Board of Directors manages the Company's business and oversees the fulfilment of its mission. To do so, its primary duties are twofold: directing and overseeing all of the Company's activities and the risks to which it is exposed.

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

The roles and responsibilities of the Executive Committee, the Audit Committee, the Financial Asset Management Committee, the Governance and Ethics Committee and the Portfolio Valuation Committee remain substantially the same as those described in the most recent annual MD&A.

In May 2014, the Board of Directors revised the charter of the two investment committees. The general mission of these committees consists in reviewing and authorizing the transactions related to Investments impacting the Québec economy. The Subordinated Debt Investment Committee reviews transactions requiring hybrid financing which combines equity and traditional financing. The Equity Investment Committee reviews companies requiring equity or a combination of equity and subordinated debt. These committees comprise seven members each, including two Company directors. The Chair of each committee must be a director of the Company and a majority of the members are independent within the meaning of the Company's Governance Policy.

NOTE TO THE READER

The following sections regarding market risks, credit and counterparty risks and liquidity risks have been audited by the Company's independent auditor as part of the audit of the financial statements on which an independent auditor's report was issued on August 21, 2014.

MARKET RISKS

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

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

Interest rate risk

Interest rate fluctuations have a significant impact on the market value of fixed-income securities held in the portfolio for which fair value is determined based on market conditions. Fixed-income securities held in the Other investments portfolio include money market instruments, bonds and preferred shares with a total fair value of $663.5 million ($707.5 million as at December 31, 2013; $670.8 million as at January 1, 2013). Fixed-income securities held in the Investments impacting the Québec economy portfolio include loans and advances and preferred shares with a fair value of $242.6 million ($271.1 million as at December 31, 2013; $308.6 million as at January 1, 2013).

Money market instruments with a fair value of $21.4 million ($12.3 million as at December 31, 2013; $13.5 million as at January 1, 2013) have not been valued based on fluctuations in the interest rates due to their very short-term maturity and the Company's intention to hold them until maturity.

Bonds with a fair value of $568.3 million ($621.7 million as at December 31, 2013; $592.6 million as at January 1, 2013) are directly affected by fluctuations in interest rates. A 1% increase in interest rates would have resulted in a decrease of $22.4 million in net earnings, representing a 1.5% decrease in the Company's share price as at June 30, 2014 ($27.3 million for 1.9% as at December 31, 2013; $27.8 million for 2.1% as at January 1, 2013). Similarly, a 1% decrease in interest rates would have had the opposite effect, resulting in a $23.5 million increase in net earnings, representing a 1.6% increase in share price ($28.7 million for 2.0% as at December 31, 2013; $29.4 million for 2.2% as at January 1, 2013). Given that the Company matches the maturities of bonds held in its portfolio with the average maturity of expected cash outflows, the long-term effect of interest rates on results should be limited.

Preferred shares with a fair value of $73.8 million ($73.5 million as at December 31, 2013; $64.7 million as at January 1, 2013) may also be affected by interest rate fluctuations. However, unlike bonds, there is no perfect correlation between interest rate fluctuations and changes in the fair value of preferred shares. Also, the interest rate risk related to preferred shares is limited given the amounts in question.

The loans and advances and preferred shares held in the Investments impacting the Québec economy portfolio, for which the Company also holds participating shares in the same business as well as those that have been discounted, with a total fair value of $129.6 million ($141.4 million as at December 31, 2013; $167.2 million as at January 1, 2013), are not sensitive to fluctuations in interest rates. Conversely, the other loans and advances and preferred shares held in the portfolio with a total fair value of $113.0 million ($129.7 million as at December 31, 2013; $141.4 million as at January 1, 2013) are sensitive to interest rate fluctuations. However, the interest rate risk related to the other loans and advances and preferred shares held in the portfolio is limited given the amounts in question.

Stock market risk

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

As at June 30, 2014, the Investments impacting the Québec economy portfolio included listed equities in the amount of $0.9 million ($1.6 million as at December 31, 2013; $2.0 million as at January 1, 2013). As a result, stock market fluctuations did not have a significant direct impact on the Company's net earnings.

Currency risk

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

Currency fluctuations impact the fair value of assets valued initially in a foreign currency and subsequently translated into Canadian dollars at the prevailing rate of exchange. These investments, whose value varies in step with fluctuations in foreign currencies, represent a fair value of $164.4 million, or 11.3% of net assets as at June 30, 2014, compared with $142.0 million or 9.7% of net assets as at December 31, 2013 and $116.7 million or 8.6% of net assets as at January 1, 2013.

The Company aims to systematically hedge currency risk for assets valued in foreign currency. A $5 million line of credit has been granted to the Company for its foreign exchange contract transactions. As at June 30, 2014, the Company held foreign exchange contracts under which it must deliver US$154.3 million (US$133.0 million as at December 31, 2013; US$114.0 million as at January 1, 2013) at the rate of CAD/USD 1.0694 (CAD/USD 1.0623 as at December 31, 2013; CAD/USD 0.9946 as at January 1, 2013) on September 30, 2014.

As at June 30, 2014, the Company's net exposure to foreign currencies is limited to $0.2 million ($0.4 million as at December 31, 2013; $1.9 million as at January 1, 2013). Any fluctuation in the Canadian dollar will therefore not have a significant impact on the Company's results.

CREDIT AND COUNTERPARTY RISKS

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

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

Investments impacting the Québec economy, except those carried out through funds, are first ranked by risk from 1 to 9 based on the criteria defined by Moody's RiskAnalyst tool. All the investments are then reviewed according to a set schedule to identify those meeting the criteria for rankings 10 to 12.

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

The following table shows a slight increase in the percentage of investments with a risk rating of 7 and above compared with the percentage as at December 31, 2013. More difficult economic conditions affected the financial position of certain portfolio companies. Ranked by risk, the breakdown of Investments impacting the Québec economy is as follows (fair value amounts):

		AS AT JUNE 30, 2014		AS AT DEC. 31, 2013		AS AT JAN. 1, 2013	
Rank		**(in thousands of $)**	**(in %)**	(in thousands of $)	(in %)	(in thousands of $)	(in %)
1 to 6.5	Low to acceptable risk	**707,773**	**92.9**	706,932	96.4	643,223	97.6
7 to 9	At risk	**29,762**	**3.9**	19,160	2.6	11,963	1.8
10 to 12	High risk and insolvent	**24,565**	**3.2**	7,815	1.0	3,859	0.6

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

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

	AS AT JUNE 30, 2014		AS AT DEC. 31, 2013		AS AT JAN. 1, 2013	
	% of portfolio	**% of net assets**	% of portfolio	% of net assets	% of portfolio	% of net assets
Investments impacting the Québec economy	**43.4**	**22.6**	42.6	21.3	39.2	19.0
Other investments*	**38.1**	**17.3**	45.8	21.7	52.0	25.8

* Government issuers accounted for 86% (100% as at December 31, 2013; 90% as at January 1, 2013) of the Other investments portfolio's five largest issuers or counterparties.

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

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

LIQUIDITY RISKS

The Company must maintain sufficient liquid assets to fund share redemptions and committed Investments impacting the Québec economy. If it failed to do so, the Company would be dependent on the markets and could be forced to carry out transactions under unfavourable conditions. With liquid investments that should represent approximately 35% to 40% of assets under management once the Company's capitalization reaches its optimal level and the pace of redemptions has stabilized at the expected level, and using a management approach that ensures that the average maturity of bonds is close to the average maturity of expected outflows, the Company can confirm that liquidity risks are adequately covered. Furthermore, credit facilities have also been put in place to provide greater cash management flexibility.

RECENT EVENTS

ACCOUNTING POLICIES – INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

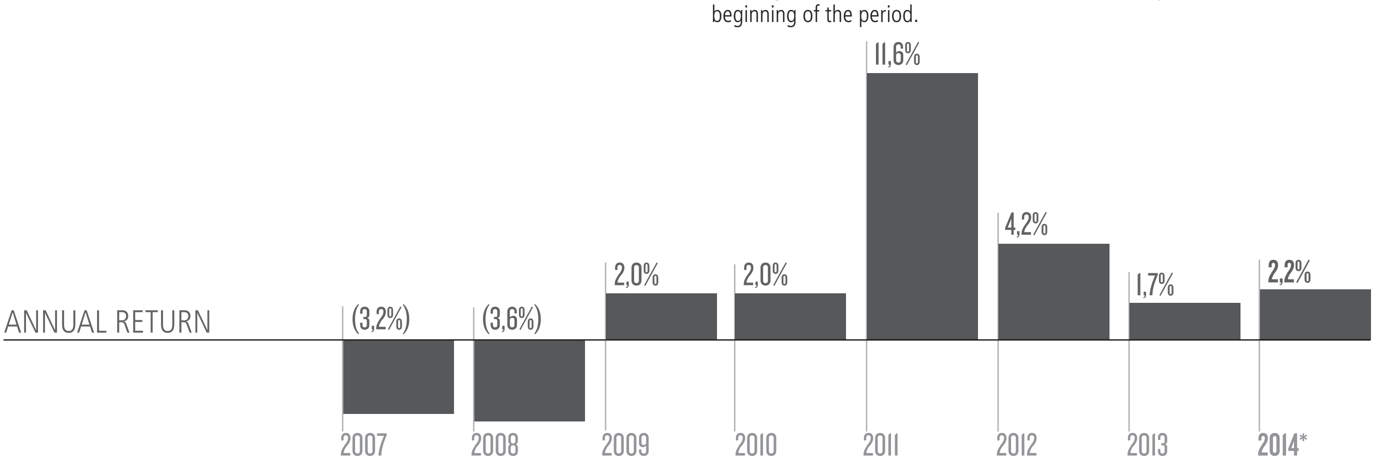
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Company adopted that basis of accounting for its fiscal year that began on January 1, 2014, as required by Canadian securities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

PAST PERFORMANCE

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

ANNUAL RETURNS

The following chart shows the Company's annual returns and illustrates the change in returns from one period to the next for the past seven fiscal years and the six-month period ended June 30, 2014. Annual return is calculated by dividing income (loss) per share for the period by the share price at the beginning of the period.



* Non-annualized return for the six-month period ended June 30, 2014.

COMPOUNDED RETURN OF THE SHARE AS AT JUNE 30, 2014

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

7 YEARS	5 YEARS	3 YEARS	1 YEAR
2.7%	4.4%	6.0%	3.9%

PORTFOLIO SUMMARY

CORE INVESTMENT PROFILES

As at June 30, 2014, the breakdown of the fair value of assets in the Investments impacting the Québec economy and Other investments portfolios was as follows:

INVESTMENT PROFILE	% OF NET ASSETS
Investments impacting the Québec economy*	
Debt	12.6
Equity	31.6
External funds	2.5
Venture capital	1.8
Other asset items held by ecosystem funds	3.6
Total – Investments impacting the Québec economy	**52.1**
Other investments	
Cash and money market instruments	2.6
Bonds	38.9
Preferred shares	5.1
Total – Other investments	**46.6**

* Including foreign exchange contracts

MAIN INVESTMENTS HELD

As at June 30, 2014, on a fair value basis, the issuers of the 25 main investments held by the Company were as follows:

ISSUERS	% OF NET ASSETS
Investments impacting the Québec economy (14 issuers)*	36.0
Toronto—Dominion Bank NHA (CMHC guaranteed)	4.4
Financement Québec	4.1
Canada Housing Trust	3.7
Province of Québec	2.7
Bank of Nova Scotia	2.4
Cadillac Fairview	2.3
Province of Ontario	2.1
Ontario Hydro	1.8
Royal Bank	1.8
Bank of Montreal	1.6
The Toronto-Dominion Bank	1.5

* The 14 issuers who collectively represent 36.0% of the Company's net assets are:

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

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

August 21, 2014

MANAGEMENT'S REPORT

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

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

The financial statements present the financial information available as at August 21, 2014. These statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and audited by PricewaterhouseCoopers LLP.

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

(signed) Yves Calloc'h, CPA, CA

Chief Financial Officer