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.

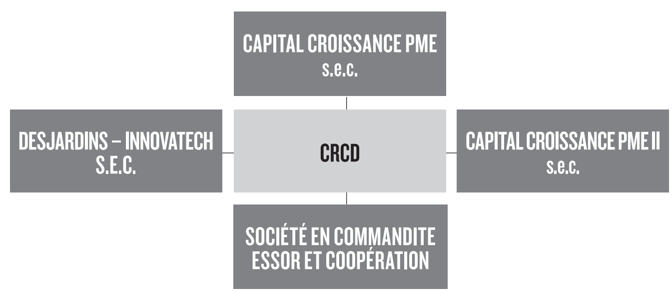
CRCD recorded in its results for the six-month period a realized and unrealized gain of $27.2 million compared with a gain of $12.4 million for the same period in 2015. These favourable changes in fair value on CRCD's results are explained by the sound performance of a number of portfolio companies, 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):

		AS AT JUNE 30, 2016		AS AT DECEMBER 31, 2015	
Rating		**(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:

		AS AT JUNE 30, 2016		AS AT DECEMBER 31, 2015	
Rating		(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:

	AS AT JUNE 30, 2016	AS AT DECEMBER 31, 2015
Rating	(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

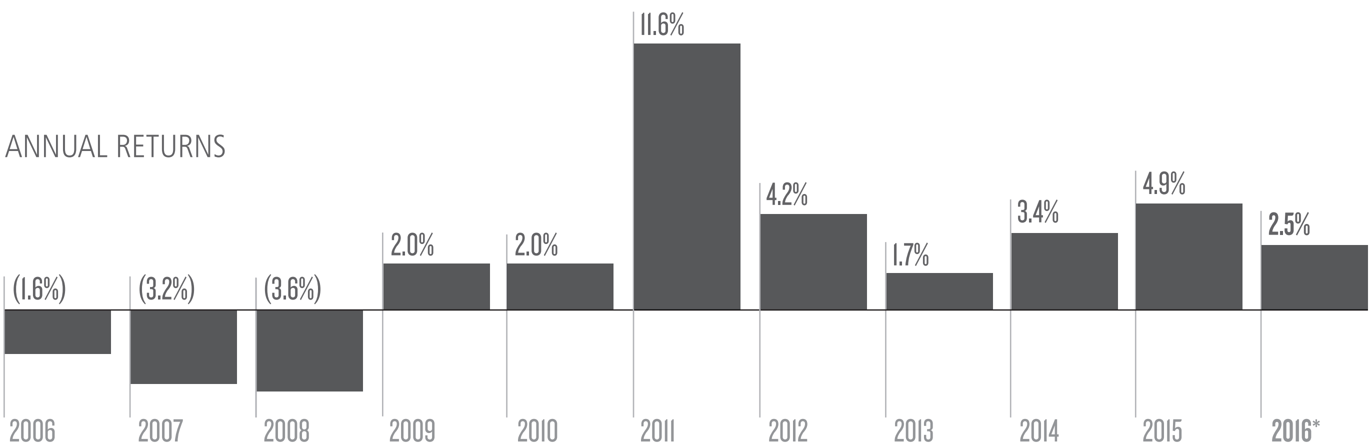
Following the 2016-2017 budget speech, the Québec government announced changes to CRCD's governance pertaining to the composition of its Board of Directors and the concept of independence. The proposed legislative amendments must be adopted by the National Assembly and will be implemented gradually.

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