



2016 INTERIM FINANCIAL REPORT



Desjardins
Capital régional
et coopératif

THE INTERIM FINANCIAL REPORT INCLUDES:

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

CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

Annual financial information may be obtained in the same way.

FINANCIAL HIGHLIGHTS

The following charts present key financial data and are intended to assist in understanding CRCD's financial results for the preceding five fiscal years and for the six-month period ended June 30, 2016. This information is derived from CRCD's audited annual and interim financial statements. Financial information for the first six months of fiscal 2016 and fiscal years 2013 to 2015 is presented in accordance with International Financial Reporting Standards ("IFRS"). Financial information for fiscal years 2011 and 2012 is presented in accordance with Canadian generally accepted accounting principles ("GAAP") then in effect.

RATIOS AND SUPPLEMENTAL DATA

(in thousands of \$, unless indicated otherwise)

	JUNE 30, 2016 (IFRS)	DEC. 31, 2015 (IFRS)	DEC. 31, 2014 (IFRS)	DEC. 31, 2013 (IFRS)	DEC. 31, 2012 (GAAP)	DEC. 31, 2011 (GAAP)
Revenue	21,001	45,269	44,422	51,982	53,491	46,894
Gains on investments	38,385	64,035	42,884	10,670	42,376	117,757
Net earnings	39,982	74,806	49,245	24,950	53,435	122,588
Net assets	1,642,512	1,642,076	1,502,462	1,470,576	1,356,446	1,220,427
Common shares outstanding (number, in thousands)	127,027	130,183	124,665	126,165	118,243	110,776
Total operating expense ratio ⁽¹⁾ (%)	2.0	1.9	2.1	2.0	2.4	3.0
Total expense and common share issue expense ratio ⁽¹⁾ (%)	2.0	2.0	2.2	2.2	2.4	3.0
Portfolio turnover rate:						
– Investments impacting the Québec economy (%)	5	19	19	16	23	28
– Other investments (%)	58	131	102	108	67	110
Trading expense ratio ⁽²⁾ (%)	0.0	0.0	0.0	0.0	0.0	0.0
Number of shareholders (number)	99,701	102,222	96,236	100,861	103,052	106,577
Issues of common shares	–	149,882	62,906	149,995	149,994	153,955
Common share issue expenses, net of related taxes	–	1,750	764	1,739	–	–
Redemption of common shares	39,546	83,324	79,501	59,075	67,410	75,962
Investments impacting the Québec economy at cost	776,265	738,596	675,355	671,547	625,414	498,984
Fair value of investments impacting the Québec economy	871,234	817,199	710,923	733,907	659,045	541,909
Funds committed but not disbursed	135,588	171,082	193,764	227,593	142,350	151,822

⁽¹⁾ Total operating expense ratio is calculated by dividing total expenses (before income taxes) as shown on the statement of comprehensive income by net assets as at the end of the period or by average net assets for the fiscal year, pursuant to Section 68 of the *Regulation respecting Development Capital Investment Fund Continuous Disclosure*.

The total operating expense and common share issue expense ratio is computed on the same basis but adding the common share issue expenses as shown on the individual statements of changes in net assets to total expenses.

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

CHANGES IN NET ASSETS PER COMMON SHARE

	JUNE 30, 2016 (IFRS)	DEC. 31, 2015 (IFRS)	DEC. 31, 2014 (IFRS)	DEC. 31, 2013 (IFRS)	DEC. 31, 2012 (GAAP)	DEC. 31, 2011 (GAAP)
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Net assets per common share, beginning of period/year	12.61	12.05	11.66	11.47	11.02	9.91
Increase attributable to operations	0.31	0.59	0.40	0.20	0.46	1.15
Interest, dividends and negotiation fees	0.16	0.35	0.36	0.41	0.46	0.43
Operating expenses	(0.13)	(0.23)	(0.25)	(0.23)	(0.28)	(0.31)
Income taxes	(0.02)	(0.03)	(0.06)	(0.07)	(0.09)	(0.07)
Realized gains	0.12	0.29	0.52	0.03	0.48	0.20
Unrealized gains (losses)	0.18	0.21	(0.17)	0.06	(0.11)	0.90
Difference attributable to common share issues and redemptions	(0.01)	(0.03)	(0.01)	(0.01)	(0.01)	(0.04)
Net assets per common share, end of period/year	12.93	12.61	12.05	11.66	11.47	11.02

OVERVIEW

CRCD closed the first six months of fiscal 2016 with net earnings of \$40.0 million (\$20.8 million for the same period in 2015), representing a non-annualized return of 2.5% (1.4% as at June 30, 2015), resulting in an increase in net assets per share to \$12.93 based on the number of shares outstanding as at June 30, 2016, compared with \$12.61 at the end of fiscal 2015. CRCD aims to strike an appropriate balance between shareholder return and its mission of Québec economic development. As a result of the financial asset management strategy adopted several years ago, CRCD capitalizes on the complementary nature of the Investments impacting the Québec economy and Other investments portfolios and limits volatility in periods of substantial market turbulence. Accordingly, CRCD has generated sound returns over the last 15 six-month periods.

Investments impacting the Québec economy posted a non-annualized return of 5.0% for the six-month period ended June 30, 2016, compared with a non-annualized return of 3.7% for the same period a year earlier. As at June 30, 2016, the cost of Investments impacting the Québec economy disbursed totalled \$776.3 million, including \$68.1 million during the first six months of fiscal 2016. As at June 30, 2016, 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 \$135.6 million. New commitments for the period were \$33.2 million.

Other investments generated a non-annualized return of 2.6% for the first six months of 2016, compared with a non-annualized return of 1.7% for the same period in 2015. The return for the first six months of fiscal 2016 stemmed primarily from CRCD's position in mortgage and provincial securities and the decline in bond rates during the period.

In the first half of the year, there were no issues of common shares, as the capital raising period is scheduled for fall 2016. Share redemptions totalled \$39.5 million. The balance of shares eligible for redemption amounted to over \$574 million. Net assets amounted to \$1,642.5 million. There were 99,701 shareholders as at June 30, 2016.

CRCD'S VISION FOR QUÉBEC ENTREPRENEURSHIP

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

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

CRCD — STANDING TALL FOR OUR PARTNERS

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

In response to a series of consultations carried out in 2015 with our partner companies, CRCD developed an innovative offering focused on simplifying and streamlining our process and documentation to achieve enhanced flexibility.

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

CRCD's partner companies had the opportunity to showcase their expertise and promote their products and services through activities or networking platforms aimed at broad spectrum target audiences. And strategic use of such tools in 2015 led to the creation of many highly profitable alliances or networks for all of the businesses involved.

Because governance contributes to building strong foundations for companies to grow on, CRCD has once again been very active in that field. We stepped up our efforts over the past year with strategic support for our partner companies from our external directors. Rich in experience and carefully handpicked, these individuals provide support for companies in their business decisions. And to further enrich their roles within these companies, they received training sessions from either CRCD or our collaborators, such as the Collège des administrateurs de sociétés and the Institute of Corporate Directors. By the same token, several business leaders also benefit from the training provided free of cost by the École d'Entrepreneurship de Beauce, another key partner for CRCD.

ECONOMIC ENVIRONMENT

The second quarter of 2016 began on a positive note. The renewed investor confidence that began in mid-February continued through April and May. By early June, the North American stock exchanges had reached levels not seen in close to a year. The Toronto Stock Exchange performed well, with the index up over 10% from the start of 2016. At its June 15, 2016 meeting, the U.S. Federal Reserve (Fed) opted to leave its key interest rate unchanged. The subsequent victory by the "Leave" campaign in the Brexit referendum led to higher market volatility and should convince the Fed to wait until 2017 before resuming its monetary tightening. Some overseas central banks may even announce new monetary easing measures in the near term in order to offset the adverse impacts of this event. The Bank of Canada is not expected to change its key interest rates before 2018. In this environment, bond rates are expected to remain low for several more quarters.

The euro zone and Japanese economies demonstrated surprising strength in the first quarter of 2016, although growth in the euro zone dropped by half in the second quarter, while in Japan it probably slowed during the period. And the uncertainty caused by Britain's vote to pull the UK out of EU is another detractor. Beyond the actual impacts of future trade and financial constraints, the near-term risk facing the UK, European and global economies is the climate of uncertainty. The UK's economic outlook can be expected to deteriorate over the next few quarters. Global real GDP is expected to expand 3.0% in 2016 and 3.4% in 2017.

In the U.S., real GDP growth for the first quarter of 2016 was revised to 0.8%. Even if several factors, such as consumer spending, pointed to stronger growth this spring, annualized real GDP growth was only 1.2% in the second quarter. Brexit's impact on the U.S. economy is expected to be relatively small. U.S. real GDP is expected to climb 1.9% for 2016 as a whole and 2.4% in 2017.

In Canada, expectations were high for strong economic growth in the first quarter of 2016. The 2.4% increase in real GDP on an annualized quarterly basis reported by Statistics Canada fell short of expectations, yet exceeded performance in the four preceding quarters. In Canada, overall economic conditions are in line with the forecasts. Non-residential investments continued to fall amid further declines in energy prices. Other components of domestic demand have improved, and foreign trade has helped drive economic growth. That said, second-quarter data on the Canadian economy will likely highlight some of the difficulties that emerged. The upward trend in exports faltered as exports slipped, which is expected to have slowed real GDP growth in spring. In addition, the adverse effect of interruptions in crude oil output caused by forest fires in Alberta will be reflected in real GDP, expected to have dropped approximately 1.5% in the second quarter. Economic growth should resume in summer provided Brexit uncertainty has minimal impact on the Canadian economy. Canadian real GDP is expected to grow 1.2% for 2016 as a whole and 2.3% in 2017.

In Québec, consumer spending is up from the first quarter of 2016. Second-quarter data are expected to paint a positive picture, as upbeat consumer confidence, sustained job growth and federal tax relief boosted economic performance. While still in period of readjustment, residential real estate is showing positive signs. Existing home sales have rallied across Québec, with year-over-year price increases holding steady at around 2% in the second quarter of 2016. However, ample supply in the housing market has reined in

housing and condominiums starts. The Québec residential market is growing at a moderate pace, which is calming concerns over a sharp increase in prices and the risk of a sudden correction. The outlook for Québec businesses is upbeat. SME confidence strengthened at the end of the second quarter, and Statistics Canada released favourable Québec data in its survey of 2016 investment intentions. In addition, the federal government infrastructure program will soon spur renewed growth in public spending in Québec. Québec real GDP is expected to grow 1.3% in 2016 compared with 1.1% in 2015.

MANAGEMENT'S DISCUSSION OF FINANCIAL PERFORMANCE

OPERATING RESULTS

CRCD'S NET RESULTS AND RETURNS

CRCD ended the first half of the year on June 30, 2016 with net earnings of \$40.0 million, or a non annualized return of 2.5%, compared with net earnings of \$20.8 million (non-annualized return of 1.4% for the same period in 2015). Based on the number of shares outstanding, net assets per share increased to \$12.93 as at the end of the six-month period, compared with \$12.61 at the end of fiscal 2015. For illustrative purposes, at a price of \$12.93 effective August 18, 2016, shareholders who invested seven years earlier would obtain an annual after-tax return of more than 12.8%, taking into account the 50% income tax credit as per the rate applicable on August 18, 2009.

CRCD's performance is driven primarily by Investments impacting the Québec economy and Other investments, which generated non-annualized returns of 5.0% and 2.6%, respectively, while expenses, net of administrative charges and income taxes had an impact of 1.3% on CRCD's non annualized return.

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

RETURN BY ACTIVITY	JUNE 30, 2016				JUNE 30, 2015			
	Average assets under management (\$M)	Weighting (%)	Non-annualized return 6 months (%)	Non-annualized contribution 6 months (%)	Average assets under management (\$M)	Weighting (%)	Non-annualized return 6 months (%)	Non-annualized contribution 6 months (%)
Activities related to Investments impacting the Québec economy*	845	52.0	5.0	2.5	728	47.5	3.7	1.7
Other investments and cash	780	48.0	2.6	1.3	805	52.5	1.7	0.9
	1,625	100.0	3.8	3.8	1,533	100.0	2.6	2.6
Expenses, net of administrative charges			(1.1)	(1.1)			(1.0)	(1.0)
Income taxes			(0.2)	(0.2)			(0.2)	(0.2)
CRCD's return			2.5	2.5			1.4	1.4

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

INVESTMENTS IMPACTING THE QUÉBEC ECONOMY

Investments of \$68.7 million and disposals of \$41.5 million were made for a net balance of \$27.2 million. Combined with realized and unrealized net gains of \$26.4 million, these net investments brought the fair value of the investment portfolio, including foreign exchange contracts, to \$871.2 million as at June 30, 2016 (\$817.6 million as at December 31, 2015). Investments in the funds comprising the entrepreneurial ecosystem, as described below, in the amount of \$68.7 million, and a \$42.9 million aggregate investment in four manufacturing companies, mainly accounted for the investments of \$21.4 million made during the first half of the year.

Investments impacting the Québec economy should also be measured taking into account funds committed but not disbursed, which amounted to \$135.6 million as at June 30, 2016, compared with \$171.1 million as at December 31, 2015. Total commitments at cost as at June 30, 2016, amounted to \$911.9 million in 102 companies, cooperatives and funds, of which \$776.3 million was disbursed. As at June 30, 2016, backed by its entrepreneurial ecosystem, CRCD supported growth in 412 companies, cooperatives and funds.

Notes payable and financial liabilities with a fair value of \$25.1 million (\$26.3 million as at December 31, 2015) were largely attributable to the November 30, 2010 acquisition of certain investments from Desjardins Venture Capital L.P. Their fair value is adjusted according to changes in the fair value of these investments held by CRCD. As CRCD did not repay any notes during the six months ended on June 30, 2016, the fair value of notes and financial liabilities was adjusted down by \$1.2 million, arising from losses recognized on the underlying investments.

During the first six months of fiscal 2016, Investments impacting the Québec economy generated a positive contribution of \$40.4 million, for a return of 5.0%, compared with \$25.9 million for the same period of 2015 (a return of 3.7%).

CONTRIBUTION GENERATED BY INVESTMENTS IMPACTING THE QUÉBEC ECONOMY (in thousands of \$)	SIX MONTHS ENDED JUNE 30, 2016	SIX MONTHS ENDED JUNE 30, 2015
Revenue	13,192	13,528
Gains and losses	27,196	12,354
	40,388	25,882

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 \$1.4 million for the six-month period ended June 30, 2016 (\$1.6 million for the same period in 2015), are earned by the manager, Desjardins Venture Capital (DVC), and a credit for that amount is applied against the management fees paid to DVC by CRCD. Negotiation fees are included in the contribution generated by the Investments impacting the Québec economy as they are included in the profitability analysis of the investments.

The profile of the investments held by CRCD is changing over time and the amounts earmarked for the funds in its ecosystem are increasingly larger (refer to the following section for further information). Therefore, investments held by these ecosystem funds generate revenue in addition to the revenue

generated by CRCD. This revenue, of which CRCD's share amounted to \$6.2 million for the first six months of fiscal 2016 (\$5.7 million for the same period in 2015), is reported as "Gains and losses" as it makes a positive contribution to the fair value of CRCD's interest in these funds.

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

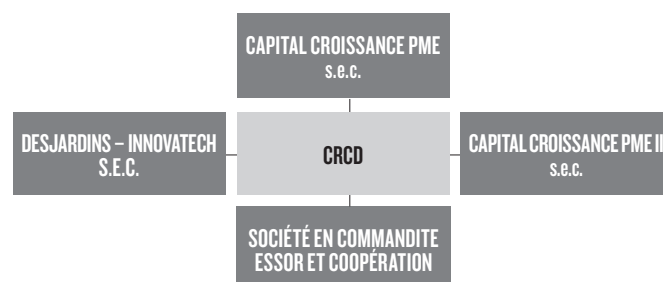
CRCD recorded in its results for the six-month period a realized and unrealized gain of \$27.2 million compared with a gain of \$12.4 million for the same period in 2015. These favourable changes in fair value on CRCD's results are explained by the sound performance of a number of portfolio companies, despite the more difficult economic environment that affected certain companies.

As at June 30, 2016, the overall risk level of the Investments impacting the Québec economy portfolio had improved slightly compared with its December 31, 2015 level, as discussed in the Credit and counterparty risk section.

ENTREPRENEURIAL ECOSYSTEM

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

Main funds of the entrepreneurial ecosystem



These funds, which are also managed by DVC, CRCD's manager, are:

- Capital croissance PME s.e.c. (CCPME), created on July 1, 2010, whose main goal is to invest in Québec's small- and medium-sized businesses, primarily in the form of subordinated debt securities for amounts not exceeding \$5 million (\$3 million prior to July 2013). CRCD and the Caisse de dépôt et placement du Québec (CDPQ), as sponsors of the fund, agreed to invest equal amounts totalling a maximum of \$220 million. As at June 30, 2016, CRCD had disbursed \$104.0 million of its total commitment of \$110 million. As CCPME's investment period closed on December 31, 2013, funds committed but not disbursed totalling \$6.0 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, 2016, CCPME had made commitments of \$90.2 million to support a total of 138 companies and funds. Since its inception, the Fund has disbursed a total of \$189.4 million to 184 companies.

- The renewal of the partnership agreement with CDPQ has created the Capital croissance PME II s.e.c. fund (CCPME II) as of January 1, 2014. A maximum additional amount of \$230 million, most of which is invested over a three-year period, will allow the two partners to continue supporting small- and medium-sized enterprises in Québec. CRCD has a 50% interest in CCPME II. As at June 30, 2016, CRCD had disbursed \$82.0 million of its total commitment of \$115 million. As at that date, CCPME had made commitments of \$145.8 million to support a total of 148 companies and funds. Since its inception, the Fund has disbursed \$148.4 million to 149 companies.
- CRCD is also the sponsor of the Desjardins-Innovatech S.E.C. fund (DI). DI has undertaken to inject a total of \$85 million to support Québec technology or innovation businesses through each stage of their development. DI has participated in the creation of innovative business accelerators in partnership with specialized organizations located in various regions of Québec, enabling it to support businesses from the embryonic stage through commercialization. As at June 30, 2016, CCPME had made disbursements of \$65.0 million to support a total of 50 companies and funds. CRCD has a 54.5% interest in DI.
- The objective of the Société en commandite Essor et Coopération fund (Essor et Coopération) is to support the creation, growth and capitalization of cooperatives in Québec. In 2013, CRCD and another partner made commitments to invest \$40 million and \$4 million. CRCD subsequently confirmed an additional commitment in a maximum amount of \$45 million for a total capitalization of \$89 million. Since the inception of Essor et Coopération on January 1, 2013, CRCD has disbursed \$23.9 million of its total commitment of \$85 million. As at June 30, 2016, Essor et Coopération had made commitments totalling \$27.4 million to support 16 cooperatives.

As at June 30, 2016, CRCD and its ecosystem supported the growth of 412 companies, cooperatives and funds in various industries spanning all Québec regions with commitments of \$968.0 million, while helping to create and retain over 68,000 jobs.

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

Each investment profile includes the assets held by CRCD 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 CRCD's entrepreneurial ecosystem;
- Venture capital: investments in companies specializing in technological innovations.

ENTREPRENEURIAL ECOSYSTEM PERFORMANCE

RETURN BY INVESTMENT PROFILE	JUNE 30, 2016				JUNE 30, 2015			
	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	273	16.8	4.0	0.7	238	15.5	3.6	0.6
Equity	465	28.6	7.0	1.8	386	25.2	4.2	1.0
External funds	61	3.7	(0.2)	(0.0)	37	2.4	11.4	0.3
Venture capital	24	1.5	(2.4)	(0.0)	23	1.5	(7.0)	(0.2)
Investment profiles subtotal	823	50.6	5.1	2.5	684	44.6	3.8	1.7
Other asset items held by ecosystem funds	22	1.4	1.5	0.0	44	2.9	1.0	0.0
Ecosystem total	845	52.0	5.0	2.5	728	47.5	3.7	1.7

The entrepreneurial ecosystem's sound performance stems from the Equity and Debt investment profiles, which posted non-annualized returns of 7.0% and 4.0%, respectively. These gains are attributable to the higher profitability of several portfolio companies and given the large amount of assets allocated to these profiles, they made a major contribution to the ecosystem's return of 5.0% for the first six months of 2016. Due to their volume, the External funds and Venture capital investment profiles have a very limited impact on the portfolio's total return.

OTHER INVESTMENTS

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

This portfolio, consisting primarily of bonds, money market instruments, real estate funds, global equity funds and preferred shares, provides stable current revenue for CRCD and ensures the necessary liquidity to fund common share redemptions and investments.

As at June 30, 2016, CRCD's Other investments portfolio, including cash but excluding foreign exchange contracts, totalled \$754.8 million compared with \$792.1 million as at December 31, 2015. These funds were invested mainly in the fixed-income securities market in highly liquid, low-credit risk instruments. As at June 30, 2016, 67% of portfolio bond securities were government-guaranteed (70% as at December 31, 2015).

Other investments accounted for 46% of the portfolio's total net assets as at the end of the first six months of 2016 (49% as at December 31, 2015). Commitments made but not disbursed in an amount of \$135.6 million, representing 8% of net assets, will eventually be covered from CRCD's Other investments and allocated to Investments impacting the Québec economy.

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

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

CONTRIBUTION GENERATED BY OTHER INVESTMENTS (in thousands of \$)	SIX MONTHS ENDED JUNE 30, 2016	SIX MONTHS ENDED JUNE 30, 2015
Revenue	9,097	9,764
Gains and losses	11,189	3,627
	20,286	13,391

Revenue consists primarily 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 \$20.3 million in the first six months of 2016 compared with a contribution of \$13.4 million a year earlier. Current revenue was down slightly compared with the same period of 2015 upon withdrawals from the bond portfolio during the period.

For the first six months of 2016, CRCD recorded a net gain of \$11.2 million on its Other investments portfolio, driven primarily by the bond portfolio which recorded a solid gain of \$11.9 million due mainly to lower bond rates during the period. Five-year Government of Canada benchmark bonds posted yields of 0.57% as at June 30, 2016, due to a sharp decline of 16 basis points during the six-month period.

Over the last few years, the fair value of the bond portfolio benefited from repeated interest rate decreases. A potential rise in rates will have a negative impact on unrealized changes in value. CRCD'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 CRCD's results.

The preferred share portfolio ended the six-month period with a loss of \$2.8 million, resulting primarily from declines in bond interest rates which impact demand for adjustable-rate securities.

CRCD readjusts its asset allocation strategy on a regular basis. During the first six months of the year, CRCD introduced a new asset class in its Other investments portfolio: global equity funds, which saw a gain of \$1.6 million on \$51.7 million in portfolio assets as at June 30, 2016.

CAPITAL RAISING

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

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

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

This tax credit was 45% for shares purchased from March 1, 2014 to February 29, 2016, inclusively, and 50% for shares purchased from November 10, 2007 to February 28, 2014, inclusively, and before March 24, 2006, and 35% for shares purchased from March 24, 2006 to November 9, 2007, inclusively.

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

Each 12-month capitalization period begins on March 1 of each year. A special tax is payable by CRCD if it fails to comply with the authorized issuance amounts, and control mechanisms have been implemented by CRCD to ensure compliance. For the six-month periods ended June 30, 2016 and 2015, no special tax was paid.

As at June 30, 2016, CRCD had \$1,326.6 million in share capital for 127,026,786 outstanding common shares.

Share sales under the 2016 issue are scheduled to begin in fall 2016. During the first six months of 2015, CRCD raised \$131.2 million on an authorized amount of \$150 million.

For fiscal 2016, potential redemptions of eligible shares may total up to \$675 million.

During the first six months of fiscal 2016, share redemptions totalled \$39.5 million (\$60.3 million for the same period of 2015). CRCD feels that the current economic conditions and low interest rates in particular are behind the low volume of redemptions in the last few years.

As at June 30, 2016, the balance of shares eligible for redemption amounted to over \$574 million. During the last six months of 2016, additional shares valued at approximately \$61 million will also become eligible for redemption bringing total potential redemptions to approximately \$635 million for fiscal 2016.

Redemptions during the first six months of 2016 brought the number of shareholders to 99,701 as at June 30, 2016, compared with 102,222 as at December 31, 2015.

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

EXPENSES AND INCOME TAXES

EXPENSES (in thousands of \$)	SIX MONTHS ENDED JUNE 30, 2016	SIX MONTHS ENDED JUNE 30, 2015
Management fees	13,621	12,447
Other operating expenses	2,021	1,004
Shareholder services	983	1,017
	16,625	14,468

CRCD has entrusted DVC with its management and operations, in accordance with the strategies and objectives approved by the Board of Directors. The five-year management agreement is effective January 1, 2013. The agreement

provides for the invoicing of separate fees for the Desjardins caisse network's contribution in distributing the CRCD shares. Negotiation fees, which amounted to \$1.4 million for the six-month period ended June 30, 2016, are earned by DVC and a credit for that amount is applied against the management fees paid by CRCD.

Under this agreement, CRCD is committed until December 31, 2015 to pay management fees equal to 2.02% 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. These fees will be renegotiated between CRCD and its manager for fiscal 2016. The rate of 2.02% will not increase; it will decrease or remain the same.

The \$1.0 million increase in other operating expenses between the two periods resulted primarily from the fees related to CRCD's project to automate its share distribution processes and from its three-year strategic planning costs.

CRCD has appointed Desjardins Trust Inc. as shareholder registrar and share transfer agent. Desjardins Trust also acts as an intermediary for various shareholder support services. Since CRCD's inception, Desjardins Trust has represented the largest component of CRCD's shareholder service expenses. The agreement expired on June 30, 2016 and was renewed under the same conditions until December 31, 2020.

CRCD has appointed Fédération des caisses Desjardins du Québec to distribute its shares through the Desjardins caisse network. A new agreement was entered into for the period from July 1, 2016 to December 31, 2020. CRCD agreed to pay \$325,000 in annual fees until December 31, 2017. It further agreed to pay project fees, as needed, to cover work required to upgrade the tools and applications supporting the share distribution processes.

No share issue expenses payable to the Desjardins caisse network were recognized during the first six months of 2016.

Income taxes for the first six months of fiscal 2016 amounted to \$2.8 million, compared with \$3.0 million for the same period in 2015. Revenue type has a significant impact since, unlike interest income, dividends are typically non-taxable and capital gains are eligible for deductions and mechanisms allowing for income tax refunds.

LIQUIDITY AND CAPITAL RESOURCES

For the six month period ended June 30, 2016, cash outflows from redemptions amounted to \$39.5 million (cash inflows from subscriptions net of redemptions totalling \$70.9 million in 2015). Operating activities generated net cash inflows of \$38.2 million, compared with cash outflows of \$95.3 million for the same period in 2015.

Cash outflows related to Investments impacting the Québec economy amounted to \$68.1 million for the first six months of 2016 (\$81.8 million for the same six months in 2015). The Other investments portfolio recorded net sale proceeds of \$67.4 million, compared with net acquisition costs of \$76.0 million for the same period in 2015.

As at June 30, 2016, cash and cash equivalents totalled \$31.2 million (\$32.6 million as at December 31, 2015).

CRCD 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 CRCD'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, 2016 or during fiscal 2015.

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

CRCD'S VISION, MISSION, OBJECTIVES AND STRATEGIES

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

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

RISK MANAGEMENT

RISK GOVERNANCE

The Board of Directors (the "Board") is made up of 13 members, the majority of whom are independent, and chaired by an independent director. The Board manages CRCD's affairs and oversees the fulfilment of its mission. To do so, its primary duties are twofold: directing and overseeing all of CRCD's activities and risk exposures.

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

To do this, the Board is supported by eight 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 roles and responsibilities remain substantially the same as those described in the most recent annual MD&A.

NOTE TO THE READER

The following sections regarding market risks, credit and counterparty risks, concentration risks and liquidity risks have been reviewed by CRCD's independent auditor as part of the audit of the financial statements concerning which an independent auditor's report was issued on August 18, 2016.

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 with a fair value of \$678.8 million (\$779.9 million as at December 31, 2015) and real estate funds with a fair value of \$14.6 million (\$13.1 million as at December 31, 2015) 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. 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 \$49.3 million (\$37.6 million as at December 31, 2015) have not been valued based on fluctuations in the interest rates due to their very short term maturity and CRCD's intention to hold them until maturity.

Bonds with a fair value of \$555.3 million (\$664.5 million as at December 31, 2015) are directly affected by interest rate fluctuations. A 1% increase in interest rates would have resulted in a decrease of \$29.1 million in net earnings, representing a 1.8% decrease in CRCD's share price as at June 30, 2016 (\$33.8 million for 2.1% as at December 31, 2015). Similarly, a 1% decrease in interest rates would have had the opposite effect, resulting in a \$30.8 million increase in net earnings, representing a 1.9% increase in share price (\$35.9 million for 2.2% as at December 31, 2015). Given that CRCD matches the maturities of bonds held in its portfolio with the average maturity of expected cash outflows, the long-term effect of interest rates on results should be limited.

Real estate funds and preferred shares with respective fair values of \$14.6 million (\$13.1 million as at December 31, 2015) and \$74.2 million (\$77.8 million as at December 31, 2015), may also be affected by interest rate fluctuations. However, unlike bonds, there is no direct correlation between interest rate fluctuations and changes in the fair value of these two classes of assets.

The loans and advances and preferred shares held in the Investments impacting the Québec economy portfolio, for which CRCD also holds participating shares in the same business as well as those that have been discounted, with a total fair value of \$142.9 million (\$114.0 million as at December 31, 2015), 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 \$170.2 million (\$177.1 million as at December 31, 2015) are sensitive to interest rate fluctuations. However, the interest rate risk related to the other loans and advances and preferred shares held in the portfolio is limited given the amounts in question.

Stock market risk

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

As at June 30, 2016, global equity funds, valued at \$51.7 million (nil value as at December 31, 2015), which were managed by external managers and held in the Other investments portfolio, consisted primarily of listed equities. Accordingly, a 10% increase or decrease in the quoted market prices of listed equities would have resulted in a \$5.2 million increase or decrease, respectively, in CRCD's earnings before income taxes.

The Investments impacting the Québec economy portfolio included listed equities in the amount of \$0.5 million (\$0.8 million as at December 31, 2015). As a result, for these investments, any stock market fluctuations would not have a significant direct impact on CRCD's net income.

Currency risk

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

Currency fluctuations impact the fair value of assets valued initially in a foreign currency and subsequently translated into Canadian dollars at the prevailing rate of exchange. In the Investments impacting the Québec economy portfolio, the assets, whose value varies in step with fluctuations in the value of a foreign currency, represent a fair value of \$101.3 million, or 6.2% of net assets as at June 30, 2016, compared with \$85.8 million, or 5.2% of net assets as at December 31, 2015.

CRCD aims to systematically hedge currency risk for assets measured in foreign currency, unless the exposure stems from the long-term expected returns of certain asset classes. A \$5 million line of credit has been granted to CRCD for its foreign exchange contract transactions. As at June 30, 2016, CRCD held foreign exchange contracts under which it must deliver US\$81.3 million (US\$62.7 million as at December 31, 2015) at the rate of CAD/USD 1.2833 (CAD/USD 1.3927 as at December 31, 2015) on September 30, 2016.

As at June 30, 2016, the net exposure of CRCD's Investments impacting the Québec economy portfolio to foreign currencies is limited to \$3.7 million (\$1.0 million as at December 31, 2015). Any fluctuation in the Canadian dollar will therefore not have a significant impact on CRCD's results.

For the Other investments portfolio, the net exposure of global equity funds to foreign currencies amounted to \$47.6 million. Accordingly, a 10% decrease (increase) in value of the Canadian dollar relative to all of the other foreign currencies would have a \$4.8 million increase (decrease) in CRCD's earnings before income taxes.

CREDIT AND COUNTERPARTY RISKS

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

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

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

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

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 an overall improvement in the Investments impacting the Québec economy portfolio. Ranked by risk, the percentage breakdown is as follows (fair value amounts):

Rating		AS AT JUNE 30, 2016		AS AT DECEMBER 31, 2015	
		(in thousands of \$)	(as a %)	(in thousands of \$)	(as a %)
1 to 6.5	Low to acceptable risk	856,027	98.3	798,758	97.7
7 to 9	At risk	7,827	0.9	9,081	1.1
10 to 12	High risk and insolvent	7,380	0.8	9,360	1.2

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, 2016		AS AT DECEMBER 31, 2015	
		(in thousands of \$)	(as a %)	(in thousands of \$)	(as a %)
1 to 6.5	Low to acceptable risk	135,588	100.0	171,082	100.0

For the bond portfolio, which represents 74.6% of the fair value of the Other investments portfolio, credit risk is managed by diversification across numerous issuers with credit ratings as follows:

Rating	AS AT JUNE 30, 2016		AS AT DECEMBER 31, 2015	
	(in thousands of \$)	(in thousands of \$)	(in thousands of \$)	(in thousands of \$)
AAA	231,175		336,401	
AA	201,735		122,857	
A	63,815		137,323	
BBB	55,624		64,781	
BB	2,977		3,181	

Credit risk ratings are established by recognized credit agencies.

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

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

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

CONCENTRATION RISKS

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

Risk of concentration in an entity

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

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

	AS AT JUNE 30, 2016		AS AT DECEMBER 31, 2015	
	% of portfolio	% of net assets	% of portfolio	% of net assets
Investments impacting the Québec economy	36.7	22.5	38.0	22.9
Other investments*	43.4	20.4	44.0	22.0

* Government issuers accounted for 90% (90% as at December 31, 2015) of the Other investments portfolio's five largest issuers or counterparties.

Risk of concentration by region

In keeping with its mission of Québec economic development, the Investments impacting the Québec economy portfolio chiefly comprises businesses whose employees are, in the majority, residents of Québec. Furthermore, at least 35% of its investments must be made in companies located in the resource regions or in cooperatives. Portfolio performance therefore depends heavily on economic conditions in Québec and the resource regions. As at June 30, 2016, the Investments impacting the Québec economy portfolio represented 53.0% of net assets (50.0% as at December 31, 2015).

CRCD has adopted a global financial asset management and investment guidelines policy to govern the Other investments portfolio activities which currently limits the option of holding foreign securities. As at June 30, 2016, the Other investments portfolio includes a portion of foreign securities through its investment in global equity funds. Accordingly, the Other investments portfolio was made up of 93.7% of Canadian securities (100% as at December 31, 2015). Other investments portfolio performance therefore depends heavily on economic conditions in Canada. As at June 30, 2016, the Other investments portfolio represented 46.0% of net assets (49.0% as at December 31, 2015).

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, 2016, bond securities represented 33.8% of net assets (40.5% as at December 31, 2015). The high percentage of holdings in this asset class aims to strike an overall balance for the portfolio between risk and return as well as meet CRCD's cash requirements.

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

LIQUIDITY RISKS

CRCD must maintain sufficient liquid assets to fund share redemptions and committed Investments impacting the Québec economy. If it failed to do so, CRCD would be dependent on the markets and could be forced to carry out transactions under unfavourable conditions. With liquid investments that should represent approximately 30% of assets under management, and using a management approach that ensures that the average maturity of bonds is close to the average maturity of expected outflows, CRCD can confirm that liquidity risks are adequately covered. Furthermore, credit facilities have also been put in place to provide greater cash management flexibility. The credit facilities remained undrawn for the first six months of fiscal 2016 and fiscal 2015.

RECENT EVENTS

GOVERNANCE

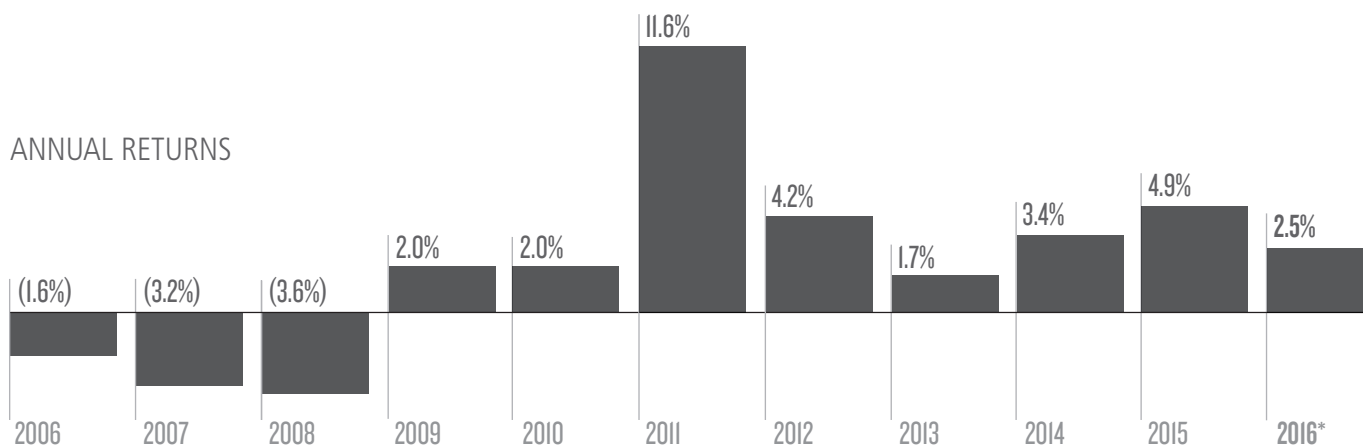
Following the 2016-2017 budget speech, the Québec government announced changes to CRCD's governance pertaining to the composition of its Board of Directors and the concept of independence. The proposed legislative amendments must be adopted by the National Assembly and will be implemented gradually.

PAST PERFORMANCE

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

ANNUAL RETURNS

The following chart shows CRCD's annual returns and illustrates the change in returns from one period to the next for the past ten fiscal years and for the six-month period ended June 30, 2016. 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, 2016.

COMPOUNDED RETURN OF THE SHARE AS AT JUNE 30, 2016

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

10 years	7 years	5 years	3 years	1 year
2.4%	4.3%	5.2%	4.1%	6.0%

PORTFOLIO SUMMARY

CORE INVESTMENT PROFILES

As at June 30, 2016, assets in CRCD's Investments impacting the Québec economy and Other investments portfolios were allocated, on a fair value basis, as follows:

INVESTMENT PROFILE	% OF NET ASSETS
Investments impacting the Québec economy*	
Debt	16.6
Equity	30.2
External funds	3.5
Venture capital	1.4
Other asset items held by ecosystem funds	1.4
Total – Investments impacting the Québec economy	53.0
Other investments	
Cash and money market instruments	3.6
Bonds	33.8
Preferred shares	4.5
Global equity funds	3.1
Real estate funds	0.9
Total – Other investments	46.0

* Including foreign exchange contracts

MAIN INVESTMENTS HELD

As at June 30, 2016, on a fair value basis, the issuers of the 25 main investments held by CRCD were as follows:

Issuers	% OF NET ASSETS
Investments impacting the Québec economy (15 issuers) *	35.5
Merrill Lynch Canada, Inc. NHA	6.4
Canada Housing Trust	5.5
Hydro-Québec	4.3
Province of Ontario	2.2
Royal Bank of Canada	2.1
The Toronto-Dominion Bank	1.7
Scotiabank	1.6
Desjardins IBrix Low Volatility Global Equity Fund (I-Class Units)	1.6
Desjardins Global Dividend Fund (I-Class Units)	1.6
Province of Québec	1.6

* The 15 issuers who collectively represent 35.5% of CRCD's net assets are:

- ACCEO Solutions Inc.
- Agropur Coopérative
- Atis Group Inc.
- Avjet Holding Inc.
- Camso inc.
- Capital croissance PME s.e.c.
- Capital croissance PME II s.e.c.
- Congebec Logistic Inc.
- Desjardins–Innovatech S.E.C.
- Exo-s Inc.
- Fournier Industries Inc.
- Gecko Alliance Group Inc.
- La Coop fédérée
- MSBI Investment Fund, Limited Partnership
- TELECON Group

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

August 18, 2016

MANAGEMENT'S REPORT

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

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

The financial statements present the financial information available as at August 18, 2016.

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 CRCD's financial statements.

(signed) Yves Calloc'h, CPA, CA

Chief Financial Officer

Capital régional et coopératif Desjardins

Separate Financial Statements
June 30, 2016 and 2015
(in thousands of Canadian dollars)



August 18, 2016

Independent Auditor's Report

To the Shareholders of Capital régional et coopératif Desjardins

We have audited the accompanying separate financial statements of Capital régional et coopératif Desjardins (the financial statements), which comprise the balance sheets as at June 30, 2016 and 2015 and the statements of comprehensive income, changes of net assets and cash flows for the six-month periods ended June 30, 2016 and 2015, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

*PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.
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We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Capital régional et coopératif Desjardins as at June 30, 2016 and 2015, its financial performance and its cash flows for the six-month periods ended June 30, 2016 and 2015 in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP¹

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

Capital régional et coopératif Desjardins

Separate Balance Sheet

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

	Note	As at June 30, 2016 \$	As at December 31, 2015 \$
Assets			
Investments impacting the Québec economy	7	871,234	817,199
Other investments	8	744,412	793,604
Income taxes recoverable	18	14,885	13,737
Accounts receivable	10	32,036	36,145
Cash	11	9,708	12,244
		<u>1,672,275</u>	<u>1,672,929</u>
Liabilities			
Notes payable and financial liabilities	12	25,145	26,309
Accounts payable	13	4,525	4,544
Income taxes payable	18	93	-
		<u>29,763</u>	<u>30,853</u>
Net assets	15	<u>1,642,512</u>	<u>1,642,076</u>
Number of common shares outstanding		<u>127,026,786</u>	<u>130,182,509</u>
Net asset value per common share		12.93	12.61

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

Jacques Plante, CPA, CA, Director

Chantal Bélanger, FCPA, FCGA, Director

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

Capital régional et coopératif Desjardins

Separate Statements of Comprehensive Income

For the six-month periods ended June 30

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

	Note	2016 \$	2015 \$
Revenue			
Interest	7	13,432	15,403
Dividends		7,463	6,291
Administrative charges		106	569
		<u>21,001</u>	<u>22,263</u>
Gains (losses) on investments			
Realized		14,854	39,003
Unrealized		23,531	(23,024)
		<u>38,385</u>	<u>15,979</u>
Total revenue and gains (losses) on investments			
		<u>59,386</u>	<u>38,242</u>
Expenses			
Management fees		13,621	12,447
Other operating expenses	17	2,021	1,004
Shareholder services	17	983	1,017
		<u>16,625</u>	<u>14,468</u>
Earnings before income taxes			
		<u>42,761</u>	<u>23,774</u>
Income taxes			
	18	<u>2,779</u>	<u>2,984</u>
Net earnings for the period			
		<u>39,982</u>	<u>20,790</u>
Weighted average number of common shares			
		<u>128,161,610</u>	<u>124,016,238</u>
Net earnings per common share			
		<u>0.31</u>	<u>0.17</u>

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

Capital régional et coopératif Desjardins

Separate Statement of Changes in Net Assets

For the six-month periods ended June 30

(in thousands of Canadian dollars)

	Share capital (note 15)		Retained earnings \$	Net assets \$
	Number	\$		
Balance – December 31, 2015	130,182,509	1,357,689	284,387	1,642,076
Net earnings for the period	-	-	39,982	39,982
Share capital transactions*				
Redemption of common shares	(3,155,723)	(31,040)	(8,506)	(39,546)
Balance – June 30, 2016	127,026,786	1,326,649	315,863	1,642,512
Balance – December 31, 2014	124,664,633	1,278,650	223,812	1,502,462
Net earnings for the period	-	-	20,790	20,790
Share capital transactions*				
Issuance of common shares	10,888,546	131,207	-	131,207
Share issue expenses, net of \$1,006 in taxes	-	(1,516)	-	(1,516)
Redemption of common shares	(5,012,654)	(50,121)	(10,172)	(60,293)
Balance – June 30, 2015	130,540,525	1,358,220	234,430	1,592,650

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

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

Capital régional et coopératif Desjardins

Separate Statement of Cash Flows

For the six-month periods ended June 30

(in thousands of Canadian dollars)

	2016 \$	2015 \$
Cash flows from (used in) operating activities		
Net earnings for the period	39,982	20,790
Non-cash items:		
Losses (gains) on investments	(38,385)	(15,979)
Amortization of premiums and discounts on other investments	(270)	1,082
Deferred taxes	736	565
Capitalized interest and other non-cash items	(583)	(712)
Changes in operating assets and liabilities:		
Income taxes recoverable	(1,791)	(4,974)
Accounts receivable	12	804
Income taxes payable	-	(3,336)
Accounts payable	15	(991)
Losses (gains) on cash-related foreign exchange contract	513	-
Acquisitions of investments impacting the Québec economy	(68,133)	(81,793)
Proceeds from disposals of investments impacting the Québec economy	38,722	65,160
Acquisitions of other investments	(453,109)	(645,154)
Proceeds on disposal of other investments	520,459	569,165
	<u>38,168</u>	<u>(95,373)</u>
Cash flows from (used in) financing activities		
Issuance of common shares	-	131,207
Redemption of common shares	(39,546)	(60,293)
	<u>(39,546)</u>	<u>70,914</u>
Net change in cash and cash equivalents during the period	(1,378)	(24,459)
Cash and cash equivalents – Beginning of period	<u>32,595</u>	<u>52,548</u>
Cash and cash equivalents – End of period	<u>31,217</u>	<u>28,089</u>
Supplemental information about cash flows from operating activities		
Interest received	13,019	15,819
Dividend received	6,645	6,279
Income taxes paid	3,834	10,729

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

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

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

1 Governing statute, administration and investments

Governing statute

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

Administration

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

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

Investments

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

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

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

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

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

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

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

Beginning in 2016, penalties are no longer payable if these targets are not met but have been replaced by a reduction of the authorized issue of capital for the capitalization period following the end of the fiscal year. For the fiscal year ended December 31, 2015, which was the last fiscal year for which the penalty was in effect, no amount was payable under those rules.

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 18, 2016.

Basis of measurement

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

Investment entity

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

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

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

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

3 Significant accounting policies

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

Financial instruments

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

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

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

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

Fair value measurement

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

Fair value of assets and liabilities traded in a market

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

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

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

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.

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

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

Global equities

Investments in global equity funds are recorded at their fair value. Fair value represents net assets per unit as determined by the funds at the balance sheet date.

Guarantee

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

Notes payable and financial liabilities

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

Amounts receivable on disposal of investments impacting the Québec economy

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

Cash and cash equivalents

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

Share capital

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

- They entitle the shareholder to a pro rata share of CRCD's net assets in the event of CRCD's liquidation;
- They are in the class of instruments that is subordinate to all other classes of instruments of CRCD;
- They have identical features to all other instruments in that class;

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Notes to Separate Financial Statements

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

- Apart from the contractual obligation for CRCDC 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 CRCDC, and it is not a contract that will or may be settled in CRCDC'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 CRCDC over the life of the shares (excluding any effects of the shares).

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

Revenue recognition

Interest and dividends

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

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

Administrative charges

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

Gains and losses

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

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

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

Functional currency and foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars, CRCDC'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 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 Statements of Comprehensive Income. CRCDC 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. CRCDC has decided not to apply hedge accounting.

Taxes

The income tax expense comprises current taxes and deferred taxes. Income taxes are recognized in the Statements of Comprehensive Income, unless they relate to items that were recognized outside earnings directly in the 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.

CRCDC 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, CRCDC may, in particular, obtain a refund of its tax paid on capital gains through the redemption of its shares. CRCDC 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).

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.

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

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

4 Significant judgments, estimates and assumptions

The preparation of financial statements in accordance with IFRS requires CRCDC 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. CRCDC considers the assumptions used to be appropriate and accordingly that its financial statements present fairly its financial position and its results.

The significant accounting policy that required CRCDC 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 CRCDC 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. CRCDC 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, CRCDC has implemented various controls and procedures to ensure that financial instruments are appropriately and reliably measured. The valuations have been prepared by a team of qualified valuers relying on a structured process composed of several validation and review stages. The Portfolio Valuation Committee, whose members consist mainly of independent qualified valuers, monitors operational risk related to non-compliance with the portfolio valuation methodology and reports to the Board of Directors semi-annually. More specifically, its role consists in performing semi-annual reviews of all relevant information regarding the valuations of CRCDC's portfolio of investments impacting the Québec economy to provide reasonable assurance that the valuation process meets regulatory requirements.

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

5 Accounting standards issued but not yet adopted

The accounting standards to be applied by CRCD that have been issued by the IASB but were not yet effective on June 30, 2016 are discussed below.

IFRS 15, *Revenue from Contracts with Customers*

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

In September 2015, the IASB issued an amendment to IFRS 15 to defer its effective date to January 1, 2018. In April 2016, the IASB issued additional amendments to IFRS 15 to further clarify revenue recognition and transitional provisions with respect to initial application.

CRCD is currently assessing the impact of adopting IFRS 15, which will be applicable for annual periods beginning on or after January 1, 2018.

IFRS 9, *Financial Instruments*

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

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

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

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

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

The effective date of IFRS 9 is set for annual periods beginning on or after January 1, 2018. CRCDD is currently assessing the impact of adopting this standard.

6 Risks associated with financial instruments

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

7 Investments impacting the Québec economy

The Audited Schedule of Cost of Investments Impacting the Québec Economy is available on written request to CRCDD's head office or on our website at 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, 2016
	Cost \$	Unrealized gain (loss) \$	Fair value \$
Unsecured			
Common shares	286,741	30,871	317,612
Preferred shares	181,101	17,093	198,194
Fund units	193,407	47,142	240,549
Loans and advances	109,827	645	110,472
Secured			
Loans and advances	5,189	(782)	4,407
	<u>776,265</u>	<u>94,969</u>	<u>871,234</u>

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

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

			As at December 31, 2015
	Cost \$	Unrealized gain (loss) \$	Fair value \$
Unsecured			
Common shares	269,092	21,041	290,133
Preferred shares	169,966	10,888	180,854
Fund units	188,195	47,715	235,910
Loans and advances	104,455	(416)	104,039
Secured			
Loans and advances	6,888	(625)	6,263
	<u>738,596</u>	<u>78,603</u>	<u>817,199</u>

Investments impacting the Québec economy include investments measured in U.S. dollars with a fair value of \$77.8 million (\$58.4 million as at December 31, 2015).

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

Loans and advances bear interest at a weighted average rate of 10.4% (11.1% as at December 31, 2015). The interest rate is fixed for substantially all interest-bearing loans and advances. For the six-month period ended June 30, 2016, interest income recognized at the contractual rate amounted to \$6.1 million (\$7.2 million for the six-month period ended June 30, 2015). Substantially all of the change in the fair value of loans and advances resulted from changes in credit risk.

Loans and advances have an annual residual maturity of 4.0 years (4.0 years as at December 31, 2015) and the fair market value of the current portion is \$6.5 million (\$4.0 million as at December 31, 2015)

Allocation of investments and funds committed by segment

Investments and funds committed are allocated by segment as follows:

				As at June 30, 2016	
Segment	Investments at cost \$	Unrealized gain (loss) \$	Fair value \$	Funds committed but not disbursed* \$	Total commitment \$
Manufacturing	360,702	57,758	418,460	2,612	421,072
Services	196,533	14,338	210,871	1,900	212,771
Technological innovations	25,623	(24,269)	1,354	-	1,354
Funds	193,407	47,142	240,549	131,076	371,625
Total	<u>776,265</u>	<u>94,969</u>	<u>871,234</u>	<u>135,588</u>	<u>1,006,822</u>

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

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

Segment	Investments at cost \$	Unrealized gain (loss) \$	Fair value \$	As at December 31, 2015	
				Funds committed but not disbursed* \$	Total commitment \$
Manufacturing	328,212	57,078	385,290	7,947	393,237
Services	196,540	(1,863)	194,677	9,400	204,077
Technological innovations	25,649	(24,327)	1,322	-	1,322
Funds	188,195	47,715	235,910	153,735	389,645
Total	738,596	78,603	817,199	171,082	988,281

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

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:

2016 (6 months) \$	2017 \$	2018 \$	2019 \$	2020 and thereafter \$	Total \$
39,366	20,742	14,581	11,983	48,916	135,588

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, 2016		As at December 31, 2015	
	Number	Fair value \$	Number	Fair value \$
Subsidiaries				
Partner companies	11	237,639	10	197,018
Associates				
Partner companies	19	158,343	18	140,217
Funds	7	219,946	7	211,194

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

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Notes to Separate Financial Statements

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

The increase in the number of partner companies as at June 30, 2016 resulted from the acquisition of one subsidiary and one associate.

Interests in the share capital of these partner companies comprise common shares and preferred shares. The percentage of equity securities held by CRCD in each of the partner companies is equal to or over 50% for the subsidiaries, and between 15% and 49% for associates. Except for a subsidiary (one subsidiary as at December 31, 2015), the voting rights for these partner companies are equivalent to the proportion of interests held.

As sponsor, CRCD has invested in certain funds over which it exercises significant influence. As at June 30, 2016, the interests are made up of units and the holding percentage varies from 20.0% to 90.9% (20.0% to 90.9% as at December 31, 2015).

8 Other investments

The Unaudited Statement of Other Investments is available on written request to CRCD's head office or on our website at 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, 2016
	Cost \$	Unrealized gain (loss) \$	Fair value \$
Bonds			
Federal or guaranteed	206,298	3,290	209,588
Provincial, municipal or guaranteed	172,116	4,591	176,707
Financial institutions	111,550	2,134	113,684
Companies	53,782	1,565	55,347
	543,746	11,580	555,326
Preferred shares	83,871	(9,686)	74,185
Money market instruments ⁽¹⁾	49,324	-	49,324
Real estate funds	13,775	793	14,568
Global equity funds	50,000	1,677	51,677
Foreign exchange contracts ⁽²⁾	-	(668)	(668)
Total	740,716	3,696	744,412

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Notes to Separate Financial Statements

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

Breakdown of bonds by maturity date

				As at June 30, 2016
	Under 1 year \$	1 to 5 years \$	Over 5 years \$	Total \$
Cost	2,116	246,317	295,313	543,746
Par value	2,100	243,521	311,230	556,851
Fair value	2,127	248,776	304,423	555,326
Average nominal rate ⁽³⁾	3.79%	2.39%	2.46%	2.44%
Average effective rate	2.66%	1.89%	2.32%	2.13%
				As at December 31, 2015
		Cost \$	Unrealized gain (loss) \$	Fair value \$
Bonds				
Federal or guaranteed		304,466	2,670	307,136
Provincial, municipal or guaranteed		155,934	1,112	157,046
Financial institutions		136,165	1,939	138,104
Companies		61,232	1,025	62,257
		657,797	6,746	664,543
Preferred shares		87,935	(10,179)	77,756
Money market instruments ⁽¹⁾		37,607	-	37,607
Real estate funds		12,790	346	13,136
Foreign exchange contracts ⁽²⁾		-	562	562
Total		796,129	(2,525)	793,604

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Notes to Separate Financial Statements

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

Breakdown of bonds by maturity date

	As at December 31, 2015			
	Under 1 year \$	1 to 5 years \$	Over 5 years \$	Total \$
Cost	6,694	325,056	326,047	657,797
Par value	6,634	320,614	339,960	667,208
Fair value	6,756	328,289	329,498	664,543
Average nominal rate ⁽³⁾	3.64%	2.52%	2.45%	2.49%
Average effective rate	2.66%	2.05%	2.34%	2.20%

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

⁽²⁾ Foreign exchange contracts to sell US\$81.3 million have three-month maturities (US\$62.7 million as at December 31, 2015).

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

Other investments include global equity funds which represent foreign currency exposure with a fair value of \$47.6 million (nil as at December 31, 2015).

Funds committed but not disbursed

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

2016 (6 months) \$	2017 \$	2018 \$	2019 \$	2020 and thereafter \$	Total \$
26,023	40,000	-	-	-	66,023

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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.

	Level 1 \$	Level 2 \$	Level 3 \$	As at June 30, 2016 Total \$
Financial assets				
Investments impacting the Québec economy	512	-	870,722	871,234
Other investments	497,074	232,770	14,568	744,412
Amounts receivable on disposal of investments impacting the Québec economy	-	-	24,749	24,749
Total financial assets	497,586	232,770	910,039	1,640,395
Financial liabilities				
Notes payable and financial liabilities	-	-	25,145	25,145
				As at December 31, 2015 Total \$
	Level 1 \$	Level 2 \$	Level 3 \$	
Financial assets				
Investments impacting the Québec economy	826	-	816,373	817,199
Other investments	525,929	254,539	13,136	793,604
Amounts receivable on disposal of investments impacting the Québec economy	-	-	28,846	28,846
Total financial assets	526,755	254,539	858,355	1,639,649
Financial liabilities				
Notes payable and financial liabilities	-	-	26,309	26,309

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, 2016 and the year ended December 31, 2015.

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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, 2016			
	Investments impacting the Québec economy \$	Other investments \$	Amounts receivable on disposal of investments impacting the Québec economy \$	Notes payable and financial liabilities \$
Fair value as at December 31, 2015	816,373	13,136	28,846	(26,309)
Realized gains (losses)	3,578	-	(3,642)	733
Unrealized gains (losses)	16,680	447	-	431
Acquisitions/issuances	68,716	1,187	1,072	-
Disposals/repayments	(34,625)	(202)	(1,527)	-
Fair value as at June 30, 2016	870,722	14,568	24,749	(25,145)
Unrealized gains (losses) in comprehensive income on investments and notes payable and financial liabilities as at June 30, 2016	22,194	447	-	431
	For the six-month period ended June 30, 2015			
	Investments impacting the Québec economy \$	Other investments \$	Amounts receivable on disposal of investments impacting the Québec economy \$	Notes payable and financial liabilities \$
Fair value as at December 31, 2014	710,029	2,986	22,134	(22,148)
Realized gains (losses)	34,092	-	4,193	-
Unrealized gains (losses)	(16,176)	75	-	(570)
Acquisitions/issuances	82,506	108	5,073	-
Disposals/repayments	(73,810)	(149)	(616)	-
Fair value as at June 30, 2015	736,641	3,020	30,784	(22,718)
Unrealized gains (losses) in comprehensive income on investments and notes payable and financial liabilities as at June 30, 2015	9,806	75	-	(570)

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

				As at June 30, 2016
	Fair value \$	Main valuation techniques	Unobservable inputs	Input value range (weighted average)
Investments impacting the Québec economy				
Loans and advances	43,507	Discounted cash flows	Required return	7.6% to 19.8% (11.6%)
Non-participating shares	129,137	Discounted cash flows	Required return	5.1% to 11.8% (6.6%)
Participating controlling shares	183,234	Capitalized cash flows	Capitalization rate	7.4% to 10.4% (9.1%)
			% of representative cash flows ⁽¹⁾	8.0% to 25.4% (13.5%)
	45,940	Recent transactions and bids	Paid/bid price	-
	8,465	Restated net assets	Entity's net assets	-
Participating non-controlling shares	147,844	Capitalized cash flows	Capitalization rate	7.2% to 16.1% (9.6%)
			% of representative cash flows ⁽¹⁾	1.4% to 28.5% (12.4%)
	48,225	Recent transactions and bids	Paid/bid price	-
	20,804	Restated net assets	Entity's net assets	_(2)
	3,017	Other ⁽³⁾	-	-
Fund units	<u>240,549</u>	Restated net assets	Fund's net assets	_(2)
	<u>870,722</u>			
Other investments – Real estate fund	14,568	Restated net assets	Fund's net assets	_(2)
Amounts receivable on disposal of investments impacting the Québec economy	24,749	Discounted cash flows	Required return	0.5% to 10.0% (6.5%)
Notes payable and financial liabilities	(25,145)	Miscellaneous	-	-

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				As at December 31, 2015	
	Fair value \$	Main valuation techniques	Unobservable inputs	Input value range (weighted average)	
Investments impacting the Québec economy					
Loans and advances	49,283	Discounted cash flows	Required return	7.3% to 26.3% (11.2%)	
Non-participating shares	129,168	Discounted cash flows	Required return	5.2% to 10.2% (5.8%)	
Participating controlling shares	165,286	Capitalized cash flows	Capitalization rate	8.5% to 12.1% (9.6%)	
			% of representative cash flows ⁽¹⁾	8.4% to 17.4% (10.9%)	
Participating non-controlling shares	31,733	Recent transactions and bids	Paid/bid price	-	
			Capitalization rate	7.2% to 16.4% (9.8%)	
			% of representative cash flows ⁽¹⁾	1.4% to 28.5% (12.1%)	
			Paid/bid price	-	
Fund units	17,973	Restated net assets	Entity's net assets	_(2)	
			Other ⁽³⁾	-	-
				Restated net assets	_(2)
			2,775	-	-
	<u>235,911</u>	Restated net assets	Fund's net assets	_(2)	
	<u>816,373</u>				
Other investments – Real estate fund	13,136	Restated net assets	Fund's net assets	_(2)	
Amounts receivable on disposal of investments impacting the Québec economy	28,846	Discounted cash flows	Required return	0.5% to 12.0% (6.2%)	
Notes payable and financial liabilities	(26,309)	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.

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.

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Sensitivity of fair value to unobservable inputs

Although CRCD considers that fair value estimates made for the 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, 2016	As at December 31, 2015
Participating controlling shares	+/- 0.6%	+/- 0.3%
Participating non-controlling shares	+/- 0.4%	+/- 0.4%

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

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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.

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.

10 Accounts receivable

	As at June 30, 2016 \$	As at December 31, 2015 \$
Interest, dividends and distributions receivable on investments	7,287	7,299
Amounts receivable on disposal of investments impacting the Québec economy	24,749	28,846
	<u>32,036</u>	<u>36,145</u>

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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 \$23.2 million (\$27.3 million as at December 31, 2015).

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 \$10.4 million (\$26.9 million as at December 31, 2015) no later than 12 months after the reporting date.

11 Cash and cash equivalents

	As at June 30, 2016 \$	As at December 31, 2015 \$
Cash	9,708	12,244
Money market instruments	21,509	20,351
	31,217	32,595

12 Notes payable and financial liabilities

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

Notes payable had an initial maturity of three years and were renewed up to May 31, 2017.

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, 2016, notes payable and financial liabilities with a fair value of \$23.0 million were related to investments impacting the Québec economy measured in U.S. dollars (\$24.1 million as at December 31, 2015).

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

13 Accounts payable

	As at June 30, 2016 \$	As at December 31, 2015 \$
Trade payables and accrued liabilities	2,318	1,817
Other	2,207	2,727
	4,525	4,544

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

14 Line of credit

CRCD has an authorized line of credit of \$10 million with Caisse centrale Desjardins, bearing interest at the operating credit rate of Caisse centrale Desjardins plus 0.5%. This line of credit is secured by a portion of the money market instruments and bonds recorded in other investments and is renewable annually. As at June 30, 2016 and December 31, 2015, the line of credit was undrawn. The line of credit was not used during the first six months of 2016 or during fiscal 2015.

15 Share capital

Authorized

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

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

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

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

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

CRCD is required to pay share issuance costs. Those costs are presented net of taxes, as a deduction from share capital. For the six-month period ended June 30, 2016, there were no share issuance costs (\$1.7 million for the year ended December 31, 2015).

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Issued

The net assets of CRCD as at June 30, 2016 totalled \$1,642.5 million broken down by issue as follows:

Issue	Issue price \$	Balance* \$M	Eligible for redemption
2001	10.00	28.1	2008
2002	10.00	78.0	2009
2003	10.12		
	and 10.24	39.2	2010
2004	10.25	48.6	2011
2005	10.25	53.7	2012
2006	10.37		
	and 10.21	52.3	2013
2007	10.21		
	and 9.92	73.5	2014
2008	9.89		
	9.83		
	and 9.54	124.3	2015
2009	9.54		
	9.62		
	and 9.73	184.5	2016
2010	9.73		
	and 9.80	195.7	2017
2011	9.91		
	and 10.02	193.4	2018
2012	11.02	174.6	2019
2013	11.47	168.1	2020
2014	11.92	68.1	2021
2015	12.05	160.4	2022
Net assets		1,642.5	

* Calculated as net asset value per share as at June 30, 2016

Redemption criteria

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

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

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

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

Tax credit

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

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

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

16 Capital disclosures

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

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

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

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17 Expenses

	For the six-month periods ended June 30,	
	2016 \$	2015 \$
Other operating expenses		
Audit fees	100	99
Compensation of members of the Board of Directors and its committees	341	325
Custodial and trustee fees	65	54
IT expenses	463	350
Share distribution automation fees	353	-
Other expenses	699	176
	<u>2,021</u>	<u>1,004</u>
Shareholder services		
Trustee fees	832	822
Reporting to shareholders	50	134
Other expenses	101	61
	<u>983</u>	<u>1,017</u>

18 Income taxes

Income tax expense

Income tax expense is detailed as follows:

	For the six-month periods ended June 30,			
	2016		2015	
	Statement of Comprehensive Income \$	Statement of Changes in Net Assets \$	Statement of Comprehensive Income \$	Statement of Changes in Net Assets \$
Current	2,043	(284)	2,419	(273)
Deferred	736	284	565	(733)
	<u>2,779</u>	<u>-</u>	<u>2,984</u>	<u>(1,006)</u>

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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,	
	2016	2015 \$
Income taxes at the combined basic tax rate of 39.9%	17,062	9,486
Permanent differences between earnings before income taxes and taxable income and other items		
Realized and unrealized losses (gains) on investments	(12,617)	(3,982)
Non-taxable dividends	(2,978)	(2,510)
Other	1,312	(10)
	<u>2,779</u>	<u>2,984</u>

Income tax balance

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

	As at June 30, 2016 \$	As at December 31, 2015 \$
Assets		
Deferred taxes – Share issue expenses	-	1,702
Deferred taxes – Other	-	(775)
Refundable tax on hand	13,193	12,119
Income taxes recoverable	1,692	691
	<u>14,885</u>	<u>13,737</u>
Liabilities		
Deferred taxes – Share issue expenses	(1,418)	-
Deferred taxes – Other	1,511	-
	<u>93</u>	<u>-</u>

CRCD expects to recover \$2.9 million (\$2.4 million recoverable as at December 31, 2015) in income taxes no later than 12 months after the reporting date.

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19 Related party transactions

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

- CRCD has entrusted DVC with its management and operations, in accordance with the strategies and objectives approved by the Board of Directors. The five-year management agreement, effective January 1, 2013, provides for the invoicing of separate fees for the Desjardins caisse network’s contribution in distributing CRCD’s shares. Under the management agreement, certain governance expenses are allocated to CRCD. Negotiation fees are earned by DVC with a credit of an equal amount applied against CRCD’s management fees.

Under this agreement, CRCD was committed until December 31, 2015 to pay management fees equal to 2.02% 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. These fees are currently being renegotiated. The rate of 2.02% will remain the same or be revised downward as of fiscal 2016, as any upward revision has been ruled out.

- CRCD has appointed Desjardins Trust Inc. (“Desjardins Trust”) as shareholder registrar and share transfer agent. Desjardins Trust also acts as an intermediary for various shareholder support services. Since CRCD began its operations, Desjardins Trust has represented the largest component of CRCD’s shareholder service expenses. This agreement, which expired on December 31, 2015, was renewed under the same conditions until June 30, 2016 except for the fee rate, which was adjusted on January 1, 2015. A new agreement will come into effect on July 1, 2016 and remain in force until December 31, 2020, based on the same fee rate as revised on January 1, 2015.
- CRCD has centralized custody services for its assets with Desjardins Trust. The custody and administration agreement became effective on May 1, 2009. Its term is indefinite unless one or the other of the parties, on prior written notice of at least 90 days, decides to terminate it.
- CRCD has appointed Fédération des caisses Desjardins du Québec to distribute its shares through the Desjardins caisse network. A new agreement will come into effect on July 1, 2016 and remain in force until December 31, 2020. Under this agreement, CRCD has committed to pay annual fees of \$325,000 until December 31, 2017. These fees could be revised as of fiscal 2018. CRCD has also made a commitment to pay any required project fees to complete development work on the tools and applications which support its share distribution process.
- CRCD has entrusted the Desjardins caisse network with issuing its shares.

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- CRCD has entrusted Caisse centrale Desjardins with the banking operations associated with its day-to-day activities and to act as principal for 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 Groupe Technologies Desjardins with its IT development strategy (IT master plan), in particular the implementation and evolution of new investment management software.
- CRCD holds securities issued by Caisse centrale Desjardins in its other investments portfolio.

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, 2016			As at December 31, 2015		
	DVC \$	Other related parties* \$	Total \$	DVC \$	Other related parties* \$	Total \$
Balance Sheets						
Assets						
Other investments	-	4,764	4,764	-	9,653	9,653
Interest and dividends receivable on investments	-	31	31	-	73	73
Cash	-	10,013	10,013	-	12,387	12,387
Liabilities						
Notes payable and financial liabilities	-	20,125	20,125	-	20,556	20,556
Accounts payable	2,207	410	2,617	2,727	397	3,124

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	For the six-month periods ended June 30,					
	2016			2015		
	DVC \$	Other related parties* \$	Total \$	DVC \$	Other related parties* \$	Total \$
Statements of Comprehensive Income						
Revenue						
Interest	-	59	59	-	86	86
Gains (losses) on investments	-	7,659	7,659	-	(4,464)	(4,464)
Expenses						
Management fees	13,621	-	13,621	12,447	-	12,447
Other operating expenses	-	970	970	-	679	679
Shareholder services	-	832	832	-	822	822
Statements of Changes in Net Assets						
Share issue expenses	-	-	-	-	2,490	2,490

* Other related parties include Fédération des caisses Desjardins du Québec and its subsidiaries, namely Caisse centrale Desjardins, Capital Desjardins, Desjardins Securities, Desjardins Venture Capital L.P., Groupe Technologies Desjardins and Desjardins Trust. They also include Desjardins caisse network and the Desjardins Group Pension Plan.

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, 2016, compensation of key management personnel comprised solely short-term benefits in the amount of \$237,633 (238,000 for the six-month period ended June 30, 2015).

Capital régional et coopératif Desjardins

Audited schedule of cost of investments impacting
the Québec economy

As at June 30, 2016



August 18, 2016

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

We have audited the accompanying schedule of cost of investments impacting the Quebec economy (the schedule) of Capital régional et coopératif Desjardins as at June 30, 2016. The financial information has been prepared by management of Capital régional et coopératif Desjardins based on the dispositions of article 18 of the Regulation respecting development capital investment fund continuous disclosure.

Management's responsibility for the schedule

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the schedule of cost of investments impacting the Quebec economy of Capital régional et coopératif Desjardins as at June 30, 2016 is prepared, in all material respects, in accordance with the dispositions of article 18 of the Regulation respecting development capital investment fund continuous disclosure.

PricewaterhouseCoopers LLP¹

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

Capital régional et coopératif Desjardins

Audited schedule of cost of investments impacting the Québec economy

As at June 30, 2016

(in thousands of dollars)

	Initial investment year	Industry segment	Unsecured investments		Secured investments		Total \$
			Common and preferred shares and funds units	Loans and advances	Loans and advances		
			\$	\$	\$	\$	
Abitibi-Témiscamingue							
Norbell Électrique inc.	2010	S	-	85	-	-	85
Trim Line de l'Abitibi inc.	2009	S	125	13	-	-	138
VCC-Massénoir inc.	2010	S	-	15	-	-	15
Vézeau et frères inc.	2009	S	-	145	-	-	145
Total Abitibi-Témiscamingue			125	258	-	-	383
Bas-Saint-Laurent							
Fonderie BSL inc.	2010	M	-	42	-	-	42
Gestion Alain Hébert inc.	2009	S	-	36	-	-	36
Groupe Fillion Sport inc.	2008	S	-	-	60	-	60
Télécommunications Denis Gignac inc.	2010	S	-	500	-	-	500
Total Bas-Saint-Laurent			-	578	60	-	638
Capitale-Nationale							
Boutique Le Pentagone inc.	2008	S	3,262	-	262	-	3,524
Congébec Logistique II inc.	2015	S	26,589	5,221	-	-	31,810
Frima Studio inc.	2008	S	-	-	400	-	400
Gecko Alliance Group inc.	2016	M	14,772	13,073	-	-	27,845
Groupe conseil NOVO SST inc.	2013	S	750	1,866	-	-	2,616
Groupe Humagade inc. (Bandsintown Canada inc.)	2006	TI	11,190	38	-	-	11,228
Jobillico inc.	2015	S	1,020	5,580	-	-	6,600
Obzerv Technologies inc.	2010	M	1,500	-	-	-	1,500
OptoSecurity inc.	2007	TI	-	939	-	-	939
Simard Suspensions inc.	2009	M	-	190	-	-	190
Total Capitale-Nationale			59,083	26,907	662	-	86,652
Centre-du-Québec							
Avjet Holding inc.	2009	S	3,732	4,083	-	-	7,815
CBR Laser inc.	2012	M	-	13,940	-	-	13,940
Farinart inc.	2010	M	250	-	-	-	250
Groupe Anderson inc.	2007	M	2,336	-	-	-	2,336
Industries ACM Canada inc. (ex-A.C.M. Composites (1993) inc.)	2013	M	-	-	1,500	-	1,500
Total Centre-du-Québec			6,318	18,023	1,500	-	25,841

Capital régional et coopératif Desjardins

Audited schedule of cost of investments impacting the Québec economy

As at June 30, 2016

(in thousands of dollars)

	Initial investment year	Industry segment	Unsecured investments		Secured investments	Total \$
			Common and preferred shares and funds units \$	Loans and advances \$	Loans and advances \$	
Chaudière - Appalaches						
CIF Métal Itée	2005	M	3,487	-	-	3,487
Fournier Industries inc.	2013	M	17,000	3,273	-	20,273
Groupe Filgo inc.	2012	S	13,961	1,650	-	15,611
Horisol Coopérative de travailleurs	2008	M	-	205	-	205
Hortau inc.	2010	M	1,605	-	-	1,605
Marquis Book Printing inc.	2007	M	2,970	1,210	-	4,180
Produits de plancher Finitec inc.	2007	M	-	242	-	242
Total Chaudière - Appalaches			39,023	6,580	-	45,603
Côte-Nord						
9274-4192 Québec inc. (Boisaco)	2013	M	791	-	-	791
Total Côte-Nord			791	-	-	791
Eastern Townships						
Balances M. Dodier inc. (Les)	2011	S	-	208	-	208
Camso inc.	2002	M	7,709	-	-	7,709
Coopérative de travailleurs actionnaire Filage Sherbrooke (FilSpec)	2004	M	-	574	-	574
Coopérative funéraire de l'Estrie	2006	S	-	576	-	576
Éco-Pak inc. (2948-4292 Québec inc.)	2008	S	-	213	-	213
Électro-5 inc.	2009	S	-	50	-	50
Engrenages Sherbrooke inc. (Les)	2013	M	-	469	-	469
Exo-s-inc.	2012	M	5,572	8,351	-	13,923
FilSpec inc.	2004	M	1,113	-	-	1,113
FilSpec inc. (9120-0782 Québec inc. / Gesco)	2004	M	-	227	-	227
Imprimerie Précis-Grafik inc.	2009	M	1,500	631	-	2,131
Kemestrie inc.	2010	TI	527	-	-	527
L.P. Royer inc.	2010	M	-	1,685	-	1,685
Ocera Therapeutics inc.	2003	TI	10,569	-	-	10,569
Total Eastern Townships			26,990	12,984	-	39,974
Gaspésie-Îles-de-la-Madeleine						
Construction L.F.G. inc.	2009	S	-	31	-	31
Éocycle Technologies inc.	2004	M	2,403	-	-	2,403
Total Gaspésie-Îles-de-la-Madeleine			2,403	31	-	2,434
Lanaudière						
Groupe Composites VCI inc.	2007	M	2,250	-	-	2,250
Total Lanaudière			2,250	-	-	2,250

Capital régional et coopératif Desjardins

Audited schedule of cost of investments impacting the Québec economy

As at June 30, 2016

(in thousands of dollars)

	Initial investment year	Industry segment	Unsecured investments		Secured investments	Total \$
			Common and preferred shares and funds units \$	Loans and advances \$	Loans and advances \$	
Mauricie						
Classement Luc Beaudoin inc. (9289-8907 Qc inc.)	2013	S	-	492	-	492
Groupe Telecon	2011	S	48,389	5,532	-	53,921
Innovations Voltflex inc.	2006	M	17	30	-	47
Louiseville Specialty Products inc.	2004	M	-	1,090	-	1,090
Total Mauricie			48,406	7,144	-	55,550
Montérégie						
9523383 Canada inc. (C.A.T.)	2016	S	7,224	-	-	7,224
A. & D. Prévost inc.	2011	M	10,880	7,500	-	18,380
A.T.L.A.S. Aéronautique inc.	2010	M	6,000	-	-	6,000
Agropur Coopérative	2014	M	74,947	-	-	74,947
Atis Group inc.	2015	M	28,000	1,828	-	29,828
Câbles Ben-Mor inc. (Les)	2009	M	-	2,769	-	2,769
Complexe sportif Interplus	2007	S	-	362	-	362
Groupe Dagenais M.D.C. inc.	2010	S	-	75	-	75
Investissements Brasco inc.	2009	M	-	809	-	809
Knowlton Development Corporation inc.	2006	M	3,478	-	-	3,478
Mirazed inc.	2007	M	-	-	1,319	1,319
NSE Automatech inc.	2013	M	3,000	-	-	3,000
Plomberie Piché & Richard inc.	2010	S	-	1	-	1
Spectra Premium Industries inc.	2006	M	1,794	-	-	1,794
Urecon ltée	2012	M	4,500	4,023	-	8,523
Total Montérégie			139,823	17,367	1,319	158,509
Montréal						
8973822 Canada inc. (ex-Vision Globale A.R. ltée)	2012	S	9,861	-	-	9,861
ACCEO Solutions inc.	2012	S	15,000	5,937	-	20,937
Alithya Group inc.	2015	S	8,750	-	-	8,750
Arbell Electronics inc.	2008	S	1,255	764	172	2,191
Courchesne, Larose ltée	2015	M	-	12,000	-	12,000
Elfiq inc.	2013	M	-	218	-	218
Emballages Deltapac inc. (Les)	2005	M	356	-	120	476
Groupe API inc.	2009	S	-	124	-	124
Groupe Graham International inc.	2011	M	7,147	-	-	7,147
Groupe Solotech inc.	2013	S	21,250	-	-	21,250
La Coop fédérée	2005	M	50,000	-	-	50,000
Philippe Dandurand Wines Ltd (ex-Phildan inc.)	2015	M	8,250	-	-	8,250
SPB Solutions inc.	2016	M	-	-	1,000	1,000
Textiles Amalgamated inc.	2015	M	9,800	-	-	9,800
Totem recruiting inc.	2013	S	-	163	-	163
Total Montréal			131,669	19,206	1,292	152,167

Capital régional et coopératif Desjardins
Audited schedule of cost of investments impacting the Québec economy
As at June 30, 2016

(in thousands of dollars)

	Initial investment year	Industry segment	Unsecured investments		Secured investments	Total \$
			Common and preferred shares and funds units \$	Loans and advances \$	Loans and advances \$	
Outside of Canada						
Pharmaxis Ltd.	2010	TI	2,360	-	-	2,360
Total Outside of Canada			2,360	-	-	2,360
Saguenay-Lac-Saint-Jean						
Démolition et excavation Démex inc.	2008	S	-	170	-	170
Groupe Canmec inc.	2004	M	7,014	-	-	7,014
Groupe Nokamic inc.	2005	S	-	64	-	64
Nokamic inc.	2010	M	-	-	356	356
Produits sanitaires Lépine inc. (Les)	2010	M	1,431	-	-	1,431
Senneco inc.	2013	S	-	515	-	515
Vitrierie A. & E. Fortin inc.	2010	M	156	-	-	156
Total Saguenay-Lac-Saint-Jean			8,601	749	356	9,706
Funds						
Capital croissance PME s.e.c.	2010	F	26,768	-	-	26,768
Capital croissance PME II s.e.c.	2014	F	69,158	-	-	69,158
Desjardins - Innovatech S.E.C.	2005	F	55,087	-	-	55,087
FIER Partenaires, s.e.c.	2005	F	7,819	-	-	7,819
Fonds d'investissement MSBI, s.e.c.	2004	F	5,035	-	-	5,035
Fonds d'investissement pour la relève agricole (FIRA)	2011	F	5,367	-	-	5,367
Fonds Relève Québec, s.e.c.	2011	F	3,208	-	-	3,208
Novacap Industries III, s.e.c.	2007	F	-	-	-	-
Novacap Technologies III, s.e.c.	2007	F	-	-	-	-
Société en commandite Essor et Coopération	2013	F	20,965	-	-	20,965
Total Funds			193,407	-	-	193,407
Total cost			661,249	109,827	5,189	776,265

Industry segment legend

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

This audited schedule of cost of investments impacting the Québec economy provides details, per entity, of the sums invested by Capital régional et coopératif Desjardins. This amount appears in note 7 to the financial statements of the CRCD, as at June 30, 2016.

Capital régional et coopératif Desjardins

Statement of other investments

As at June 30, 2016

Capital régional et coopératif Desjardins

Statement of other investments (unaudited)

As at June 30, 2016

(in thousands of dollars)

Description		Par value \$	Cost \$	Fair Value \$
Bonds (74.6%)				
Federal and guaranteed bonds (28.2%)				
Canada Housing Trust	06-15-2021, 1.25%	2,820	2,816	2,851
	03-15-2022, 2.65%	1,800	1,879	1,952
	12-15-2022, 2.40%	14,350	14,577	15,406
	09-15-2023, 2.35%	21,260	22,156	22,789
	12-15-2025, 2.25%	34,000	35,077	36,024
	09-15-2026, 1.90%	10,300	10,499	10,538
Government of Canada	03-01-2019, 1.75%	100	103	103
NHA Merrill Lynch Canada Inc. ¹	09-01-2019, 1.85%	60,934	61,653	61,878
	05-01-2020, 1.35%	23,209	23,105	23,218
	07-01-2020, 1.07%	4,753	4,698	4,703
	03-01-2021, 1.25%	16,173	16,046	16,082
NHA Toronto Dominion Bank ¹	04-01-2018, 1.65%	10,448	10,449	10,549
PSP Capital	04-04-2024, 3.29%	3,150	3,240	3,495
Total federal and guaranteed bonds		203,297	206,298	209,588
Provincial, municipal or guaranteed bonds (23.7%)				
Cadillac Fairview Finance Trust	05-09-2018, 3.64%	7,175	7,399	7,486
City of Montreal	09-01-2025, 3.00%	2,500	2,512	2,640
City of Toronto	06-27-2018, 4.95%	3,000	3,113	3,227
Hydro-Québec	02-15-2023, 2.21%	20,000	17,294	17,803
	08-15-2023, 2.28%	10,000	8,506	8,748
	02-15-2024, 2.42%	32,800	27,305	28,267
	08-15-2024, 2.02%	17,700	15,032	15,038
Municipal Finance Authority of British Columbia	06-01-2021, 4.15%	2,000	2,117	2,258
	10-14-2024, 2.95%	2,000	2,120	2,147
	10-02-2025, 2.65%	3,000	3,008	3,130
Ontario Hydro	10-17-2017, 1.05%	1,700	1,677	1,679
OPB Finance	02-24-2022, 1.88%	3,650	3,596	3,679
	05-24-2023, 2.90%	3,750	3,754	3,982
	02-02-2026, 2.95%	2,000	1,999	2,106
Province of Alberta	06-01-2026, 2.20%	20,200	20,198	20,394
Province of Manitoba	06-02-2025, 2.45%	5,732	5,731	5,958
Province of New Brunswick	06-02-2023, 2.85%	600	589	643
Province of Nova Scotia	06-01-2025, 2.15%	2,500	2,423	2,535
Province of Ontario	12-03-2018, 1.05%	845	845	847
	12-02-2022, 1.98%	21,800	19,209	19,569
	06-02-2025, 2.53%	6,000	4,792	4,992
Province of Québec	06-01-2023, 2.27%	17,400	14,884	15,334
	06-01-2024, 2.46%	3,000	2,472	2,564
Regional Municipality of York	06-30-2021, 4.00%	1,500	1,541	1,681
Total provincial, municipal or guaranteed bonds		190,852	172,116	176,707
Financial institutions bonds (15.3%)				
Bank of Montreal	10-06-2020, 2.10%	3,800	3,810	3,890
	03-16-2022, 2.12%	5,300	5,276	5,411
Caisse centrale Desjardins	03-02-2020, 1.75%	5,400	5,372	5,432

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

Capital régional et coopératif Desjardins

Statement of other investments (unaudited)

As at June 30, 2016

(in thousands of dollars)

Description		Par value \$	Cost \$	Fair Value \$
Financial institutions bonds (cont.)				
Canadian Imperial Bank of Commerce	06-06-2018, 6.00%	2,000	2,083	2,157
	07-14-2020, 1.85%	2,155	2,152	2,184
	04-26-2021, 1.90%	650	650	659
Canadian Tire Real Estate Investment Trust	03-09-2025, 3.53%	900	900	935
Choice Properties REIT	02-08-2021, 3.50%	2,000	2,080	2,115
	06-20-2022, 3.60%	1,175	1,203	1,251
Cominar REIT	06-21-2019, 3.62%	1,725	1,742	1,751
Crombie Real Estate Investment Trust	06-01-2021, 3.96%	160	161	167
Daimler Canada Finance	03-26-2018, 2.27%	385	385	390
	10-02-2018, 1.42%	4,600	4,588	4,590
First Capital Realty	10-30-2023, 3.90%	1,700	1,730	1,839
Ford Credit Canada	05-07-2020, 2.45%	2,950	2,945	2,959
General Motors Financial Company	05-22-2020, 3.08%	350	350	354
Great-West Lifeco	03-21-2018, 6.14%	1,500	1,512	1,615
IGM Financial	04-08-2019, 7.35%	1,850	1,990	2,115
Industrial Alliance Insurance and Financial Services	02-23-2022, 2.64%	300	300	297
Intact Financial Corporation	08-18-2021, 4.70%	1,000	1,090	1,118
John Deere Canada Funding	09-17-2020, 2.05%	750	758	763
Manufacturers Life Insurance Company	11-29-2018, 2.93%	400	400	406
	02-21-2019, 2.81%	2,500	2,548	2,535
Manulife Financial	04-08-2019, 7.77%	2,200	2,389	2,542
National Bank of Canada	04-11-2017, 3.26%	1,100	1,101	1,111
	03-03-2020, 1.74%	1,300	1,300	1,307
NBC Capital Trust	06-30-2020, 7.45%	250	276	289
RBC Trust Capital Securities	06-30-2018, 6.82%	2,250	2,366	2,451
Riocan Real Estate Investment Trust	05-30-2022, 3.75%	775	775	827
Royal Bank of Canada	12-11-2018, 2.77%	2,300	2,357	2,376
	04-26-2019, 1.40%	11,500	11,515	11,534
	07-17-2020, 1.92%	4,000	3,999	4,055
	03-02-2022, 1.97%	1,900	1,900	1,920
Scotiabank	03-22-2018, 2.24%	75	75	76
	05-01-2018, 1.33%	10,359	10,358	10,358
	09-09-2020, 2.09%	3,000	2,996	3,058
Sunlife Financial	03-02-2017, 4.38%	1,000	1,015	1,016
	07-02-2019, 5.70%	1,000	1,032	1,114
	08-23-2021, 4.57%	400	400	449
TD Capital Trust	12-31-2018, 7.24%	2,000	2,141	2,240
Toronto-Dominion Bank	07-09-2018, 5.83%	4,000	4,181	4,316
	06-24-2020, 2.69%	2,300	2,300	2,280
	06-08-2021, 1.68%	2,500	2,499	2,518
	12-22-2021, 2.62%	6,000	6,110	6,292
	07-24-2024, 3.23%	2,500	2,591	2,731
Toyota Credit Canada	02-19-2020, 1.80%	2,450	2,449	2,468
	05-20-2020, 2.05%	1,400	1,400	1,423
Total financial institutions bonds		110,109	111,550	113,684

Capital régional et coopératif Desjardins

Statement of other investments (unaudited)

As at June 30, 2016

(in thousands of dollars)

Description		Par value \$	Cost \$	Fair Value \$
Corporate bonds (7.4%)				
Algonquin Power & Utilities Corp.	02-15-2022, 4.65%	750	778	792
Alimentation Couche-Tard	03-02-2025, 3.60%	1,625	1,625	1,716
Alliance Pipeline	12-16-2019, 4.93%	1,000	1,051	1,046
AltaGas	01-07-2026, 4.12%	300	300	312
AltaLink	11-06-2023, 3.67%	1,000	1,026	1,108
	02-28-2026, 2.75%	125	125	128
Bell Canada	06-12-2020, 3.54%	2,300	2,353	2,439
	09-03-2022, 3.00%	3,200	3,191	3,333
	12-22-2022, 3.35%	2,700	2,867	2,861
BMW Canada	11-26-2018, 2.27%	2,000	2,019	2,040
	06-15-2021, 1.83%	400	399	400
Brookfield Asset Management	03-31-2023, 4.54%	1,053	1,072	1,164
	12-08-2023, 5.04%	1,700	1,699	1,920
Brookfield Renewable Energy	03-02-2025, 3.75%	750	749	778
BRP Finance	11-05-2018, 5.25%	2,425	2,577	2,603
Bruce Power LP	06-23-2021, 2.84%	300	300	303
Canadian Natural Resources	08-14-2020, 2.89%	2,000	2,031	1,990
Canadian Utilities	11-09-2022, 3.12%	775	753	836
Dollorama	11-05-2018, 3.10%	220	222	226
Enbridge	02-22-2019, 4.10%	1,000	1,027	1,046
	09-02-2019, 4.77%	60	64	65
	12-05-2022, 3.19%	400	388	407
Energcare Solutions	02-03-2020, 4.60%	400	422	420
FortisAlberta	06-30-2024, 3.30%	250	250	270
Hydro One	04-30-2020, 1.62%	2,000	1,991	2,009
	02-24-2021, 1.84%	600	600	607
Inter Pipeline	12-24-2024, 3.17%	1,000	1,000	1,001
Loblaw Companies	06-12-2023, 4.86%	2,200	2,396	2,540
Lower Mattagami Energy	05-18-2021, 4.33%	300	318	337
Magna International Inc.	11-15-2022, 3.10%	1,000	1,000	1,043
North West Redwater Partnership	01-23-2022, 2.10%	1,000	984	991
Pembina Pipeline Corporation	10-24-2022, 3.77%	900	917	937
Reliance	03-15-2019, 5.19%	1,600	1,674	1,680
	09-15-2020, 3.81%	700	703	705
Rogers Communications	12-13-2023, 4.00%	800	797	876
Sobeys	08-08-2018, 3.52%	400	402	409
Superior Plus LP	12-09-2017, 6.50%	1,000	1,049	1,002
TELUS Corporation	02-28-2022, 2.35%	2,250	2,193	2,258
	01-02-2024, 3.35%	1,000	1,017	1,047
Teranet Income Fund	12-16-2020, 4.81%	1,050	1,130	1,160
Thomson Reuters	09-30-2020, 4.35%	4,300	4,555	4,670
Toronto Hydro Corporation	01-10-2023, 2.91%	1,000	1,024	1,060
TransAlta	11-18-2019, 6.40%	250	250	251
Videotron	03-15-2025, 5.63%	1,950	1,934	1,975
West Coast Energy Inc.	09-08-2025, 3.77%	560	560	586
Total corporate bonds		52,593	53,782	55,347
Total bonds		556,851	543,746	555,326

Capital régional et coopératif Desjardins
Statement of other investments (unaudited)
As at June 30, 2016

(in thousands of dollars)

Description	Number of shares	Cost \$	Fair Value \$	
Preferred shares (10.0%)				
Bank of Montreal	Perpetual, 5.20%	173,400	4,439	4,019
Brookfield Asset Management	Perpetual, 4.20%	80,000	1,752	1,393
	Perpetual, 4.40%	30,000	480	549
	Perpetual, 4.50%	112,860	2,891	2,145
	Perpetual, 4.75%	23,800	466	501
	Perpetual, 4.80%	20,000	519	378
Canadian Utilities	Perpetual, 4.50%	120,000	3,006	2,795
	Perpetual, 4.90%	40,000	1,018	925
Fortis	Perpetual, 4.00%	9,300	203	164
	Perpetual, 4.10%	111,000	2,759	2,153
	Perpetual, 4.75%	52,300	1,132	1,222
Great-West Lifeco	Perpetual, 5.25%	40,000	877	698
	Perpetual, 3.65%	40,000	629	580
	Perpetual, 4.50%	45,000	1,084	990
	Perpetual, 4.85%	50,000	1,185	1,150
Husky Energy	Perpetual, 5.20%	145,000	3,816	3,566
	Perpetual, 4.45%	4,500	73	52
Industrial Alliance Insurance and Financial Services	Perpetual, 4.60%	100,000	2,471	1,940
	Perpetual, 4.60%	15,000	243	332
Intact Financial Corporation	Perpetual, 4.20%	45,600	1,119	801
Manulife Financial	Perpetual, 3.90%	75,000	1,729	1,350
	Perpetual, 4.20%	132,500	3,365	1,973
	Perpetual, 4.40%	25,400	675	502
	Perpetual, 4.50%	35,900	867	781
	Perpetual, 4.60%	36,300	761	778
	Perpetual, 5.60%	15,000	375	397
	Perpetual, 3.80%	25,000	606	594
National Bank of Canada	Perpetual, 5.00%	55,400	1,212	1,306
Power Corporation of Canada	Perpetual, 1.63%	77,800	1,970	879
Power Financial Corporation	Perpetual, 4.20%	29,700	757	607
	Perpetual, 4.95%	25,000	658	584
	Perpetual, 5.10%	10,000	263	240
	Perpetual, 5.75%	10,000	220	257
	Perpetual, 6.00%	95,000	2,528	2,478
Royal Bank of Canada	Perpetual, 4.45%	61,000	1,562	1,531
	Perpetual, 4.50%	118,600	2,965	2,978
	Perpetual, 4.60%	92,100	2,346	2,317
	Perpetual, 4.70%	15,700	394	396
	Perpetual, 5.00%	131,100	3,352	3,072
	Perpetual, 5.50%	30,000	750	797
	Perpetual, 3.70%	130,000	3,267	2,587
Scotiabank	Perpetual, 4.50%	50,200	1,289	1,254
	Perpetual, 5.00%	50,000	1,270	1,152
	Perpetual, 5.25%	16,000	412	410
	Perpetual, 5.60%	170,000	4,458	4,350
Sunlife Financial	Perpetual, 4.45%	10,000	223	216
	Perpetual, 4.50%	25,000	565	545
	Perpetual, 4.75%	137,500	3,050	3,179
	Perpetual, 4.80%	60,300	1,482	1,412

Capital régional et coopératif Desjardins

Statement of other investments (unaudited)

As at June 30, 2016

(in thousands of dollars)

Description	Number of shares	Cost \$	Fair Value \$
Preferred shares (cont.)			
Toronto-Dominion Bank	Perpetual, 3.60%	40,000	963
	Perpetual, 3.70%	20,000	391
	Perpetual, 3.75%	118,300	2,780
	Perpetual, 3.80%	54,500	1,355
	Perpetual, 3.90%	4,500	106
TransCanada	Perpetual, 4.90%	50,000	1,123
	Perpetual, 3.80%	47,200	862
	Perpetual, 4.00%	50,400	1,151
	Perpetual, 4.25%	83,600	1,607
Total preferred shares		83,871	74,185
Total other investments (100.0%)		740,716	744,412

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, 2016

Capital régional et coopératif Desjardins

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

As at June 30, 2016

(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 fund units \$	Loans and advances \$	Loans and advances \$	
31-12-2015	Capital croissance PME s.e.c.	50.00			
	Abitibi-Témiscamingue				
	2637-1914 Québec inc. (Télévision J.R.)	-	50	-	50
	9207-6553 Québec inc. (Pizzeria Noranda)	-	56	-	56
	9265-0381 Québec inc. (Barbin Sport)	-	64	-	64
	Abitibi Géophysique inc.	-	242	-	242
	Agence de sécurité Mirado inc.	-	51	-	51
	Cartier Resources inc.	150	-	-	150
	Centre du ressort Lamarche inc.	-	44	-	44
	Groupe Minier CMAC - Thyssen Mining Group	-	164	-	164
	Hôtel Forestel Val d'Or inc.	-	915	-	915
	Integra Gold Corp.	139	-	-	139
	Location Lauzon inc.	-	148	-	148
	Total Abitibi-Témiscamingue		289	1,734	2,023
	Bas-Saint-Laurent				
	9048-3538 Québec inc. (Matane Honda) (9244-9396 Qc inc.)	-	141	-	141
	Autobus Dionne inc. (Transport A.S.D.)	-	-	85	85
	Entreprises d'Auteuil & fils inc. (Les)	-	77	-	77
	Gestion Rima 2013 inc. (Sani-Manic inc.)	-	40	386	426
	Groupe Fillion Sport inc.	-	-	315	315
	Impressions Soleil (Les) - 3089-8522 Québec inc.	-	-	77	77
	Matane Motosport inc.	-	-	296	296
	Total Bas-Saint-Laurent		258	1,159	1,417
	Capitale-Nationale				
	9101-2492 Québec inc. (Centre médical Le Mesnil)	-	139	-	139
	Collection Papillon Gemme inc.	-	-	118	118
	Éditions Gladius International inc.	-	-	48	48
	Institut privé de chirurgie inc. (9276-9678 Québec inc.)	-	-	332	332
	Institut privé d'ophtalmologie de Québec inc. (9276-9710 Québec inc.)	-	-	204	204
	LA VUE par Laforce inc.	-	-	116	116
	Pavages Nordic inc.	-	275	-	275
	Planifika inc.	-	-	204	204
	Radio-Onde inc.	750	-	-	750
	Total Capitale-Nationale		750	414	2,186

Capital régional et coopératif Desjardins

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

As at June 30, 2016

(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 fund units \$	Loans and advances \$	Loans and advances \$	
31-12-2015	Capital croissance PME s.e.c. (cont.)	50.00			
	Centre-du-Québec				
	2543-6205 Québec inc. (Groupe MBI)	-	-	754	754
	2681871 Canada inc. (Voyages Escapades Victoriaville)	-	126	-	126
	9224-7519 Québec inc. (Peinture Can-Lak inc.)	-	-	728	728
	Fromagerie L'Ancêtre inc.	-	276	-	276
	Gestion TYT inc.	-	-	532	532
	Total Centre-du-Québec	-	402	2,014	2,416
	Chaudière - Appalaches				
	3R Com inc. (8580430 Canada inc.)	-	202	-	202
	Autobus Fleur de Lys inc.	-	-	220	220
	Décoplex inc.	-	-	389	389
	Entreprises de services BCE Pharma inc. (Les)	-	87	-	87
	Fenêtres Sélection inc.	-	89	-	89
	Gesdix inc.	-	207	-	207
	Gyptech Acoustique inc.	-	208	-	208
	Investissements Mika inc. (Les)	-	-	311	311
	Plomberie Ste-Croix inc.	-	-	120	120
	Productions Horticoles Demers (Les)	250	-	-	250
	Serres Demers inc. (Les)	-	-	400	400
	Ultima Fenestration inc.	-	135	-	135
	Umano Medical inc.	-	133	-	133
	Total Chaudière - Appalaches	250	1,061	1,440	2,751
	Côte-Nord				
	9269-4603 Québec inc. - Gestion Patrick Ferreri	-	-	637	637
	9304-8254 Québec inc. (anc. Benoit Vigneault Itée)	404	-	-	404
	Alimentation Francis Gravel inc.	-	113	-	113
	Carrosserie Baie-Comeau inc.	-	-	102	102
	Centre des congrès de Sept-Îles	-	-	105	105
	Construction Leclerc et Pelletier inc.	-	84	-	84
	Entreprises G.M. Mallet inc. (les)	-	120	-	120
	Express Havre St-Pierre Ltd.	-	-	316	316
	Hôtel Motel Le Q'Artier des Îles inc.	-	159	-	159
	LA VUE Pierre-Bertrand inc.	-	-	61	61
	LA VUE Thetford Mines inc.	-	-	48	48
	Location Paul Boudreau inc.	-	623	-	623
	Santerre Électrique inc.	-	21	172	193
	Sécurité inc.	-	248	-	248
	Total Côte-Nord	404	1,368	1,441	3,213

Capital régional et coopératif Desjardins

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 fund units \$	Loans and advances \$	Loans and advances \$	
31-12-2015	Capital croissance PME s.e.c. (cont.)	50.00			
	Eastern Townships				
	6358331 Canada inc. (Sherbrooke OEM Ltd.)	459	57	-	516
	Certi Auto inc.	-	-	246	246
	Innotex inc.	-	281	-	281
	L.P. Royer inc.	-	995	-	995
	Pieux Vistech - Postech inc.	-	562	-	562
	Plastech inc.	-	-	120	120
	S.E.2 inc.	-	-	121	121
	Total Eastern Townships	459	1,895	487	2,841
	Funds				
	Fonds Prêt à Entreprendre, s.e.c.	471	-	-	471
	Total Funds	471	-	-	471
	Gaspésie-Îles-de-la-Madeleine				
	CFI Metal inc.	-	213	-	213
	Total Gaspésie-Îles-de-la-Madeleine	-	213	-	213
	Laval				
	8376905 Canada inc. (Paramedic)	-	259	-	259
	Total Laval	-	259	-	259
	Mauricie				
	9210-3563 Québec inc. (Groupe E. Morel)	-	-	233	233
	Ateliers de l'électro-ménager R. Vallée inc.	-	186	-	186
	Investissements Bédard-Hallé inc.	-	-	672	672
	Louis Lafrance & fils ltée	-	141	-	141
	Louiseville Specialty Products inc.	-	851	-	851
	Résidence Le Soleil Levant inc.	-	99	-	99
	RGF Électrique inc.	-	12	-	12
	Total Mauricie	-	1,289	905	2,194

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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 fund units \$	Loans and advances \$	Loans and advances \$	
31-12-2015	Capital croissance PME s.e.c. (cont.)	50.00			
	Montérégie				
	3087-9894 Québec inc. (Habitations Trigone)	-	-	1,172	1,172
	4304047 Canada inc. (RX Santé)	-	83	-	83
	9008-7826 Québec inc. (Habitations Trigone)	-	-	1,173	1,173
	9120-6094 Québec inc. (Lanla)	-	150	-	150
	9223-5845 Québec inc. (Autobus Dufresne)	-	-	315	315
	Budget Propane (1998) inc.	-	-	275	275
	C.R.S./Vamic inc.	-	79	-	79
	Câbles Ben-Mor inc. (Les)	-	-	1,223	1,223
	Comax, coopérative agricole	1,500	-	-	1,500
	Direct Forest Products inc.	-	-	531	531
	Fibres Serden inc. (Les)	-	84	-	84
	Galenova inc. et Gentes et Bolduc Pharmaciens inc.	-	-	1,241	1,241
	Groupe Loiselle inc.	-	80	-	80
	Groupe Rogers Ltée	-	123	-	123
	Hygie Canada inc.	-	-	550	550
	Industries M.R. inc. (Les)	-	-	164	164
	Plomberie St-Luc inc.	-	605	-	605
	Pneus Langelier inc.	-	111	-	111
	Ressorts Foster Ltée (Les)	-	12	-	12
	Station Skyspa inc.	-	-	284	284
	VIF Mould and Plastics Industries Ltd	-	92	-	92
	Total Montérégie	1,500	1,419	6,928	9,847
	Montréal				
	9106-7645 Québec inc. (Vidéo MTL)	-	1,479	-	1,479
	9228-6384 Québec inc. (Sid Lee Technologies)	-	-	1,200	1,200
	9273-3443 Québec inc. (CLS Info)	-	63	-	63
	Aéronav inc.	-	121	-	121
	Alta Précision inc.	1,250	700	-	1,950
	Balcon Idéal inc.	-	374	-	374
	Bugatti group inc. (ex Bugatti-Sedona inc.)	-	300	-	300
	Cime Décor inc.	-	-	416	416
	CTA de Negotium	-	1,050	-	1,050
	DEK Canada inc.	-	1,405	-	1,405
	Ge-ber Transport inc.	-	110	-	110
	GME Experts en sinistres inc.	-	-	107	107
	LVL Studio inc.	626	-	691	1,317
	M.C. Crystal inc.	-	-	77	77
	Peds Legwear inc.	-	-	611	611
	Senez & Associés CPA inc.	-	-	193	193
	Sid Lee inc.	-	-	978	978
	Source Évolution inc.	-	-	979	979
	STC Footwear inc.	-	-	991	991
	Total Montréal	1,876	5,602	6,243	13,721

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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 fund units \$	Loans and advances \$	Loans and advances \$	
31-12-2015	Capital croissance PME s.e.c. (cont.)	50.00			
	Nord-du-Québec				
	9223-3196 Québec inc. (Rona)	-	198	-	198
	Critical Elements Corporation	25	-	-	25
	Geomega Resources inc.	20	-	-	20
	Midland Exploration inc.	137	-	-	137
	Némaska Lithium inc.	24	-	-	24
	Nouveau Monde Mining Enterprises	50	-	-	50
	Sirios Resources inc.	32	-	-	32
	Sphinx Ressources Ltd.	-	31	-	31
	Total Nord-du-Québec	288	229	-	517
	Outaouais				
	Gestion S. Kelly (Métro Kelly)	300	-	500	800
	Jacques Poirier et Fils Ltée	-	-	171	171
	Total Outaouais	300	-	671	971
	Saguenay-Lac-Saint-Jean				
	2737-2895 Québec inc. (Distribution Fromagerie Boivin)	-	-	437	437
	4145275 Canada inc. (Chlorophylle)	599	-	211	810
	8439117 Canada inc. (Récupère Sol)	-	624	-	624
	9244-7770 Québec inc. (La Voie Maltée)	-	-	209	209
	Ambulance Médilac inc.	-	206	-	206
	Cervo-Polygaz inc.	-	-	100	100
	Clinique médicale privée Opti-Soins inc.	150	575	-	725
	Cuisines G.B.M. inc. (Les)	-	-	81	81
	Denis Lavoie & fils Ltée	-	-	295	295
	Garage Georges Beaudoin inc.	-	-	88	88
	Institut d'échafaudage du Québec (9020-4983 Québec inc.)	-	-	311	311
	Location A.L.R. inc.	198	-	-	198
	Matelas Lion d'or inc.	-	40	-	40
	Messagerie du Fjord inc.	-	340	-	340
	Métatube (1993) inc.	-	214	-	214
	Pog inc.	-	-	-	-
	Sécuor inc.	-	223	-	223
	Sports Guy Dumas inc.	36	-	-	36
	Théka Industries inc.	-	216	-	216
	Transport Réal Villeneuve inc. (9280-3162 Québec inc.)	-	78	-	78
	Total Saguenay-Lac-Saint-Jean	983	2,516	1,732	5,231
		7,570	18,659	24,042	50,271
	Funds committed but not disbursed				529
	Total Capital croissance PME s.e.c.				50,800

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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 fund units \$	Loans and advances \$	Loans and advances \$	
31-12-2015	Capital croissance PME II s.e.c.	50.00			
	Abitibi-Témiscamingue				
	9222-0201 Québec inc. (Location Dumco)	-	195	-	195
	Abitibi Géophysique inc.	-	185	-	185
	Ace services mécaniques inc.	-	100	-	100
	Adventure Gold inc.	100	-	-	100
	Autobus Maheux Itée (Les)	-	1,350	-	1,350
	Cartier Resources inc.	38	-	-	38
	Centre du ressort Lamarche inc.	-	93	-	93
	Construction Gaston Proulx et Frères inc.	-	-	175	175
	Falco Resources Ltd.	75	-	-	75
	Gestion Martin Dandurand inc.	-	114	-	114
	Groupe Minier CMAC - Thyssen Mining Group	-	250	-	250
	Menuiserie Jalbert inc.	-	125	-	125
	Service Mécanique Gilbert inc.	-	-	100	100
	Total Abitibi-Témiscamingue	213	2,412	275	2,900
	Bas-Saint-Laurent				
	9164-1134 Québec inc. (Kia Matane)	-	-	206	206
	9188-1441 Québec inc. (Caravane Rimouski)	-	188	-	188
	Bouffard Sanitaire inc.	-	-	389	389
	Gestion AFM-Séma inc.	529	-	-	529
	Gestion Brasa inc.	-	353	1,250	1,603
	Gestion Rima 2013 inc. (Sani-Manic inc.)	-	-	100	100
	Location Jesna inc.	-	-	200	200
	Total Bas-Saint-Laurent	529	541	2,145	3,215
	Capitale-Nationale				
	9265-1934 Québec inc. (Centurion Fondation)	-	-	320	320
	9295-4874 Québec inc. (Maison de l'homéopathie de Québec)	-	232	-	232
	Capilex-Beauté Itée	-	-	589	589
	Lasertech industries inc.	-	300	-	300
	Matériaux Blanchet inc.	-	-	2,398	2,398
	Menuiserie R. Légaré inc.	-	-	200	200
	Multi Options Nursing inc.	-	200	-	200
	Pol R Entreprises inc.	2,362	-	-	2,362
	Ruchers Promiel inc. (Les)	-	459	-	459
	Total Capitale-Nationale	2,362	1,191	3,507	7,060

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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 fund units \$	Loans and advances \$	Loans and advances \$	
31-12-2015	Capital croissance PME II s.e.c. (cont.)	50.00			
	Centre-du-Québec				
	9324-9605 Québec inc. (Précolaire Vision)	84	-	-	84
	Advantag Canada inc.	-	-	500	500
	Davinci Compass inc.	-	-	450	450
	Distribution Pro-Excellence	-	500	-	500
	NMédia Solutions inc.	-	140	-	140
	Reflec inc.	-	500	-	500
	Sipromac II inc.	-	-	404	404
	Total Centre-du-Québec	84	1,140	1,354	2,578
	Chaudière - Appalaches				
	Acriart inc.	-	-	165	165
	Équipements Supérieurs inc.	-	709	-	709
	F. Charest ltée	-	958	-	958
	Gyptech Acoustique inc.	-	246	-	246
	I. Thibault Inc.	-	250	-	250
	Industries et équipements Laliberté ltée (Les)	-	700	-	700
	Techno-Moules P.L.C. inc.	-	-	89	89
	Total Chaudière - Appalaches	-	2,863	254	3,117
	Côte-Nord				
	9074-9664 Québec inc.	-	-	139	139
	Total Côte-Nord	-	-	139	139
	Eastern Townships				
	Éco-Pak inc. (9316-3251 Québec inc.)	-	-	600	600
	Industries C.P.G. Gagné ltée	-	133	-	133
	Innotex inc.	-	118	-	118
	Khrome Product - Transport (KPT) inc.	-	212	-	212
	Nautic & Art inc.	-	-	422	422
	Perron Pallets & Wood Products inc.	-	250	-	250
	Pieux Vistech inc.	-	125	-	125
	Réparations SOS Lift inc.	-	-	100	100
	S.E.2 inc.	-	25	-	25
	Sherlic inc.	-	-	350	350
	Spécialités industrielles Sherbrooke inc.	-	180	-	180
	Total Eastern Townships	-	1,043	1,472	2,515
	Gaspésie-Îles-de-la-Madeleine				
	9088-6086 Québec inc. (Subaru New Richmond)	-	-	200	200
	Total Gaspésie-Îles-de-la-Madeleine	-	-	200	200

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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 fund units \$	Loans and advances \$	Loans and advances \$	
31-12-2015	Capital croissance PME II s.e.c. (cont.)	50.00			
	Lanaudière				
	Artotech Integration inc.	-	125	-	125
	Centre Nouvelle-Vie (Pavillon Lanaudière)	-	270	-	270
	Total Lanaudière	-	395	-	395
	Laurentians				
	Jean Jacques Campeau inc.	2,000	-	-	2,000
	Technoflex ESR Entreprise inc.	350	506	-	856
	Total Laurentians	2,350	506	-	2,856
	Laval				
	Groupe Lumain inc.	-	-	2,320	2,320
	Marina Del Rey Foods inc.	-	500	-	500
	Norseco inc.	-	500	-	500
	Total Laval	-	1,000	2,320	3,320
	Mauricie				
	9256-9037 Québec inc.	-	-	147	147
	Maison Isabelle inc.	-	225	-	225
	Placements Le Belvédère inc.	-	1,206	-	1,206
	Premont Foods Inc.	-	-	175	175
	Total Mauricie	-	1,431	322	1,753
	Montérégie				
	3087-9894 Québec inc. (Habitations Trigone)	-	-	675	675
	9008-7826 Québec inc. (Habitations Trigone)	-	-	675	675
	9020-5758 Québec inc. (AVRIL)	-	1,000	-	1,000
	Acema Importations inc.	-	175	-	175
	Alarme S.P.P. inc.	-	-	137	137
	Autobus Dufresne inc.	-	150	-	150
	Brosses Lacasse inc. (Les)	-	-	225	225
	Contek Shilstone inc.	-	307	-	307
	Éclairages Électroniques C.B.M. inc. (Les)	-	250	-	250
	Habitations Deschênes et Pépin inc. (Les)	-	402	-	402
	Helios Group inc.	1,500	1,000	-	2,500
	Industries B. Rainville inc.	-	-	400	400
	Logicmed inc.	-	-	116	116
	MTL Technologies inc.	-	490	-	490
	Placements F.I. inc.	-	492	-	492
	Pro Action Diesel inc.	-	-	260	260
	Total Montérégie	1,500	4,266	2,488	8,254

Capital régional et coopératif Desjardins

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

As at June 30, 2016

(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 fund units \$	Loans and advances \$	Loans and advances \$	
31-12-2015	Capital croissance PME II s.e.c. (cont.)	50.00			
	Montréal				
	9168-5909 Québec inc. (Piknic Électronik inc.)		-	250	250
	9303-6408 Québec inc. (Atelier d'usinage de précision Innova)		-	175	175
	C.R.H. Oral Design inc.		500	-	500
	C.T.M. Adhesive inc.		739	-	739
	Datsit Studios inc.		250	-	250
	Éditions Info Presse inc.		400	-	400
	Gorski Group Ltd.		500	-	500
	JSS Medical Research inc.	2,000	500	-	2,500
	Leeza Distributing inc.	500	1,000	-	1,500
	Masdel inc.	725	1,337	-	2,062
	Oboxmedia inc.	-	375	-	375
	Peds Legwear inc.	-	-	662	662
	Reftech international inc.	-	-	300	300
	TV5 Québec Canada	-	-	1,946	1,946
	Total Montréal		3,225	3,333	12,159
	Nord-du-Québec				
	Beaufield Resources inc.	50	-	-	50
	Dios Exploration inc.	50	-	-	50
	Geomega Resources inc.	129	-	-	129
	Midland Exploration inc.	75	-	-	75
	Monarques Gold Corporation	105	-	-	105
	Nouveau Monde Mining Enterprises	60	-	-	60
	Sirios Resources inc.	134	-	-	134
	Tomagold Corporation	80	-	-	80
	Total Nord-du-Québec	683	-	-	683

Capital régional et coopératif Desjardins

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

As at June 30, 2016

(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 fund units \$	Loans and advances \$	Loans and advances \$	
31-12-2015	Capital croissance PME II s.e.c. (cont.)	50.00			
	Saguenay-Lac-Saint-Jean				
	130395 Canada Inc. (Nordex)		1,875	-	1,875
	2526-0100 Québec inc. (Terrassement J. Fortin)		-	500	500
	2737-2895 Québec inc. (Distribution Fromagerie Boivin)		-	208	208
	2956-7062 Québec inc. (NAPA La Baie)		-	100	100
	9216-3146 Québec inc. (Micro Brasserie du Saguenay)		-	130	130
	9244-7770 Québec inc. (La Voie Maltée)		-	82	82
	9283-9034 Québec inc. (Pexal Tecalum Canada)		-	175	175
	9328-9486 Qc inc.		390	470	860
	Cervo-Polygaz inc.		-	263	263
	Fenêtres Réjean Tremblay inc. (Les)		-	350	350
	Flash Néon inc. - Enseignes Ste-Marie		-	200	200
	Foresco Holding inc.		-	250	250
	Gestion R. et G.G. inc.		2,000	-	2,000
	Industries G.R.C. inc. (Les)		-	182	182
	Marché Guy Bergeron inc.		-	161	161
	Mermax inc.		-	200	200
	Messagerie du Fjord inc.		-	48	48
	Sécuor inc.		-	62	62
	Taimi R & D inc.		-	308	308
	Total Saguenay-Lac-Saint-Jean		4,265	1,945	7,954
			15,211	24,334	59,098
	Funds committed but not disbursed				6,156
	Total Capital croissance PME II s.e.c.				65,254

Capital régional et coopératif Desjardins

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

As at June 30, 2016

(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 fund units \$	Loans and advances \$	Loans and advances \$		
31/12/2015	Desjardins – Innovatech S.E.C.	54.49				
	7525443 Canada inc. (Inflotrolix)		221	317	-	538
	9274-4192 Québec inc. (Boisaco)		1,293	-	-	1,293
	Achronix Semiconductor Corporation		-	-	-	-
	Airex Énergie inc.		545	-	-	545
	Albert Perron inc.		695	-	-	695
	AxesNetwork Solutions inc.		1,933	-	-	1,933
	Biocéan Canada inc.		272	54	-	326
	Bouffard Sanitaire inc. et Acier Bouffard inc.		-	65	-	65
	Cadens Imagerie Medicale inc (Microsystemes DOG inc)		-	1,172	-	1,172
	CmLabs Simulations inc.		817	-	-	817
	E2Metrix inc.		272	-	50	322
	Emerillon Capital s.e.c.		3,822	-	-	3,822
	Éocycle Technologies inc.		1,304	-	-	1,304
	Fonds Entrepia Nord, s.e.c. (Le)		305	-	-	305
	Global LVL inc.		191	-	368	559
	Groupe Icible inc.		-	163	-	163
	Groupe Minier CMAC - Thyssen Mining Group		-	304	-	304
	Gullivert Technologies inc.		109	-	-	109
	Handyem inc.		409	136	-	545
	Hortau inc.		-	-	294	294
	Innomalt inc.		-	110	-	110
	Inocucor Technologies inc.		-	-	681	681
	Interactive Validated Solutions 88 Inc.		272	-	-	272
	Kanwal inc.		-	-	488	488
	Laboratoire M2 inc.		-	545	-	545
	Laserax inc.		-	381	-	381
	LeddarTech inc.		831	-	-	831
	Mayer Intégration inc.		-	126	-	126
	Nippon Dragon Resources inc.		163	-	136	299
	Novidév Santé active inc.		-	381	163	544
	Ocera Therapeutics inc.		94	-	-	94
	OptoSecurity inc.		-	100	-	100
	Prevtec Microbia inc.		1,173	-	-	1,173
	Produits forestiers LAMCO inc.		312	-	-	312
	Solutions Extenway inc.		1,409	-	-	1,409
	SweetIQ Analytics Corp.		545	-	-	545
	Technologies Intelia inc.		136	-	-	136
	TSO3 inc.		772	-	-	772
	Vantrix Corporation		-	-	-	-
	VIMAC Early Stage Fund L.P.		610	-	-	610
			18,505	3,854	2,180	24,539
	Funds committed but not disbursed					9,027
	Total Desjardins - Innovatech S.E.C.					33,566

Capital régional et coopératif Desjardins

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

As at June 30, 2016

(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 fund units \$	Loans and advances \$	Loans and advances \$	
31/12/2015	Société en commandite Essor et Coopération	90.91			
	Agropur Coopérative	4,546	-	-	4,546
	Central Café - Coop de solidarité	182	-	-	182
	Citadelle, Coopérative de producteurs de sirop d'érable	2,727	-	-	2,727
	Club coopératif de consommation d'Amos	909	-	-	909
	Coop d'analyse sociale et environnementale	-	18	-	18
	Coopérative Actionnaire Les Paramédics d'Urgence Bois-Francis	-	878	-	878
	Coopérative de travailleurs actionnaire de TEC	-	565	-	565
	Fédération des coopératives funéraires du Québec	364	-	-	364
	La Coop fédérée	4,546	-	-	4,546
	La Coop Uniforce	909	-	-	909
	Magasin Général Saint-Fidèle, Coop de solidarité	-	51	-	51
	Québec Federation of Forestry Cooperatives	114	-	-	114
	Vivaco Groupe coopératif (ex-Société coopérative agricole des Appalaches)	909	-	-	909
		15,206	1,512	-	16,718
	Funds committed but not disbursed				4,568
	Total Société en commandite Essor et Coopération				21,286

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



Desjardins
Capital régional
et coopératif

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