2017 ANNUAL FINANCIAL REPORT

THE FINANCIAL REPORT INCLUDES:

- → Management Discussion and Analysis
- → Management's report
- → Complete audited separate financial statements, including the notes and the independent auditor's report
- → Audited schedule of cost of investments impacting the Québec economy
- → Statement of other investments
- → Index of the Company's share in investments made by specialized funds and partner funds, at cost

Desjardins Capital régional et coopératif

CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

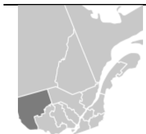
Copies of the interim financial statements may be obtained free of charge, on request, by calling 514-281-2322 or (toll free) 1-866-866-7000, extension 5552322, by writing to 2 Complexe Desjardins, P.O. Box 760, Desjardins Station, Montréal, Québec H5B 1B8, or from our website at www.capitalregional.com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

Interim financial information may be obtained in the same way.

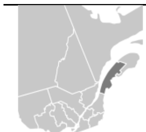
HIGHLIGHTS

COMMITMENTS THROUGHOUT QUÉBEC

CRCD and its ecosystem[1] make a real contribution to the economic development of the regions. As at December 31, 2017, the funds committed were as follows:

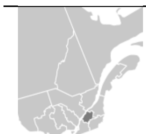


ABITIBI-TÉMISCAMINGUE*
$14M → 28 companies
$1M → 1 cooperative

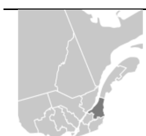


BAS-SAINT-LAURENT*
$11M → 18 companies
$0.2M → 1 cooperative

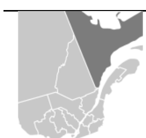
CAPITALE-NATIONALE
$112M → 39 companies
$2M → 1 cooperative



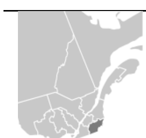
CENTRE-DU-QUÉBEC
$38M → 18 companies
$13M → 2 cooperatives



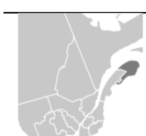
CHAUDIÈRE-APPALACHES
$60M → 32 companies
$3M → 2 cooperatives



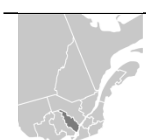
CÔTE-NORD*
$3M → 9 companies



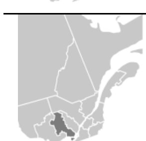
ESTRIE
$77M → 34 companies
$4M → 3 cooperatives



GASPÉSIE – ÎLES-DE-LA-MADELEINE*
$5M → 6 companies

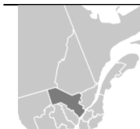


LANAUDIÈRE
$8M → 8 companies
$1M → 1 cooperative

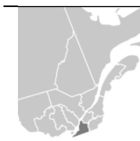


LAURENTIDES
$8M → 5 companies

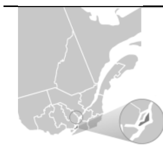
LAVAL
$12M → 9 companies



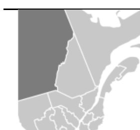
MAURICIE*
$12M → 10 companies
$1M → 1 cooperative



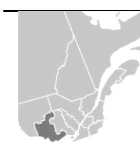
MONTÉRÉGIE
$189M → 54 companies
$83M → 3 cooperatives



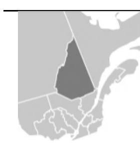
MONTRÉAL
$207M → 71 companies
$87M → 2 cooperatives



NORD-DU-QUÉBEC*
$3M → 16 companies



OUTAOUAIS
$2M → 2 companies



SAGUENAY – LAC-SAINT-JEAN*
$50M → 56 companies
$1M → 1 cooperative

OUTSIDE QUÉBEC
$2M → 4 companies

FUNDS
$66M → 13 funds

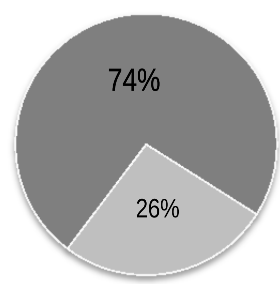
IN TOTAL

450
COMPANIES, COOPERATIVES AND FUNDS

$1,076M
BENEFITTING QUÉBEC SMEs

67,000
JOBS CREATED OR MAINTAINED

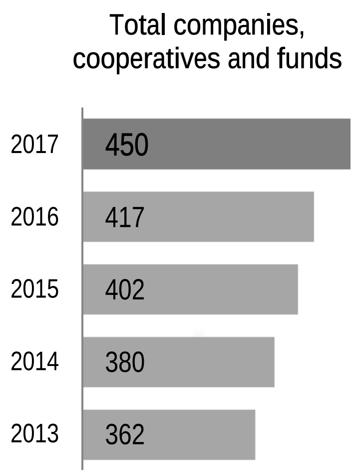
74 %
OF COMPANIES AND COOPERATIVES ARE BASED IN REGIONS OTHER THAN MONTRÉAL AND THE CAPITALE-NATIONALE

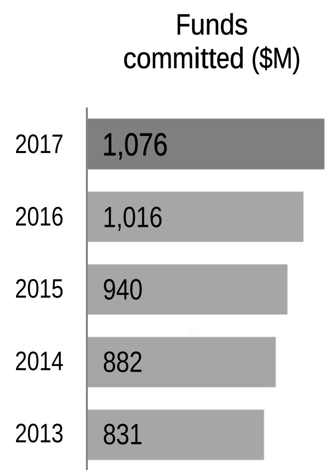


** Resource region*
[1] See the "Entrepreneurial ecosystem" section for a detailed description of the main features of the ecosystem.

CRCD AND ITS ECOSYSTEM SUPPORT QUÉBEC COMPANIES AND COOPERATIVES

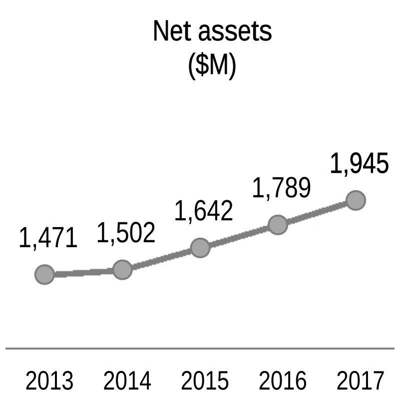
AS AT DECEMBER 31

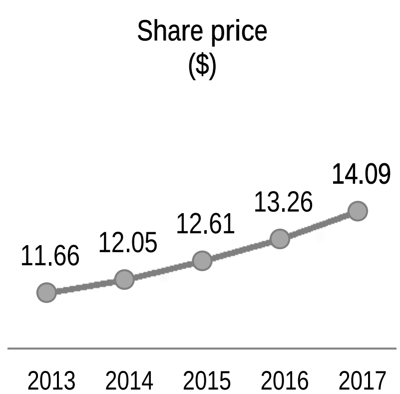


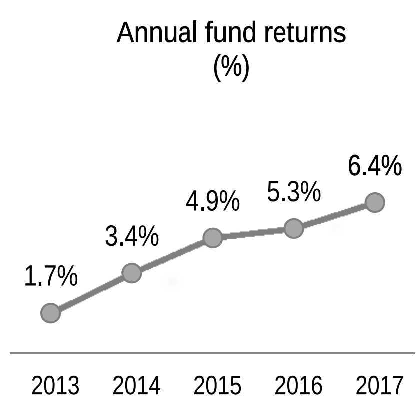


CRCD FINANCIAL DATA

AS AT DECEMBER 31







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. This information is derived from CRCD's audited separate annual financial statements.

RATIOS AND SUPPLEMENTAL DATA AS AT DECEMBER 31

(in thousands of $, unless indicated otherwise)	2017	2016	2015	2014	2013
Revenue	51,392	44,449	45,269	44,422	51,982
Gains on investments	96,541	78,869	64,035	42,884	10,670
Net earnings	112,757	85,957	74,806	49,245	24,950
Net assets	1,945,342	1,789,417	1,642,076	1,502,462	1,470,576
Common shares outstanding (number, in thousands)	138,080	134,944	130,183	124,665	126,165
Total operating expense ratio[(1)] (%)	1.7	2.0	1.9	2.1	2.0
Total operating expense and common share issue expense ratio[(1)] (%)	1.9	2.2	2.0	2.2	2.2
Portfolio turnover rate:					
– Investments impacting the Québec economy (%)	16	11	19	19	16
– Other investments (%)	87	126	131	102	108
Trading expense ratio[(2)] (%)	0.0	0.0	0.0	0.0	0.0
Number of shareholders (number)	105,614	104,317	102,222	96,236	100,861
Issues of common shares	134,850	133,401	149,882	62,906	149,995
Common share issue expenses, net of related taxes	2,396	1,579	1,750	764	1,739
Redemption of common shares	89,285	70,438	83,324	79,501	59,075
Investments impacting the Québec economy at cost	828,255	787,142	738,596	675,355	671,547
Fair value of investments impacting the Québec economy	1,033,951	921,518	817,199	710,923	733,907
Funds committed but not disbursed	183,606	189,121	171,082	193,764	227,593

(1) Total operating expense ratio is calculated by dividing total expenses (before income taxes) as shown on the separate statements of comprehensive income 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 separate 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 AS AT DECEMBER 31

(in $)	2017	2016	2015	2014	2013
Net assets per common share, beginning of year	13.26	12.61	12.05	11.66	11.47
Increase attributable to operations	0.84	0.66	0.59	0.40	0.20
Interest, dividends, distributions and negotiation fees	0.38	0.34	0.35	0.36	0.41
Operating expenses	(0.24)	(0.26)	(0.23)	(0.25)	(0.23)
Income taxes	(0.02)	(0.03)	(0.03)	(0.06)	(0.07)
Realized gains (losses)	0.06	0.18	0.29	0.52	0.03
Unrealized gains (losses)	0.66	0.43	0.21	(0.17)	0.06
Difference attributable to common share issues and redemptions	(0.01)	(0.01)	(0.03)	(0.01)	(0.01)
Net assets per common share, end of year	14.09	13.26	12.61	12.05	11.66

OVERVIEW

CRCD ended fiscal 2017 with net earnings of $112.8 million ($86.0 million in 2016), representing a return of 6.4% (5.3% in 2016), resulting in an increase in net assets per share to $14.09 based on the number of common shares outstanding at the end of the fiscal year, compared with $13.26 at the end of fiscal 2016. CRCD aims to strike an appropriate balance between shareholder return and its mission of Québec economic development. The financial asset management strategy adopted by CRCD several years ago provides the benefits of strong complementarity between the Investments impacting the Québec economy and Other investments portfolios and limits volatility in periods of substantial market turbulence. In fact, CRCD has generated positive returns for the last nine years.

Investments impacting the Québec economy posted a return of 12.7% in 2017, compared with a return of 12.6% in 2016. As at December 31, 2017, the cost of Investments impacting the Québec economy totalled $828.3 million, of which $173.3 million was disbursed during fiscal 2017. As at December 31, 2017, commitments made but not disbursed, which represent investments already agreed upon with companies, cooperatives or funds and that will be disbursed by CRCD at a later date, amounted to $183.6 million. New commitments for the year amounted to $167.7 million.

Other investments generated a return of 4.2% for fiscal 2017, compared with a return of 2.9% for fiscal 2016. During the year, issues of common shares totalled $134.9 million, including the balance of the 2016 issue and substantially all of the maximum authorized amount of $135 million for the 2017 issue. The subscription period for the 2017 issue ends on February 28, 2018. For more information, please see the Subscriptions section of this MD&A. Share redemptions totalled $89.3 million. Net assets amounted to $1,945.3 million. The number of shareholders as at December 31, 2017 was 105,614. As at December 31, 2017, the balance of shares eligible for redemption totalled $827 million.

OUR VISION FOR QUÉBEC ENTREPRENEURSHIP

Québec faces a huge challenge: developing and growing existing businesses. Businesses in Québec tend to remain too small and to overleverage themselves, 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 to maintain a healthy economy for the province.

Together with its manager Desjardins Capital Management Inc. (Desjardins Capital or DC), formerly known as Desjardins Venture Capital Inc., CRCD, in carrying out its mission, aims to stand tall and play a unique role on these diverse issues that guide its actions every day.

GROWING BUSINESSES STRONGER

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

A real catalyst in the business development process of its existing and potential partners, DC maintains close relationships with entrepreneurs throughout the province by creating numerous networking opportunities. These meetings make it possible to bring together entrepreneurs, business partners and experts who have questions on topical matters such as growth challenges and business succession issues. Regional meeting opportunities promote networking and forging business connections.

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

Furthermore, DC provides our partner companies with tailored support for implementing and monitoring sound SME governance practices, which represents undeniable value added. Very active in this area, DC has a network of nearly 250 directors with skills and expertise unequalled in the industry. Their role is to help entrepreneurs set up a governance forum to support business growth and strategy. They receive training on a regular basis, and have access to work tools, and are regularly evaluated to ensure they can effectively meet the needs of companies they work with. Our entrepreneurial governance model, based on agility, simplicity, strategic thinking and alignment with business needs, is a unique type of support greatly appreciated by partner entrepreneurs.

ECONOMIC CONDITIONS

ECONOMIC ENVIRONMENT IN 2017

The global economy grew at an accelerating pace in 2017. The gain in real GDP is estimated at 3.6%, compared with 3.1% in 2016. International trade also gathered momentum. The improved economic environment in 2017 was quite favourable to financial markets. The main North American indexes climbed by more than 15%, and the performance of several exchanges overseas was as impressive. In Canada, following a remarkable performance in 2016, the Toronto Stock Exchange posted mixed results in 2017 as the major sectors related to commodities experienced difficulties in the first half of the year. The year nevertheless ended on a more positive note marked by a rebound in commodity prices, allowing the Toronto Stock Exchange to finish 2017 with a 6% increase. The strength of the economy led the U.S. Federal Reserve (Fed) to announce three 0.25% hikes in its key interest rate and to begin gradually reducing its bond holdings. However, low inflation rates in most countries helped keep long-term bond rates very low. The Bank of Canada (BoC) suddenly began monetary tightening with two 0.25% increases in its key interest rate during the summer, which caused interest rates and the Canadian dollar to surge. Following these hikes, the BoC nevertheless adopted a more cautious tone, which brought the Canadian dollar back down to just under US$0.80.

Once again, the U.S. economy struggled in the first quarter of 2017. However, the following quarters saw rather strong real GDP growth of close to 3.0%. Real GDP growth in 2017 was estimated at 2.3%, a clear improvement over the 1.5% gain recorded for 2016.

The Canadian economy got off to a strong start in 2017 with cumulative real GDP growth of 4.0% (annual rate) in the first half of the year. It was the strongest start of the year since 2002. Domestic demand was particularly vigorous, due in part to sustained growth in consumer spending. It should be noted that several favourable factors helped buoy consumer spending in the first half of 2017. The job market saw solid growth. Household confidence improved in an extremely low interest rate environment. But such strong expansion could not last, and the second half of 2017 was marked by growth that slowed toward a more sustainable level. Several factors contributed to the slowdown. The slight increase in key interest rates that began in July and September 2017 somewhat discouraged consumer spending, in particular for durable goods. The housing market also began to show signs of slowing in certain regions, with the combined effects of a slight increase in interest rates and the introduction of new measures to cool down the Toronto real estate market. Real GDP for 2017 as a whole is ultimately expected to grow at approximately 2.9%. This is a significant improvement from the 1.4% gain in 2016.

The Quebec economy grew much faster in 2017. Real GDP expanded by about 3% for the year, posting the best results in 15 years. The economy got a boost from household spending in consumption and the residential sector. Retail sales experienced strong growth due to improved conditions in the labour market. In December 2017, the monthly unemployment rate even fell to 5.0%, its lowest level in 40 years. This low rate was due to job creation and an aging population, which is driving a significant wave of retirements. Business investment remained weak and export performance disappointed, particularly due to uncertainty surrounding the North American Free Trade Agreement (NAFTA) negotiations.

ECONOMIC OUTLOOK FOR 2018

The favourable outlook for the global economy suggests that bullish stock market trends could continue in 2018. Following their remarkable performance in 2017, foreign stock markets are nevertheless expected to post more modest growth. Commodity prices should still rise somewhat, and the Toronto Stock Exchange is expected to perform well in 2018. The favourable economic performance, combined with a gradual increase in inflation, should lead the Fed and the BoC to gradually raise their key interest rates over the next few quarters. In this environment, the North American bond rates are also expected to trend upwards in 2018, while remaining low in historical terms. Further monetary tightening in Canada and a modest rise in oil prices are expected to result in a slight strengthening in the Canadian dollar.

The global economic growth noted 2017 is poised to continue in 2018, but even more so in emerging markets. In the eurozone, economic growth should stabilize as the economy's production over-capacity dwindles. The UK economy is expected to slow again as the consequences of Brexit uncertainty continue unabated. Global trade may change in response to the protectionist tendencies of the Trump administration.

In the U.S., the recent momentum in the economy is expected to continue in 2018. Of course, economic conditions will depend on the U.S. president's actions and benefit from the tax reform bill adopted by Congress at the end of 2017, but vast infrastructure spending programs are not expected. In addition, it is too early to predict whether any trade agreements, such as NAFTA, will be revoked. Confidence remains high enough to ensure solid growth in personal consumption and corporate investment. Key interest rates in the U.S. will continue to rise gradually, with three 25-basis-point increases expected in 2018.

In Canada, economic growth is expected to continue at a satisfactory pace in 2018. On average, real GDP growth could reach 2.2% for the year, outstripping the BoC's 2018 forecast of about 1.4%. Solid job market performance will continue driving consumer spending, with the recovery in non-residential business investment poised to continue. Exports are expected to maintain their upward trend amid vigorous global demand. The benefits of the new trade agreement between Canada and the European Union may also become increasingly apparent. That being said, there is considerable uncertainty over the future of Canadian foreign trade due to the renegotiation of NAFTA. In theory, residential investment should slow in 2018 with the anticipated rise in interest rates and the introduction of a range of restrictions, including new rules from the Office of the Superintendent of Financial Institutions Canada (OSFI) which came into effect in January 2018.

The outlook for Québec in 2018 is favourable, but the economy is expected to grow at a slower pace than last year. Consumer spending is unlikely to grow as fast, since job creation is expected to abate. The Government of Québec, which has generated budget surpluses of $4.6 billion over the past two years, has announced an additional $1.1 billion in personal income tax cuts. Beginning in 2018, the cuts will apply retroactively to January 1, 2017. The provincial government also has sufficient flexibility in its budget to accelerate growth in public spending. The residential sector is expected to lose some steam due to the cumulative effect of interest rate hikes and stricter mortgage rules. The outcome of trade negotiations with the U.S. will play a crucial role in business investment and exports. Québec's real GDP should increase by 2.0% in 2018, but there are downside risks if the talks do not lead to an agreement.

MANAGEMENT'S DISCUSSION OF FINANCIAL PERFORMANCE

OPERATING RESULTS

CRCD'S NET RESULTS AND RETURNS

CRCD posted net earnings of $112.8 million for the year ended December 31, 2017, a 6.4% return, compared with net earnings of $86.0 million (5.3% return) for the previous year. Net assets per share increased to $14.09 based on the number of common shares outstanding at year-end, compared with $13.26 at the end of fiscal 2016. For illustrative purposes, at a price of $14.09 effective February 15, 2018, 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 February 15, 2011.

CRCD's performance is driven primarily by Investments impacting the Québec economy and Other investments, which generated returns of 12.7% and 4.2%, respectively, while expenses, net of administrative charges received and income taxes had an impact of 2.2% on CRCD's performance.

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	2017				2016			
	Average assets under management ($M)	Weighting (%)	Return 1 year (%)	Contribution 1 year (%)	Average assets under management ($M)	Weighting (%)	Return 1 year (%)	Contribution 1 year (%)
Activities related to Investments impacting the Québec economy(1)	975	52.9	12.7	6.6	872	51.4	12.6	6.4
Other investments and cash	867	47.1	4.2	2.0	825	48.6	2.9	1.4
	1,842	100.0	8.6	8.6	1,697	100.0	7.8	7.8
Expenses, net of administrative charges			(2.0)	(2.0)			(2.3)	(2.3)
Income taxes			(0.2)	(0.2)			(0.2)	(0.2)
CRCD's return			6.4	6.4			5.3	5.3

(1) 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 $176.2 million and disposals of $146.8 million were made for a net balance of $29.4 million. Combined with realized and unrealized net gains of $84.6 million, these net investments brought the fair value of the investment portfolio, including foreign exchange contracts, to $1,035.2 million as at December 31, 2017 ($921.2 million as at December 31, 2016). The $176.2 million in investments made during the year consisted primarily of an aggregate amount of $87.9 million invested in five companies, as well as $40.3 million in the funds comprising the entrepreneurial ecosystem, as described below.

Investments impacting the Québec economy should also be measured taking into account funds committed but not disbursed, which amounted to $183.6 million as at December 31, 2017, compared with $189.1 million as at December 31, 2016. Total commitments at cost as at December 31, 2017 amounted to $1,011.9 million in 91 companies, cooperatives and funds, of which $828.3 million was disbursed. As at December 31, 2017, backed by its entrepreneurial ecosystem, CRCD supported growth in 450 companies, cooperatives and funds.

Notes payable and financial liabilities with a fair value of $23.4 million ($25.2 million as at December 31, 2016) 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. During the year ended on December 31, 2017, CRCD repaid $2.2 million in notes and financial liabilities. The fair value of notes and financial liabilities was adjusted upward by $0.4 million, following increases in value of the underlying investments.

During fiscal 2017, Investments impacting the Québec economy generated a contribution of $116.2 million, for a return of 12.7%, compared with $102.6 million in 2016 (a 12.6% return).

CONTRIBUTION GENERATED BY INVESTMENTS IMPACTING THE QUÉBEC ECONOMY (in thousands of $)	2017	2016
Revenue	31,658	26,243
Gains and losses	84,501	76,394
	116,159	102,637

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. The $5.4 million increase in revenue between the years stemmed primarily from higher dividends. Negotiation fees, which amounted to $3.5 million for fiscal 2017 ($2.8 million in 2016), are earned by DC, the manager, and a credit for that amount is applied against the management fees paid to DC by CRCD. Negotiation fees are included in the contribution generated by the Investments impacting the Québec economy as they are included in the profitability analysis of the investments. The profile of the investments held by CRCD is changing and the amounts injected into its ecosystem funds continue to grow (see the following section for more details). Therefore, investments held by these ecosystem funds generate revenue in addition to the revenue generated by CRCD. This revenue, of which CRCD's share amounted to $13.3 million for fiscal 2017 ($14.3 million in 2016), 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.

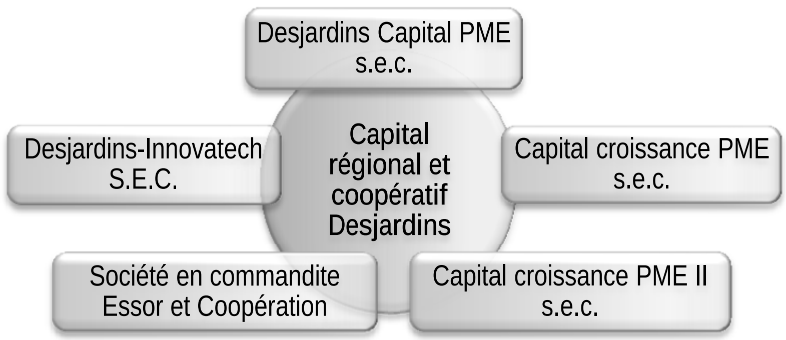
CRCD recorded a realized and unrealized gain of $84.5 million for the fiscal year, compared with $76.4 million for fiscal 2016. For more information, please see Entrepreneurial ecosystem performance in the following section.

As at December 31, 2017, the overall risk level of the Investments impacting the Québec economy portfolio had improved slightly compared with its December 31, 2016 level, as discussed in the Credit and counterparty risk section.

ENTREPRENEURIAL ECOSYSTEM

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

Main funds of the entrepreneurial ecosystem



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

- Capital croissance PME s.e.c. fund (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. CRCD and the Caisse de dépôt et placement du Québec (CDPQ), as sponsors of the fund, agreed to invest, on a 50/50 basis, a total initial amount of $220 million. The 2014 renewal of this agreement resulted in the creation of Capital croissance PME II s.e.c. fund (CCPME II), enabling an additional $320 million to be committed, increasing the total commitments in the two funds to $540 million. As at December 31, 2017, CRCD had disbursed $236.6 million of its total commitment of $270 million. As CCPME II's investment period closed on November 30, 2017, funds committed but not disbursed will be used for reinvestment and to pay the fund's operating expenses until its scheduled winding up date of November 30, 2023. A total of 294 companies and funds benefited from $268.5 million committed by the CCPME funds as at December 31, 2017. Since their inception, these funds have committed $448.4 million to 375 companies.
- On January 1, 2018, DC created the Desjardins Capital PME s.e.c. fund. (DCPME) in partnership with Desjardins Private Management. The investment policy of this new fund is similar to that of the CCPME funds, which is to make capital available to Québec companies, with an investment limit raised to $10 million per partner company. This sustainable fund is an open-ended limited partnership, allowing the number of limited partners to vary. The limited partners' commitments will be made on an annual basis. For fiscal 2018, the limited partners, consisting of CRCD and the DIM Private Completion Strategy Fund, committed to pay $100 million. As at December 31, 2017, CRCD's commitment amounted to $40 million.
- CRCD is also the sponsor of the Desjardins-Innovatech S.E.C. fund (DI). DI has undertaken to inject a total of $85 million to support Québec technology or innovation businesses through each stage of their development. CRCD's interest in DI is 54.5%. In addition to this interest, CRCD has agreed to make an additional investment in the form of a note for a maximum amount of $5.0 million in DI of which $1.0 million was disbursed in 2017. This note does not affect the units held by CRCD in this fund. DI helps create innovative business accelerators in partnership with specialized organizations located in various regions of Québec, enabling it to support businesses from the embryonic stage through commercialization. As at December 31, 2017, DI had committed $66.3 million to support a total of 62 companies and funds.
- The objective of the Société en commandite Essor et Coopération (Essor et Coopération), established on January 1, 2013, is to support the creation, growth and capitalization of cooperatives in Québec. CRCD and other partners, including three from the cooperative sector, have made commitments totalling $89.9 million. CRCD has a 94.6% interest in the Essor et Coopération fund. Since the fund's inception, CRCD has disbursed $29.7 million of its total commitment of $85 million. As at December 31, 2017, Essor et Coopération had committed $29.7 million in 15 cooperatives.

In all, as at December 31, 2017, CRCD and its ecosystem supported the growth of 450 companies, cooperatives and funds in various industries spanning all Québec regions with commitments of $1,076 million, while helping to create and retain over 67,000 jobs. Of that total, 18 cooperatives benefited from commitments of $196.1 million by CRCD and its ecosystem.

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

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

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

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

Entrepreneurial ecosystem performance

RETURN BY INVESTMENT PROFILE	2017				2016			
	Average assets under management ($M)	Weighting (%)	Return 1 year (%)	Contribution 1 year (%)	Average assets under management ($M)	Weighting (%)	Return 1 year (%)	Contribution 1 year (%)
Debt	288	15.6	5.6	0.9	276	16.3	9.4	1.6
Equity	593	32.2	19.5	5.9	486	28.6	15.9	4.2
External funds	53	2.9	(22.7)	(0.9)	66	3.9	11.9	0.5
Venture capital	32	1.7	43.6	0.7	26	1.5	4.3	0.1
Investment profiles subtotal	966	52.4	12.9	6.6	854	50.3	13.0	6.4
Other asset items held by ecosystem funds	9	0.5	(0.2)	(0.0)	18	1.1	(0.5)	0.0
Ecosystem total	975	52.9	12.7	6.6	872	51.4	12.6	6.4

The entrepreneurial ecosystem's sound performance stems from the Equity investment profile, which posted a return of 19.5%. This gain is mainly attributable to the higher profitability of several portfolio companies, and given the large amount of assets allocated to this profile, it made a major contribution to the ecosystem's return of 12.7% in 2017. The Debt investment profile posted a lower return compared with the same period in 2016, mainly due to changes in value caused by the increase in market rates in 2017. The respective returns of the External funds and Venture capital investment profiles were primarily influenced by the values of two specific securities. Due to their volume, these two profiles have a 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.

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. This portfolio, consisting primarily of liquid assets, includes fixed-income securities, global equity funds, Canadian equity funds and real estate funds. This portfolio provides stable current revenue for CRCD and ensures sound diversification.

As at December 31, 2017, CRCD's Other investments portfolio, including cash but excluding foreign exchange contracts, totalled $889.3 million ($844.6 million as at December 31, 2016) and consisted of the following:

Other investments portfolio	As at December 31, 2017		As at December 31, 2016	
	Fair value ($M)	% of portfolio	Fair value ($M)	% of portfolio
Cash and money market instruments	46.2	5.2	35.2	4.2
Bonds	506.2	56.9	580.3	68.7
Global equity funds	155.0	17.4	105.1	12.4
Canadian equity funds	93.1	10.5	-	-
Real estate funds	88.8	10.0	64.1	7.6
Preferred shares	-	-	59.9	7.1
Portfolio total	889.3	100.0	844.6	100.0

As at December 31, 2017, 72% of portfolio bond securities were government guaranteed (68% as at December 31, 2016).

The Other investments portfolio accounted for 46% of total net assets as at the end of fiscal 2017 (47% as at December 31, 2016). Commitments already made but not disbursed of $183.6 million, representing 9% of net assets, will eventually be covered from CRCD's Other investments portfolio and allocated to Investments impacting the Québec economy.

CRCD expects Other investments to represent nearly 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.

CONTRIBUTION GENERATED BY OTHER INVESTMENTS (in thousands of $)	2017	2016
Revenue	22,753	20,489
Gains and losses	12,040	2,475
	34,793	22,964

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

Other investments contributed a total of $34.8 million for fiscal 2017 compared with a contribution of $23.0 million a year earlier. Current revenue was up slightly from fiscal 2016.

For fiscal 2017, CRCD recorded a gain of $12.0 million on its Other investments portfolio. The global equity fund portfolio gained $8.4 million in a strongly rising market, while the Canadian equity fund generated a gain of $3.9 million amid favourable economic conditions. Given the less attractive future outlook for the preferred share asset class, the transfer of this portfolio to the low volatility Canadian equity fund was completed in 2017.

The bond portfolio posted a loss of $3.3 million, mainly due to a 75-basis-point increase in the key interest rate since December 2016.

Over the last few years, the fair value of the bond portfolio benefited from repeated interest rate decreases. The current rise in rates had a negative impact on unrealized changes in value during the past year. CRCD's financial asset management strategy aims to diversify the market risks associated with the Other investments portfolio through the use of Canadian and global securities not unrelated to bond markets. Moreover, CRCD aims to match the average maturity of the bond portfolio with the average maturity of expected cash outflows, thereby limiting the long-term effect of bond rates on CRCD's results.

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. No special tax was paid for fiscal 2017 and 2016.

As at December 31, 2017, CRCD had $1,501.6 million in share capital for 138,079,685 common shares outstanding.

During the year, CRCD raised $134.9 million, including the balance of $1.5 million from the 2016 issue and substantially all of the maximum authorized amount of $135 million for the 2017 issue. The $1.7 million authorized balance of the 2017 authorized issue has already been pre-subscribed by investors selected under the established process and the corresponding shares will be issued no later than February 28, 2018.

With respect to issue expenses, an agreement was entered into for the period from March 1, 2017 to February 28, 2018 between CRCD and the Fédération des caisses Desjardins du Québec to compensate the caisses in an amount of $2.90 per $100 of shares sold ($1.90 for the 2016 issue). This increase in issue expenses is intended to better reflect the operational costs borne by the caisses in connection with the issuance of CRCD shares. In return, DC agreed to reduce management fees to a maximum of 1.95% of assets under management (2.02% in 2016).

For fiscal 2017, redemptions of common shares totalled $89.3 million ($70.4 million in 2016).

As at December 31, 2017, the balance of shares eligible for redemption amounted to nearly $827 million. During 2018, additional shares with an approximate value of $215 million will also become eligible for redemption, bringing potential redemptions to around $1,042 million for fiscal 2018. 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.

Subscriptions and redemptions for fiscal 2017 increased the number of shareholders to 105,614 as at December 31, 2017 from 104,317 as at December 31, 2016.

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 $)	2017	2016
Management fees	23,865	27,293
Other operating expenses	5,647	4,989
Shareholder services	2,762	2,144
	32,274	34,426

CRCD has entrusted DC with its management and operations, in accordance with the strategies and objectives approved by the Board of Directors. The current management agreement expires on December 31, 2017. A new three-year management agreement will take effect on January 1, 2018. Under these agreements, management fees are equal to a maximum rate of 1.95% (2.02% for the year ended December 31, 2016) of the average annual value of CRCD's assets, net of any liabilities related to Investments impacting the Québec economy and other investments. An adjustment is made to the management fees charged to CRCD to avoid double billing relative to CRCD's interest in some funds. DC and CRCD have agreed that, for a given fiscal year, an adjustment could also be made to allow CRCD to benefit from economies of scale realized by DC in relation to the growth in CRCD's assets as well as the increase in the balance of CRCD shares eligible for redemption in recent years. For the year ended December 31, 2017, such a downward adjustment of $6.6 million

($1.7 million for the year ended December 31, 2016) was made. The management and trading fees from the portfolio companies are earned by DC, and the management fees CRCD is required to pay are reduced by an equivalent amount.

The $0.7 million increase in other operating expenses resulted primarily from investments in information technology required to maintain and avoid the obsolescence of certain platforms essential to CRCD's operations.

The $0.6 million increase in shareholder services was mainly driven by the change in the dates on which semi-annual statements are sent to shareholders and higher trustee fees related to the increase in the number of active accounts.

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. This agreement is effective from July 1, 2016 to December 31, 2020.

CRCD has appointed the Fédération des caisses Desjardins du Québec (FCDQ) to distribute its shares through the Desjardins caisse network. CRCD has further agreed to pay project fees, as needed, to cover work required to upgrade the tools and applications supporting the CRCD share distribution processes. For the year ended December 31, 2017, CRCD paid fees in the amount of $0.8 million for these services. This agreement is effective from July 1, 2016 to December 31, 2020. The revised fee structure came into effect on January 1, 2017.

Income taxes amounted to $2.9 million in fiscal 2017, an amount equal to the previous year. The nature of the income has a significant impact on tax expense since, unlike interest income, dividends are generally not taxable and capital gains are eligible for tax deductions and refund mechanisms.

LIQUIDITY AND CAPITAL RESOURCES

For fiscal 2017, cash inflows from issues net of redemptions amounted to $43.0 million (cash inflows of $63.0 million in 2016). Operating activities generated net cash outflows of $32.6 million ($76.4 million in 2016).

Cash outflows for Investments impacting the Québec economy amounted to $173.3 million for fiscal 2017 ($117.5 million in 2016). Net cash outflows for the Other investments portfolio totalled $16.3 million for fiscal 2017 ($46.3 million for fiscal 2016).

As at December 31, 2017, cash and cash equivalents totalled $29.4 million ($19.1 million as at December 31, 2016).

CRCD had an authorized line of credit of $50 million as at December 31, 2017. 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 the level of liquid assets held and reduces the risk of having to dispose of assets hastily under potentially less advantageous conditions. The line of credit was undrawn during fiscal 2017 and fiscal 2016.

Given the management approach for Other investments of matching the average maturity of bonds held with the average maturity of its expected cash outflows, CRCD does not anticipate any shortfall in 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, STRATEGIC PRIORITIES AND STRATEGIES

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

MISSION

CRCD strives to value and nurture the best of Québec entrepreneurship that is part of the collective wealth that is ours to have and to hold. With that in mind, CRCD's mission will be to:

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

CRCD'S VISION AND STRATEGIC PRIORITIES

Strategic planning work was carried out throughout 2016. The work involved consulting with our wide range of stakeholders, and included taking the pulse of shareholders and partner entrepreneurs as well as a number of meetings between CRCD's Board of Directors and DC's Management Committee. This approach allowed us to update CRCD's vision, identify issues as well as opportunities to be grasped and set our strategic priorities for the next three years. The new 2017–2019 strategic plan, in continuation of the 2013–2016 strategic plan, was approved by CRCD's Board of Directors in late fiscal 2016.

CRCD's vision is to "Be the #1 choice of entrepreneurs: the go to for SMEs."

To achieve this, CRCD will continue to keep jobs and retain business ownership in Québec along with implementing initiatives that give our partners an edge.

Carrying out CRCD's mission and vision is also driven by the following five strategic goals for 2017–2019:

- Ensuring the availability of sufficient long-term capital to carry out CRCD's mission
- Leveraging the strength of Desjardins Group to amplify CRCD's socioeconomic leadership
- Boosting CRCD's profile among SME entrepreneurs and visibility within the business community
- Enhancing the ability to innovate and anticipate entrepreneurs' needs so CRCD's offering remains ahead of the curve
- Growing CRCD's footprint in the resource regions, for cooperatives, among innovation enterprises and in new market segments

STRATEGIES

DC organizes its teams to optimize efficiency and control management fees. This administrative organization aims to appropriately fulfil our mandate of driving regional and cooperative development and Québec's economic development in general.

CRCD monitors changes in asset allocation and performance against investment profiles to better manage its operations. Each investment profile includes the assets held by CRCD and similar assets held by the funds in its ecosystem according to their respective interests.

CRCD aims for a balance between its mission to drive regional economic development and reasonable long-term return for the shareholders. Using a global approach to managing its financial assets, CRCD manages its portfolio of Investments impacting the Québec economy jointly with its Other investments portfolio. This allows CRCD to balance its overall investment portfolio and limit volatility in share price due to changing economic conditions over the entire holding period.

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

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

Lastly, CRCD is required to fulfil its mission within certain guidelines, including investing 62% of its average net assets in eligible Québec companies. This percentage is gradually increased by 1% per year to reach 65% for the fiscal years beginning after December 31, 2019. In addition, 35% of eligible investments must be made in Québec's resource regions or in eligible cooperatives. If these requirements are not met, the authorized issue of capital for the capitalization period following the end of the fiscal year could be reduced. As at December 31, 2017 and 2016, all of those rules were met.

GOVERNANCE

BOARD OF DIRECTORS

The Board of Directors (the "Board") is made up of 13 directors, 11 of whom are independent, and is chaired by an independent director. The following is a snapshot of the Board as of the date of this report:

Sylvie Lalande,
ASC, C. Dir.
Chair of the Board of CRCD and Corporate Director

Chantal Bélanger,
FCPA, FCGA, ASC
Vice-Chair of the Board of CRCD and Corporate Director

André Gabias,
Lawyer
Secretary of the Board of CRCD and Ethics and Governance Consultant

Bruno Morin
General Manager of CRCD and Corporate Director

Charles Auger,
BBA Finance
Vice-President of Operations, Chocolats Favoris

Eve-Lyne Biron,
B.Sc., MBA, ICD.D
Corporate Director

Roger Demers,
FCPA, FCA, ASC
Corporate Director

Marlène Deveaux,
ASC
President and Chief Executive Officer, Revêtement sur métaux inc.

Jean-Claude Gagnon,
FCPA, FCA
Strategic Growth Advisor and Corporate Director

Jacques Jobin,
Lawyer, ASC
President, Médiato

Jean-Claude Loranger
General Manager, Caisse Desjardins de Rouyn-Noranda

Marcel Ostiguy
Corporate Director

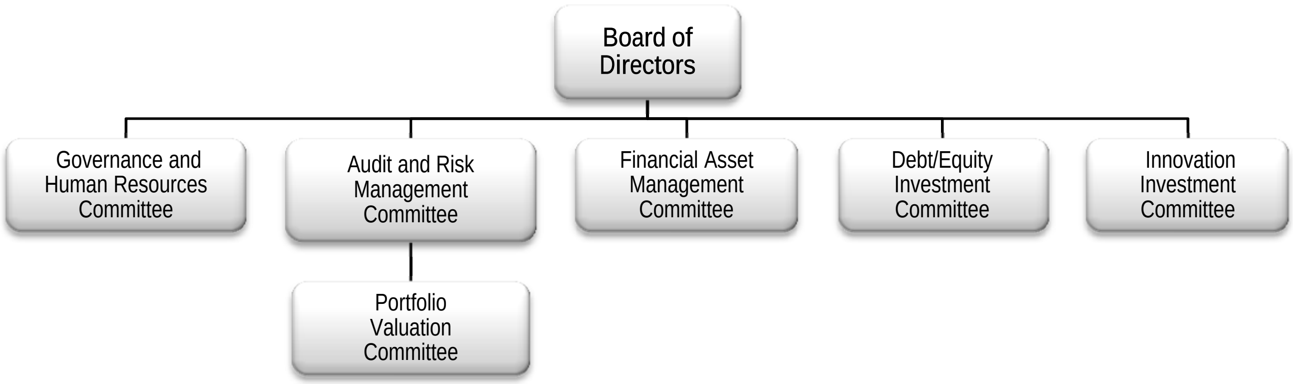
Louis-Régis Tremblay,
Eng., ICD.D
Executive Management Consultant and Corporate Director

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

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

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

The governance structure is as follows:



Other than the specific mandates assigned from time to time by the Board, the main responsibilities of the committees are described below.

GOVERNANCE AND HUMAN RESOURCES COMMITTEE

The Corporate Governance and Human Resources Committee is made up of five directors, four of whom are independent.

This Committee's mandate is to provide oversight of the application of the rules relating to governance, independence, conflicts of interest, ethics and professional conduct. It is in particular responsible for drawing up skills and experience profiles for the General Manager and Board members. It also recommends to the Board an evaluation process for the performance of the Chair of the Board, the General Manager of CRCD, the Board, the Committees and CRCD's manager.

This Committee also oversees general reputation risk and conflict of interest risks. It is informed of the reputational risk associated with the investment, which is monitored by the investment committees.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee consists of four independent directors who have the financial literacy required to carry out their duties, two of whom have an accounting designation.

The Committee's mandate is to assist the Board in its oversight and accountability roles on aspects relating to the quality, reliability and integrity of financial reporting and continuous disclosure. It ensures that internal control over financial reporting has been implemented by the Manager and is working effectively, and that adequate compliance mechanisms are implemented and maintained by the Manger for the legal and statutory requirements that may have a material effect on financial reporting. Its role also includes a component related to the work, performance, independence, appointment and recommendation of the independent auditor.

The Committee is also responsible for monitoring CRCD's overall integrated risk management process and specifically monitors compliance risk at the regulatory and legislative level as well as for shareholder accountability and public disclosure, outsourcing risk (excluding external managers), operational risk related to the processing of transactions and systems, and internal and external fraud risk. It is informed of market risks related to interest rates, foreign currencies and stock markets, which are monitored by the Financial Asset Management Committee and credit and counterparty risk of Investments impacting the Québec economy, which is supervised by the investment committees.

FINANCIAL ASSET MANAGEMENT COMMITTEE

The Financial Asset Management Committee is made up of five members, four of whom are independent, who possess a range of complementary expertise and sufficient financial, accounting and economic knowledge and skills to fully understand the nature of CRCD's financial assets and the resulting financial risks.

This Committee's mandate is to coordinate and align CRCD's financial asset management to optimize the risk/return balance. The Committee monitors CRCD's performance and ensures that CRCD complies with the legislative and regulatory requirements relating to financial assets. It also oversees the implementation of and compliance with CRCD's Global Financial Asset Management Policy and related guidelines.

The Committee also monitors market risks related to interest rates, foreign currencies and stock markets, geographic and sector concentration risk related to net assets, liquidity risk, and outsourcing risk relating to the use of external managers. It is informed of the sector concentration risk of Investments impacting the Québec economy and the credit and counterparty risk of the Investments impacting the Québec economy that are under the supervision of the investment committees.

PORTFOLIO VALUATION COMMITTEE

The Portfolio Evaluation Committee is made up of five members: two independent directors and three external members. The majority of members are independent qualified valuators in accordance with the *Regulation respecting development capital investment fund continuous disclosure*.

The Committee's mandate is to review all relevant information concerning the valuations of CRCD's Investments impacting the Québec economy portfolio on a semi-annual basis in order to provide reasonable assurance to the Audit and Risk Management Committee and the Board that the valuation process complies with the requirements of said Regulation. It also reviews, from time to time, the Fair Value Methodology and recommends to the Audit and Risk Management Committee and the Board such changes as it deems necessary.

INVESTMENT COMMITTEES

The Debt/Equity Investment Committee is made up of seven members, four directors and three external members, while the Innovation Investment Committee is made up of five members, two directors and three external members. Six members of the Debt/Equity Investment Committee and the Innovation Investment Committee are independent. The members of these committees are selected based on their expertise and experience in the sectors targeted by the various policies governing investment activities and on their ability to assess the quality of an investment, detect risks and contribute to its future growth in value.

The general mandate of the investment committees is to evaluate, authorize and oversee transactions related to Investments impacting the Québec economy within the limits of the decision-making process approved by the Board and in accordance with CRCD's mission.

The Debt/Equity Investment Committee reviews financing requests for subordinated debt, equity or a combination of subordinated debt and equity. The Innovation Investment Committee reviews financing requests for equity or a combination of subordinated debt and equity which promote technological or industrial innovation or advance new uses for existing technologies.

These committees also have a role in overseeing investment-related reputation risk, sector concentration risk related to Investments impacting the Québec economy, credit and counterparty risk related to Investments impacting the Québec economy, risk associated with the appointment and performance monitoring of external directors and operational risk related to the investment process. They are informed of the strategic risk associated with the Investments impacting the Québec economy portfolio's allocation by region, which is supervised by the Board.

ATTENDANCE RECORD AND COMPENSATION

The following table presents the attendance record and compensation of CRCD's directors and external committee members for fiscal 2017.

Name	Board of Directors	Governance and Human Resources Committee	Audit and Risk Management Committee	Financial Asset Management Committee	Governance and Ethics Committee (abolished)	Portfolio Valuation Committee	Subordinated Debt Investment Committee (abolished)	Equity Investment Committee (abolished)	Debt/Equity Investment Committee	Innovation Investment Committee	Compensation
(Number of meetings)	11	7	5	4	7	3	14	11	5	11	$
Charles Auger	9/9									8/8	22,985
Chantal Bélanger	11/11	7/7	5/5			3/3					46,300
Ève-Lyne Biron	11/11				7/7		12/14				31,900
Joane Demers	2/2		1/1								5,100
Roger Demers	11/11	2/2		4/4				11/11	4/5		41,675
Marlène Deveaux	11/11	7/7	5/5				14/14		5/5		46,775
Maurice Doyon	2/2	1/1		1/1						2/2	9,625
André Gabias	11/11				6/7						29,275
Jean-Claude Gagnon	9/9		4/4			1/2					22,870
Jacques Jobin	11/11	5/5		3/3	6/6					11/11	42,416
Sylvie Lalande	9/9	6/6									32,101
Jean-Claude Loranger	11/11			4/4				8/11			31,500
Bruno Morin	11/11	7/7		4/4				4/4	5/5		70,000
Marcel Ostiguy	9/9			3/3	1/1						19,685
Jacques Plante	2/2	1/1		1/1		1/1					13,550
Claudine Roy	2/2			1/1							5,100
Louis-Régis Tremblay	11/11		5/5					11/11	5/5		36,800
Bernard Bolduc *								11/11	4/5		15,800
Marie-Claude Boulanger *							13/14				11,500
Évangéliste Bourdages *							10/14				10,400
Guy Delisle *							12/14		5/5		16,200
Michel Duchesne *							13/14				12,150
Marie-Claude Gévry *								9/11			9,800
Sébastien Mailhot *						3/3					7,600
Michel Martineau *						3/3					7,600
Lynn McDonald *								11/11			11,150
Muriel McGrath *										11/11	12,600
George Rossi *						3/3					7,600
Michel Rouleau *							13/14		5/5		17,050
Thom Skinner *										11/11	13,050
Normand Tremblay *										11/11	12,600
TOTAL COMPENSATION											672,757

* External committee member

Explanatory notes to table

Compensation includes retainers and fees paid to directors for attending Board and committee meetings, training sessions and special committee working meetings. Mr. Morin, General Manager, receives a fixed salary of $70,000 per year.

The Executive Committee was abolished on February 16, 2017, and its responsibilities were distributed to the Corporate Governance Committee and other Board committees. The Corporate Governance Committee was created on April 21, 2017 and renamed the Corporate Governance and Human Resources Committee on July 6, 2017. The Audit Committee was renamed Audit and Risk Management Committee on November 17, 2017. The Governance and Ethics Committee was renamed the Ethics and Professional Conduct Committee on April 21, 2017 and abolished on August 17, 2017. The Subordinated Debt Investment Committee and Equity Investment Committee merged on September 30, 2017.

Ms. Lalande, Mr. Auger, Mr. Gagnon and Mr. Ostiguy have served as directors since March 24, 2017, replacing Ms. Demers, Ms. Roy, Mr. Doyon and Mr. Plante. Furthermore, Mr. Gagnon has been a member of the Audit and Risk Management Committee since April 21, 2017. Mr. Jobin and Mr. Ostiguy have served as members of the Financial Asset Management Committee since April 21, 2017. Mr. Jobin ceased to serve as a member of the Ethics and Professional Conduct Committee on April 21, 2017. Mr. Ostiguy served as a member of the Ethics and Professional Conduct Committee from April 21, 2017 to August 17, 2017. Mr. Gagnon has been a member of the Portfolio Valuation Committee since April 21, 2017. Mr. Morin served as a member of the Equity Investment Committee until April 21, 2017. Mr. Auger has been a member of the Innovation Investment Committee since April 21, 2017.

RISK MANAGEMENT

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

Note to the reader

The following sections regarding market risks, credit and counterparty risks, concentration risks and liquidity risks have been reviewed by CRCD's independent auditor as part of the audit of the separate financial statements concerning which an independent auditor's report was issued on February 15, 2018.

MARKET RISKS

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

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

Interest rate risk

Interest rate fluctuations have an impact on the market value of fixed-income securities and real estate funds held in the portfolio for which fair value is determined based on market conditions. The fair value of these assets as at December 31, 2017 was $813.3 million ($899.7 million as at December 31, 2016). Fixed-income securities held in the Other investments portfolio include money market instruments and bonds. Fixed-income securities held in the Investments impacting the Québec economy portfolio include loans and advances and preferred shares.

Money market instruments with a fair value of $33.9 million ($22.2 million as at December 31, 2016) are not valued based on changes in interest rates, given their very short maturities and CRCD's intention to hold them until maturity.

Bonds with a fair value of $506.2 million ($580.3 million as at December 31, 2016) are directly affected by changes in interest rates. A 1% increase in interest rates would have resulted in a decrease of $28.0 million in net earnings, representing a 1.5% decrease in CRCD's share price as at December 31, 2017 ($33.1 million for 1.9% as at December 31, 2016). Similarly, a 1% decrease in interest rates would have had the opposite effect, resulting in a $29.8 million increase in net earnings, representing a 1.6% increase in share price ($35.3 million for 2.1% as at December 31, 2016). CRCD's financial asset management strategy aims to diversify the portfolio securities which will lead to a reduced exposure to long-term bonds. Given that CRCD matches the maturities of bonds held in its portfolio with the average maturity of expected cash outflows, the long-term effect of interest rates on results should be limited.

Real estate funds with a fair value of $88.8 million ($64.1 million as at December 31, 2016) and preferred shares that were disposed of in fiscal 2017 (fair value of $59.9 million as at December 31, 2016) may also be affected by changes in interest rates. However, unlike bonds, there is no direct correlation between changes in interest rates and changes in fair value of this asset class.

In the Investments impacting the Québec economy portfolio, loans and advances and preferred shares for which CRCD also holds participating shares in the same company and those that are discounted, totalling a fair value of $212.1 million ($153.3 million as at December 31, 2016), are not sensitive to changes in interest rates. Conversely, the other loans and advances and preferred shares included in the portfolio, totalling a fair value of $184.3 million ($173.2 million as at December 31, 2016), are sensitive to changes in interest rates. However, the interest rate risk related to the other loans and advances and preferred shares held in the portfolio is limited given the amounts in question.

Stock market risk

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

As at December 31, 2017, global and Canadian equity funds, valued at $248.1 million ($105.1 million as at December 31, 2016), 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 $24.8 million increase or decrease in net earnings, representing a 1.3% increase or decrease in CRCD's share price.

The Investments impacting the Québec economy portfolio included listed equities in the amount of $0.3 million ($0.6 million as at December 31, 2016). As a result, for these investments, any stock market fluctuations would not have had a significant direct impact on CRCD's net earnings.

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 portfolio of Investments impacting the Québec economy, assets whose values fluctuate due to changes in foreign exchange rates represented a fair value of $91.0 million or 4.7% of net assets as at December 31, 2017, compared with $111.1 million or 6.2% of net assets at December 31, 2016.

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 December 31, 2017, CRCD held foreign exchange contracts under which it will be required to deliver US$76.1 million (US$82.3 million as at December 31, 2016) at the rate of CAD/USD 1.2747 (CAD/USD 1.3360 as at December 31, 2016) on March 29, 2018.

As at December 31, 2017, the net exposure of CRCD's Investments impacting the Québec economy portfolio to foreign currencies was thus limited to $4.7 million ($1.2 million as at December 31, 2016). 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 investments to foreign currencies amounted to $140.0 million. Accordingly, a 10% decrease (increase) in value of the Canadian dollar relative to all of the other foreign currencies would have resulted in a $14.0 million increase (decrease) in net earnings, representing a 0.7% increase (decrease) in CRCD's share price.

CREDIT AND COUNTERPARTY RISKS

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

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

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

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

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

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

		As at December 31, 2017		As at December 31, 2016	
Rating		(in thousands of $)	(as a %)	(in thousands of $)	(as a %)
1 to 6.5	Low to acceptable risk	1,013,033	98.0	894,154	97.0
7 to 9	At risk	15,267	1.5	20,161	2.2
10	High risk and insolvent	5,651	0.5	7,203	0.8

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 December 31, 2017		As at December 31, 2016	
Rating		(in thousands of $)	(as a %)	(in thousands of $)	(as a %)
1 to 6.5	Low to acceptable risk	183,606	100.0	188,721	99.8
7 to 9	At risk	-	-	400	0.2

For the bond portfolio, which represented 57.6% of the fair value of the Other investments portfolio (69.8% as at December 31, 2016), credit risk is managed by diversification across numerous issuers with credit ratings as follows:

	As at December 31, 2017	As at December 31, 2016
Rating	(in thousands of $)	(in thousands of $)
AAA	224,582	269,452
AA	186,001	194,174
A	47,175	55,695
BBB	45,585	57,966
BB	2,841	3,049

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 FCDQ.

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 December 31, 2017		As at December 31, 2016	
	% of portfolio	% of net assets	% of portfolio	% of net assets
Investments impacting the Québec economy[(1)]	35.5	22.2	38.0	23.6
Other investments[(2)]	46.8	21.1	44.5	20.7

(1) CRCD's interest in the ecosystem funds accounted for 63% (55% as at December 31, 2016) of the five largest Investments impacting the Québec economy.

(2) Government issuers and issues guaranteed by government entities represented 62% (86% as at December 31, 2016) of the five largest issuers or counterparties in the Other investments portfolio.

Risk of concentration by region

In keeping with its mission of Québec economic development, the Investments impacting the Québec economy portfolio chiefly comprises businesses whose employees are, in the majority, residents of Québec. Furthermore, at least 35% of its investments must be made in companies located in the resource regions or in eligible cooperatives. Portfolio performance therefore depends heavily on economic conditions in Québec and the resource regions. As at December 31, 2017, the Investments impacting the Québec economy portfolio represented 52.8% of net assets (51.6% as at December 31, 2016).

CRCD has adopted a global financial asset management and investment guidelines policy to govern the Other investments portfolio activities which currently limit the option of holding foreign securities. As at December 31, 2017, the Other investments portfolio included a portion of foreign securities resulting primarily from its interest in global equity funds, plus 84.3% in Canadian securities (88.7% as at December 31, 2016). Other investments portfolio performance therefore depends heavily on economic conditions in Canada. As at December 31, 2017, the Other investments portfolio represented 45.8% of net assets (47.2% as at December 31, 2016).

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 December 31, 2017, bond securities represented 26.0% of net assets (32.4% as at December 31, 2016). The lower percentage allocated to this asset class stems from the increase in the weighting for Investments impacting the Québec economy and aims to diversify the portfolio by adding new asset classes, strike an overall balance for the portfolio between risk and return and 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 been put in place to provide greater cash management flexibility. The credit facilities were undrawn during fiscal 2017 and 2016.

This work takes into account the expected higher balance of redeemable shares of CRCD. Initiatives have been implemented to encourage the redemption of shares and a $50 million increase in the line of credit has been granted, since 2016.

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

RECENT EVENTS

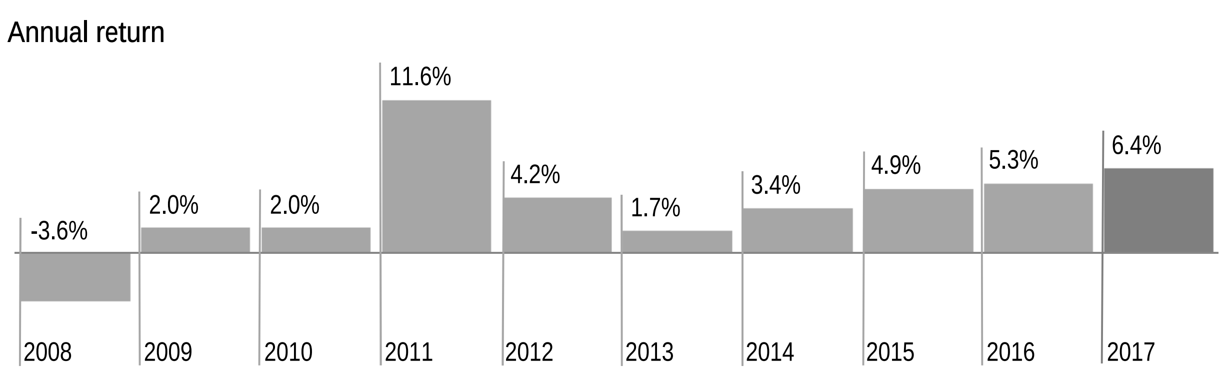
Following the 2016-2017 budget speech, the Québec government announced changes to CRCD's governance pertaining to the composition of its Board of Directors and the concept of independence. The proposed legislative amendments must be adopted by the National Assembly and will be implemented gradually.

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. Annual return is calculated by dividing income (loss) per share for the period by the share price at the beginning of the period.



COMPOUNDED RETURN OF THE COMMON SHARE AS AT DECEMBER 31, 2017

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
3.6%	5.2%	4.2%	5.3%	6.3%

PORTFOLIO SUMMARY

CORE INVESTMENT PROFILES

As at December 31, 2017, the assets of CRCD's Investments impacting the Québec economy and Other investments portfolios at fair value were as follows:

Investment profile	% of net assets
Investments impacting the Québec economy*	
Debt	15.5
Equity	33.3
External funds	2.0
Venture capital	1.8
Other asset items held by ecosystem funds	0.2
Total – Investments impacting the Québec economy	52.8
Other investments	
Cash and money market instruments	2.4
Bonds	26.0
Global equity funds	8.0
Canadian equity funds	4.8
Real estate funds	4.6
Total – Other investments	45.8

* Including foreign exchange contracts

Net assets are made up of 98.6% investment profiles and 1.4% other asset items.

MAIN INVESTMENTS HELD

As at December 31, 2017, 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 (14 issuers)*	33.8
Government of Canada	5.2
Hydro-Québec	4.1
Desjardins IBrix Low Volatility Global Equity Fund	4.1
Desjardins Global Dividend Fund	3.9
LNH Merrill Lynch Canada	3.8
BMO Low Volatility Canadian Equity ETF	2.4
Fidelity Canadian Low Volatility Equity Institutional Trust	2.4
Bentall Kennedy Prime Canadian Property Fund	2.3
Fiera Properties CORE Fund	2.3
Province of Ontario	2.3
Canada Housing Trust	2.0

* The 14 issuers who collectively represent 33.8% of CRCD's net assets are:

- ACCEO Solutions Inc.
- Agropur Cooperative
- 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 Group Inc.
- La Coop fédérée
- Société en commandite Essor et Coopération
- Télécon Inc.

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

February 15, 2018

MANAGEMENT'S REPORT

February 15, 2018

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

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

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

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

The financial statements present the financial information available as at February 15, 2018. These statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and audited by PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.

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

(signed) Yves Calloc'h, CPA, CA

Chief Financial Officer

Capital régional et coopératif Desjardins

Separate Financial Statements
December 31, 2017 and 2016
(in thousands of Canadian dollars)

February 15, 2018

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 December 31, 2017 and December 31, 2016 and the statements of comprehensive income, changes of net assets and cash flows for the years ended December 31, 2017 and 2016, 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 a 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 December 31, 2017 and December 31, 2016, its financial performance and its cash flows for the years ended December 31, 2017 and 2016 in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP[1]

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

Capital régional et coopératif Desjardins

Separate Balance Sheets

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

	Note	As at December 31, 2017 $	As at December 31, 2016 $
Assets			
Investments impacting the Québec economy	7	1,033,951	921,518
Other investments	8	878,482	831,130
Income taxes recoverable	18	19,624	19,634
Accounts receivable	10	36,069	35,414
Cash	11	12,305	13,021
		1,980,431	1,820,717
Liabilities			
Notes payable and financial liabilities	12	23,413	25,233
Income taxes payables	18	232	-
Accounts payable	13	11,444	6,067
		35,089	31,300
Net assets	15	1,945,342	1,789,417
Number of common shares outstanding		138,079,685	134,943,941
Net asset value per common share		14.09	13.26

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

Sylvie Lalande, ASC, C. Dir. , 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 years ended December 31

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

	Note	2017 $	2016 $
Revenue			
Interest	7	23,228	25,528
Dividends and distributions		27,645	18,451
Administrative charges		519	470
		51,392	44,449
Gains on investments			
Realized		8,480	23,095
Unrealized		88,061	55,774
		96,541	78,869
Total revenue and gains on investments		147,933	123,318
Expenses			
Management fees		23,865	27,293
Other operating expenses	17	5,647	4,989
Shareholder services	17	2,762	2,144
		32,274	34,426
Earnings before income taxes		115,659	88,892
Income taxes	18	2,902	2,935
Net earnings for the period		112,757	85,957
Weighted average number of common shares		133,493,165	129,268,010
Net earnings per common share		0.84	0.66

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

Capital régional et coopératif Desjardins

Separate Statements of Changes in Net Assets

For the years ended December 31

(in thousands of Canadian dollars)

	Share capital (note 15)		Retained earnings	Net assets
	Number	**$**	**$**	**$**
Balance – December 31, 2016	134,943,941	1,434,668	354,749	1,789,417
Net earnings for the year	-	-	112,757	112,757
Share capital transactions*				
Issuance of common shares	9,792,823	134,850	-	134,850
Share issue expenses, net of $1,578 in taxes	-	(2,396)	-	(2,396)
Redemption of common shares	(6,657,079)	(65,572)	(23,714)	(89,286)
Balance – December 31, 2017	138,079,685	1,501,550	443,792	1,945,342
Balance – December 31, 2015	130,182,509	1,357,689	284,387	1,642,076
Net earnings for the year	-	-	85,957	85,957
Share capital transactions*				
Issuance of common shares	10,317,231	133,401	-	133,401
Share issue expenses, net of $1,015 in taxes	-	(1,579)	-	(1,579)
Redemption of common shares	(5,555,799)	(54,843)	(15,595)	(70,438)
Balance – December 31, 2016	134,943,941	1,434,668	354,749	1,789,417

* 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 Statements of Cash Flows

For the the years ended December 31

(in thousands of Canadian dollars)

	2017 $	2016 $
Cash flows from (used in) operating activities		
Net earnings for the year	112,757	85,957
Non-cash items:		
Losses (gains) on investments	(96,541)	(78,869)
Amortization of premiums and discounts on other investments	(2,629)	(1,101)
Deferred taxes	1,180	707
Capitalized interest and other non-cash items	(2,629)	(2,126)
Changes in operating assets and liabilities:		
Income taxes recoverable	640	(5,589)
Accounts receivable	(13,181)	(646)
Accounts payable	4,011	(1,086)
Acquisitions of investments impacting the Québec economy	(173,264)	(117,454)
Proceeds from disposals of investments impacting the Québec economy	153,278	90,045
Acquisitions of other investments	(716,918)	(1,015,343)
Proceeds on disposal of other investments	700,647	969,064
	(32,649)	(76,441)
Cash flows from (used in) financing activities		
Issuance of common shares	132,256	133,401
Redemption of common shares	(89,286)	(70,438)
	42,970	62,963
Net change in cash and cash equivalents during the year	10,321	(13,478)
Cash and cash equivalents – Beginning of the year	19,117	32,595
Cash and cash equivalents – End of the year	29,438	19,117
Supplemental information about cash flows from operating activities		
Interest received	18,198	22,437
Dividend and distribution received	27,503	17,855
Income taxes paid	1,082	7,817

The accompanying notes are an integral part of these 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.

(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.

If one of these targets is not met, CRCD will be subject to a reduction of the authorized issue of capital for the capitalization period following the end of the fiscal year.

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 February 15, 2018.

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.

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

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

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 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.

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.

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

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.

Global equities, Canadian equities and real estate funds

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

Guarantee

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

Note

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

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.

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

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

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

Revenue recognition

Interest

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

Dividends and distributions

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

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

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.

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

Gains and losses

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

Functional currency and foreign currency translation

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

Taxes

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

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

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

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

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

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.

4 Significant judgments, estimates and assumptions

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

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

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

In accordance with the requirements contained in the *Regulation respecting development capital investment fund continuous disclosure* issued by the Autorité des marchés financiers (AMF), CRCD has implemented various controls and procedures to ensure that financial instruments are appropriately and reliably measured. The valuations have been prepared by a team of qualified valuators relying on a structured process composed of several validation and review stages. The Portfolio Valuation Committee (PVC), consisting mainly of independent qualified valuators, performs semi-annual reviews of relevant information concerning the valuations of the portfolio of investments impacting the Québec economy to provide reasonable assurance that that the valuation process meets regulatory requirements. In addition, an audit and risk management committee provides oversight of risk related to non-compliance with the portfolio valuation rules. The PVC is informed of any non-compliance.

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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 December 31, 2017 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 IAS 18, *Revenues*, 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.

In April 2016, the IASB issued amendments to IFRS 15 to further clarify revenue recognition and transition provisions with respect to the initial application.

CRCD has assessed the impact of adopting IFRS 15, which will be effective for annual periods beginning on or after January 1, 2018. Only administrative charges under revenue will be affected but the adoption of this standard will have no significant impact as the amount is immaterial.

IFRS 9, *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments,* which replaces IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 covers requirements related to the classification and measurement of financial assets and liabilities, impairment of financial assets, and general hedge accounting requirements. At the same time as the publication of IFRS 9, IFRS 7, *Financial Instruments: Disclosures* was amended to provide more extensive quantitative and qualitative disclosures for financial instruments required for annual periods beginning on or after January 1, 2018.

The new concepts related to IFRS 9 are summarized below:

Classification and measurement

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 debt instruments with cash flows made up solely of payments of principal and interest, classification at initial recognition will be determined based on the business model under which these financial assets are managed.

In all cases, if a debt instrument does not meet the test of contractual cash flow characteristics of solely payments of principal and interest, the financial asset will be classified as at fair value through profit or loss.

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

Last, the Company may make an irrevocable designation at initial recognition to classify a debt instrument as at fair value through profit or loss if doing so eliminates or significantly reduces a mismatch in the measurement or recognition of the financial asset and if regulatory requirements are met.

Equity instruments are classified as at fair value through profit or loss, unless, an irrevocable designation had been made, at initial recognition, instrument by instrument, to classify them at fair value through comprehensive income. If such designation is made, gains and losses shall be recognized through other comprehensive income, without subsequent classification to profit or loss.

For the classification and measurement of financial liabilities, the new standard essentially follows the current requirements under IAS 39 and does not contain any material differences except for financial liabilities designated as at fair value through profit or loss. Changes in fair value attributable to changes in the issuer's own credit risk are recognized through other comprehensive income.

Following the analysis, the financial assets and liabilities will be classified as follows:

- Investments impacting the Québec economy, other investments and amounts receivable on disposals of investments impacting the Québec economy will be recognized as at fair value through profit or loss. Notes payable and financial liabilities will be designated as at fair value through profit or loss.
- Cash, accounts receivable and accounts payable will be recognized at amortized

Impairment

IFRS 9 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. This impairment model applies to all financial assets as well as to loan commitments and financial guarantee contracts, except for financial instruments measured or designated as at fair value through profit or loss and those designated as at fair value through other comprehensive income.

Hedge accounting

IFRS 9 includes a new hedge accounting model to align hedge accounting more closely with risk management activities. However, the standard allows the existing hedge accounting requirements under IAS 39 to continue in place of the hedge accounting requirements under IFRS 9. CRCD has elected not to apply hedge accounting.

Following analysis of IFRS 9, CRCD concluded that there will be no significant impact on the measurement or recognition of financial assets or liabilities following adoption of this standard.

6 Risks associated with financial instruments

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

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7 Investments impacting the Québec economy

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

	As at December 31, 2017		
	Cost $	Unrealized gain (loss) $	Fair value $
Unsecured			
Common shares	289,722	106,253	395,975
Preferred shares	240,059	45,611	285,670
Fund units	187,192	53,351	240,543
Loans and advances	107,225	1,087	108,312
Note(1)	1,020	-	1,020
Secured			
Loans and advances	3,037	(606)	2,431
	828,255	205,696	1,033,951

	As at December 31, 2016		
	Cost $	Unrealized gain (loss) $	Fair value $
Unsecured			
Common shares	294,646	49,675	344,321
Preferred shares	198,285	22,062	220,347
Fund units	188,398	62,354	250,752
Loans and advances	100,899	2,135	103,034
Secured			
Loans and advances	4,914	(1,850)	3,064
	787,142	134,376	921,518

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

Investments impacting the Québec economy include investments measured in U.S. dollars with a fair value of $77.1 million in Canadian dollars ($85.6 million as at December 31, 2016).

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 9.9% (10.4% as at December 31, 2016). The interest rate is fixed for substantially all interest-bearing loans and advances. For the year ended December 31, 2017, interest income recognized at the

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

contractual rate amounted to $11.9 million ($12.1 million for the year ended December 31, 2016). 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 3.3 years (3.7 years as at December 31, 2016) and the fair market value of the current portion is $21.6 million ($6.1 million as at December 31, 2016).

Allocation of investments and funds committed by segment

Investments and funds committed are allocated by segment as follows:

	As at December 31, 2017				
Segment	**Investments at cost $**	**Unrealized gain (loss) $**	**Fair value $**	**Funds committed but not disbursed* $**	**Total commitment $**
Manufacturing	440,207	86,777	526,984	15,000	541,984
Services	179,720	78,860	258,580	4,925	263,505
Technological innovations	20,116	(13,292)	6,824	1,000	7,824
Funds	188,212	53,351	241,563	162,681	404,244
Total	828,255	205,696	1,033,951	183,606	1,217,577

	As at December 31, 2016				
Segment	**Investments at cost $**	**Unrealized gain (loss) $**	**Fair value $**	**Funds committed but not disbursed* $**	**Total commitment $**
Manufacturing	366,817	62,437	429,254	25,966	455,220
Services	206,303	33,836	240,139	1,900	242,039
Technological innovations	25,624	(24,251)	1,373	-	1,373
Funds	188,398	62,354	250,752	161,255	412,007
Total	787,142	134,376	921,518	189,121	1,110,639

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

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

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:

2018 $	2019 $	2020 $	2021 $	2022 and thereafter $	Total $
83,726	19,395	17,064	14,540	48,881	183,606

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 December 31, 2017		As at December 31, 2016	
	Number	Fair value $	Number	Fair value $
Subsidiaries				
Partner companies	10	237,991	10	262,075
Associates				
Partner companies	27	288,316	21	166,680
Funds	7	220,460	7	225,304

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

As at December 31, 2017, the increase in the number of partner companies resulted from the acquisition of five associates and two new subsidiaries, the decrease in the equity interest in a subsidiary that became an associate and the disposal of a subsidiary.

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 10% and 49% (15% and 49% as at December 31, 2016) for associates. Except for a subsidiary as at December 31, 2017 and 2016, 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 December 31, 2017 and 2016, the interests are made up of units and the holding percentage varies from 20.0% to 94.6%.

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

8 Other investments

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

	As at December 31, 2017		
	Cost $	**Unrealized gain (loss) $**	**Fair value $**
Bonds			
Federal or guaranteed	217,460	(2,987)	214,473
Provincial, municipal or guaranteed	158,878	(1,929)	156,949
Financial institutions	83,250	(873)	82,377
Companies	52,113	272	52,385
	511,701	(5,517)	506,184
Money market instruments(1)	33,938	-	33,938
Foreign exchange contracts(2)	-	1,465	1,465
Canadian equity funds	89,186	3,911	93,097
Global equity funds	143,995	10,958	154,953
Real estate funds	85,807	3,038	88,845
Total	864,627	13,855	878,482

Breakdown of bonds by maturity date

	As at December 31, 2017			
	Under 1 year $	**1 to 5 years $**	**Over 5 years $**	**Total $**
Cost	6,091	175,554	330,056	511,701
Par value	6,075	178,345	346,843	531,263
Fair value	6,104	173,783	326,297	506,184
Average nominal rate(3)	1.91%	1.98%	2.14%	2.08%
Average effective rate	2.00%	2.05%	2.28%	2.20%

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

	As at December 31, 2016		
	Cost $	**Unrealized gain (loss) $**	**Fair value $**
Bonds			
Federal or guaranteed	252,129	(2,008)	250,121
Provincial, municipal or guaranteed	160,693	(1,750)	158,943
Financial institutions	108,897	650	109,547
Companies	60,932	793	61,725
	582,651	(2,315)	580,336
Money market instruments[1]	22,169	-	22,169
Foreign exchange contracts[2]	-	(433)	(433)
Global equity funds	102,540	2,546	105,086
Real estate funds	62,552	1,566	64,118
Preferred shares	64,413	(4,559)	59,854
Total	834,325	(3,195)	831,130

	As at December 31, 2016			
	Under 1 year $	**1 to 5 years $**	**Over 5 years $**	**Total $**
Cost	1,049	229,734	351,868	582,651
Par value	1,000	228,827	371,068	600,895
Fair value	1,045	230,145	349,146	580,336
Average nominal rate[3]	6.50%	2.10%	2.14%	2.13%
Average effective rate	6.50%	1.94%	2.20%	2.11%

(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$76.1 million have three-month maturities (US$82.3 million as at December 31, 2016).

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

Other investments include investments which represent foreign currency exposure with a fair value of $140.0 million ($95.8 million as at December 31, 2016).

As at December 31, 2017, other investments did not include funds committed but not disbursed.

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

9 Fair value of financial instruments

Hierarchy levels of financial instruments measured at fair value

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

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

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

	As at December 31, 2017			
	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Investments impacting the Québec economy	264	-	1,033,687	1,033,951
Other investments	615,182	174,455	88,845	878,482
Amounts receivable on disposal of investments impacting the Québec economy	-	-	14,943	14,943
Total financial assets	615,446	174,455	1,137,475	1,927,376
Financial liabilities				
Notes payable and financial liabilities	-	-	23,413	23,413

	As at December 31, 2016			
	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Investments impacting the Québec economy	576	-	920,942	921,518
Other investments	534,359	232,653	64,118	831,130
Amounts receivable on disposal of investments impacting the Québec economy	-	-	27,469	27,469
Total financial assets	534,935	232,653	1,012,529	1,780,117
Financial liabilities				
Notes payable and financial liabilities	-	-	25,233	25,233

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 year ended December 31, 2017 and 2016.

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

Level 3 financial instruments

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

	As at December 31, 2017			
	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, 2016	920,942	64,118	27,469	(25,233)
Realized gains (losses)	18,432	-	291	(119)
Unrealized gains (losses)	61,064	1,495	-	(333)
Acquisitions/issuances	176,154	23,232	179	-
Disposals/repayments	(142,905)	-	(12,996)	2,272
Fair value as at December 31, 2017	1,033,687	88,845	14,943	(23,413)
Unrealized gains (losses) in comprehensive income on investments and notes payable and financial liabilities as at December 31, 2017	74,816	1,495	-	(256)

	As at December 31, 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)	18,128	-	(243)	(87)
Unrealized gains (losses)	56,022	1,221	-	670
Acquisitions/issuances	119,580	49,761	1,883	-
Disposals/repayments	(89,161)	-	(3,017)	493
Fair value as at December 31, 2016	920,942	64,118	27,469	(25,233)
Unrealized gains (losses) in comprehensive income on investments and notes payable and financial liabilities as at December 31, 2016	64,061	1,221	-	658

Capital régional et coopératif Desjardins

Notes to Separate Financial Statements

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

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

				As at December 31, 2017
	Fair value $	Main valuation techniques	Unobservable inputs	Input value range (weighted average)
Investments impacting the Québec economy				
Loans and advances	32,201	Discounted cash flows	Required return	6.8% to 17.1% (8.8%)
Non-participating shares	155,232	Discounted cash flows	Required return	4.4% to 12.1% (5.2%)
Participating controlling shares	201,031	Capitalized cash flows	Capitalization rate	7.7% to 9.6% (8.6%)
			% of representative cash flows(1)	7.5% to 26.2% (14.9%)
	13,150	Recent transactions and bids	Paid/bid price	-
	560	Restated net assets	Entity's net assets	-(2)
Participating non-controlling shares	139,426	Capitalized cash flows	Capitalization rate	7.1% to 20.5% (10.2%)
			% of representative cash flows(1)	3.1% to 38.7% (15.5%)
	186,685	Recent transactions and bids	Paid/bid price	-
	57,523	Restated net assets	Entity's net assets	-(2)
	6,316	Other(3)	-	-
Note	1,020	Restated net assets	Fund's net assets	-(4)
Fund units	240,543	Restated net assets	Fund's net assets	-(2)
	1,033,687			
Other investments – Real estate fund	88,845	Restated net assets	Fund's net assets	-(2)
Amounts receivable on disposal of investments impacting the Québec economy	14,943	Discounted cash flows	Required return	0.5% to 10.0% (5.9%)
Notes payable and financial liabilities	(23,413)	Miscellaneous	-	-

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

	As at December 31, 2016			
	Fair value $	**Main valuation techniques**	**Unobservable inputs**	**Input value range (weighted average)**
Investments impacting the Québec economy				
Loans and advances	38,094	Discounted cash flows	Required return	5.3% to 19.1% (8.6%)
Non-participating shares	136,159	Discounted cash flows	Required return	4.6% to 7.8% (5.2%)
Participating controlling shares	225,183	Capitalized cash flows	Capitalization rate	7.4% to 10.0% (8.8%)
			% of representative cash flows[1]	7.5% to 25.4% (13.3%)
	28,498	Recent transactions and bids	Paid/bid price	-
	8,394	Restated net assets	Entity's net assets	-[2]
Participating non-controlling shares	144,159	Capitalized cash flows	Capitalization rate	6.9% to 16.1% (10.0%)
			% of representative cash flows[1]	6.0% to 39.6% (15.9%)
	64,132	Recent transactions and bids	Paid/bid price	-
	21,659	Restated net assets	Entity's net assets	-[2]
	3,912	Other[3]	-	-
Fund units	250,752	Restated net assets	Fund's net assets	-[2]
	920,942			
Other investments – Real estate fund	64,118	Restated net assets	Fund's net assets	-[2]
Amounts receivable on disposal of investments impacting the Québec economy	27,469	Discounted cash flows	Required return	0.4% to 10.0% (7.9%)
Notes payable and financial liabilities	(25,233)	Miscellaneous	-	-

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

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

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

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

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

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

Sensitivity of fair value to unobservable inputs

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

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

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

Participating shares – Capitalized cash flows

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

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

	As at December 31, 2017	**As at December 31, 2016**
Participating controlling shares	+/− 0.3%	+/− 0.5%
Participating non-controlling shares	+/− 0.3%	+/− 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.

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.

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

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 December 31, 2017 $	As at December 31, 2016 $
Interest, dividends and distributions receivable on investments	20,240	7,945
Amounts receivable on disposal of investments impacting the Québec economy	14,943	27,469
Others	886	-
	36,069	35,414

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 includes amounts denominated in U.S. dollars for $13.6 million ($25.6 million as at December 31, 2016).

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 $32.6 million ($21.0 million as at December 31, 2016) no later than 12 months after the reporting date.

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

11 Cash and cash equivalents

	As at December 31, 2017 $	As at December 31, 2016 $
Cash	12,305	13,021
Money market instruments	17,133	6,096
	29,438	19,117

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 ("FCDQ"), 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, 2018.

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 December 31, 2017, notes payable and financial liabilities with a fair value of $21.2 million were related to investments impacting the Québec economy measured in U.S. dollars ($23.1 million as at December 31, 2016).

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.

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

13 Accounts payable

	As at December 31, 2017 $	As at December 31, 2016 $
Trade payables and accrued liabilities	6,269	4,571
Other	5,175	1,496
	11,444	6,067

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 $50 million with FCDQ, bearing interest at the operating credit rate of FCDQ 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 December 31, 2017 and 2016, the line of credit was undrawn and was not used during the year then ended.

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.

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.

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

CRCD is required to pay share issuance costs. Those costs are presented net of taxes, as a deduction from share capital. For the year ended December 31, 2017, share issuance costs amounted to $2.4million ($1.6 million for the year ended December 31, 2016).

Issued

The net assets of CRCD as at December 31, 2017 totalled $1,945.3 million broken down by issue as follows:

Issue	Issue price $	Balance* $M	Eligible for redemption
2001	10.00	28.0	2008
2002	10.00	78.0	2009
2003	10.12 and 10.24	39.4	2010
2004	10.25	49.0	2011
2005	10.25	54.1	2012
2006	10.37 and 10.21	52.6	2013
2007	10.21 and 9.92	73.1	2014
2008	9.89 9.83 and 9.54	120.6	2015
2009	9.54 9.62 and 9.73	157.0	2016
2010	9.73 and 9.80	180.6	2017
2011	9.91 and 10.02	209.6	2018
2012	11.02	189.4	2019
2013	11.47	182.6	2020
2014	11.92	74.0	2021
2015	12.05	174.3	2022
2016	12.93 and 13.26	146.7	2023
2017	13.78	136.3	2024
Net assets		1,945.3	

* Calculated as net asset value per share as at December 31, 2017

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

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.

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.

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

17 Expenses

	2017 $	2016 $
Other operating expenses		
Audit fees	187	189
Compensation of members of the Board of Directors and its committees	673	695
Professional services fees	446	441
Custodial and trustee fees	109	111
IT expenses	2,991	1,369
Share distribution fees	783	1,030
Other expenses	458	1,154
	5,647	4,989
Shareholder services		
Trustee fees	1,827	1,656
Reporting to shareholders	583	249
Other expenses	352	239
	2,762	2,144

18 Income taxes

Income tax expense

Income tax expense is detailed as follows:

	2017		2016	
	Statement of Comprehensive Income $	Statement of Changes in Net Assets $	Statement of Comprehensive Income $	Statement of Changes in Net Assets $
Current	1,722	(1,087)	2,228	(778)
Deferred	1,180	(491)	707	(237)
	2,902	(1,578)	2,935	(1,015)

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

Reconciliation of the income tax rate

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

	2017 $	2016 $
Income taxes at the combined basic tax rate of 39.8% (39.9% 2016)	46,032	35,468
Permanent differences between earnings before income taxes and taxable income and other items		
Realized and unrealized losses (gains) on investments	(35,416)	(27,287)
Non-taxable dividends	(7,576)	(6,557)
Other	(138)	1,311
	2,902	2,935

Income tax balance

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

	As at December 31, 2017 $	As at December 31, 2016 $
Assets		
Deferred taxes – Share issue expenses	-	1,939
Deferred taxes – Other	-	(1,482)
Refundable tax on hand	14,277	13,505
Income taxes recoverable	5,347	5,672
	19,624	19,634
Liabilities		
Deferred taxes – Share issue expenses	2,430	-
Deferred taxes – Other	(2,662)	-
	(232)	-

CRCD expects to recover $8.3 million ($7.6 million recoverable as at December 31, 2016) in income taxes no later than 12 months after the reporting date.

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

19 Related party transactions

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

- CRCD has entrusted DC with all of its management and operations, in accordance with the strategies and objectives approved by the Board of Directors. The current management agreement expires on December 31, 2017 and a new three-year management agreement will come into effect on January 1, 2018. Under these agreements, the management fees will amount to a maximum rate of 1.95% (2.02% for the year ended December 31, 2016) 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 interests in some funds. DC and CRCD have agreed that, for a given fiscal year, an adjustment could be made to allow CRCD to benefit from the economies of scale achieved by DC with regard to the growth of CRCD's assets and the increase in the balance of CRCD shares eligible for redemption over the last few years. A downward adjustment of $6.6 million ($1.7 million for the year ended December 31, 2016) was made for the year ended December 31, 2017. The management and negotiation fees arising from portfolio companies are earned by DC, and their amount is deducted from the management fees payable by CRCD.

- 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 began operations, Desjardins Trust has represented the largest component of CRCD's shareholder service expenses. This agreement is effective from July 1, 2016 until December 31, 2020.

- CRCD has entrusted Desjardins Trust Inc. with custody services for its assets. The custody and administration agreement came into effect on May 1, 2009 and will remain in force until December 31, 2020.

- CRCD has appointed FCDQ to oversee the distribution of its shares through the Desjardins caisse network. This agreement came into effect on January 1, 2017 and will remain in force until December 31, 2020. Under this agreement, CRCD also agreed to pay, as needed, project fees to cover the work carried out to upgrade the tools and applications supporting the CRCD share distribution process.

- CRCD has entrusted the Desjardins caisse network with issuing its shares.

- CRCD has entrusted FCDQ with the banking operations related to its day-to-day activities and its role as counterparty in foreign exchange contracts.

- CRCD has appointed Desjardins Securities as its full service broker, to serve as an intermediary for buying and selling shares traded on public markets.

- CRCD has entrusted Desjardins Technology Group Inc. with its IT development strategy (IT master plan), particularly the implementation and upgrading of a new investment management software.

- CRCD holds securities issued by FCDQ in its Other investments portfolio.

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

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 December 31, 2017			As at December 31, 2016		
	DC $	Other related parties* $	Total $	DC $	Other related parties* $	Total $
Balance Sheets						
Assets						
Other investments	-	6,809	6,809	-	4,968	4,968
Interest and dividends receivable on investments	-	31	31	-	31	31
Cash	-	12,506	12,506	-	13,213	13,213
Accounts receivables	-	821	821	-	-	-
Liabilities						
Notes payable and financial liabilities	-	20,183	20,183	-	19,850	19,850
Accounts payable	5,175	4,461	9,636	1,496	3,031	4,527

	2017			2016		
	DC $	Other related parties* $	Total $	DC $	Other related parties* $	Total $
Statements of Comprehensive Income						
Revenue						
Interest	-	103	103	-	110	110
Gains (losses) on investments	-	4,588	4,588	-	2,339	2,339
Expenses	-					
Management fees	23,865	-	23,865	27,293	-	27,293
Other operating expenses	-	3,718	3,718	-	2,374	2,374
Shareholder services	-	1,827	1,827	-	1,656	1,656
Statements of Changes in Net Assets						
Share issue expenses	-	3,895	3,895	-	2,535	2,535

* Other related parties include FCDQ and its subsidiaries, namely, Desjardins Securities, Desjardins Venture Capital L.P., Desjardins Technology Group Inc, Desjardins Trust and Desjardins Investment. They also include Desjardins caisse network.

Key management personnel compensation

CRCD's key management personnel are the members of the Board of Directors. For the year ended December 31, 2017, compensation of key management personnel comprised solely short-term benefits in the amount of $508,000 ($511,000 for the year ended December 31, 2016).

Capital régional et coopératif Desjardins

Audited schedule of cost of investments impacting the Québec economy
As at December 31, 2017

pwc

February 15, 2018

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 December 31, 2017. 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 December 31, 2017 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 LLP[1]

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

Capital régional et coopératif Desjardins

Audited schedule of cost of investments impacting the Québec economy

As at December 31, 2017

(in thousands of dollars)

	Initial investment year	Industry segment	Unsecured investments: Common and preferred shares and funds units $	Unsecured investments: Loans,advances and notes $	Secured investments: Loans,advances and notes $	Total $
Abitibi-Témiscamingue						
Norbell Électrique inc.	2010	S	-	51	-	51
Trim Line de l'Abitibi inc.	2009	S	125	-	-	125
Total Abitibi-Témiscamingue			125	51	-	176
Bas-Saint-Laurent						
Télécommunications Denis Gignac inc.	2010	S	-	454	-	454
Total Bas-Saint-Laurent			-	454	-	454
Capitale-Nationale						
Boutique Le Pentagone inc.	2008	S	3,068	-	26	3,094
Congébec Logistique II inc.	2015	S	26,589	4,947	-	31,536
Frima Studio inc.	2008	S	-	-	167	167
Gecko Alliance Group inc.	2016	M	14,772	4,576	-	19,348
Groupe conseil NOVO SST inc.	2013	S	750	1,336	-	2,086
Groupe Humagade inc. (Bandsintown Canada inc.)	2006	TI	11,191	38	-	11,229
Jobillico inc.	2015	S	1,020	5,980	-	7,000
Obzerv Technologies inc.	2010	M	1,500	-	-	1,500
Total Capitale-Nationale			58,890	16,877	193	75,960
Centre-du-Québec						
Avjet Holding inc	2009	S	3,732	1,983	-	5,715
CBR Laser inc.	2012	M	-	13,932	-	13,932
Citadelle, Maple Syrup Producer's Cooperative	2016	M	7,500	-	-	7,500
Farinart inc.	2010	M	250	-	-	250
Groupe Anderson inc.	2007	M	3,740	-	-	3,740
Total Centre-du-Québec			15,222	15,915	-	31,137
Chaudière - Appalaches						
C.I.F. Métal ltée	2005	M	1,253	-	-	1,253
Fournier Industries Group inc.	2013	M	17,000	2,418	-	19,418
Groupe Filgo inc.	2012	S	12,557	-	-	12,557
Hortau inc.	2010	M	1,605	-	-	1,605
Marquis Book Printing inc.	2007	M	2,930	944	-	3,874
Produits de plancher Finitec inc.	2007	M	-	66	-	66
Total Chaudière - Appalaches			35,345	3,428	-	38,773

Capital régional et coopératif Desjardins

Audited schedule of cost of investments impacting the Québec economy

As at December 31, 2017

(in thousands of dollars)

	Initial investment year	Industry segment	Unsecured investments: Common and preferred shares and funds units $	Unsecured investments: Loans,advances and notes $	Secured investments: Loans,advances and notes $	Total $
Eastern Townships						
Balances M. Dodier inc. (Les)	2011	S	-	133	-	133
Camso inc.	2002	M	10,132	-	-	10,132
Coopérative funéraire de l'Estrie	2006	S	-	464	-	464
Engrenages Sherbrooke inc. (Les)	2013	M	-	300	-	300
Exo-s-inc.	2012	M	20,572	8,514	-	29,086
FilSpec inc.	2004	M	1,291	-	-	1,291
Imprimerie Préci-Grafik inc.	2009	M	1,500	568	-	2,068
Kemestrie inc.	2010	TI	528	-	-	528
L.P. Royer inc.	2010	M	-	681	-	681
Technic-Eau Drillings inc.	2017	M	12,561	2,340	-	14,901
Total Eastern Townships			46,584	13,000	-	59,584
Lanaudière						
Groupe Composites VCI inc.	2007	M	2,250	-	-	2,250
Total Lanaudière			2,250	-	-	2,250
Mauricie						
Classement Luc Beaudoin inc. (9289-8907 Qc inc.)	2013	S	-	387	-	387
Innovations Voltflex inc.	2006	M	17	-	-	17
Total Mauricie			17	387	-	404
Montérégie						
9523383 Canada inc. (C.A.T.)	2016	S	7,224	1,000	-	8,224
A. & D. Prévost inc.	2011	M	10,880	6,443	-	17,323
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	34,231	1,828	-	36,059
Câbles Ben-Mor inc. (Les)	2009	M	-	1,969	-	1,969
Investissements Brasco inc.	2009	M	-	684	-	684
Knowlton Development Corporation inc.	2006	M	6,107	-	-	6,107
Mirazed inc.	2007	M	-	-	1,319	1,319
Norbec Group inc.	2017	M	7,450	15,800	-	23,250
Novo Poultry inc.	2017	M	1,700	-	-	1,700
NSE Automatech inc.	2013	M	3,000	-	-	3,000
Spectra Premium Industries inc.	2006	M	1,794	-	-	1,794
Unicel Architectural Corp.	2017	M	6,000	7,150	-	13,150
Valtech Fabrication inc.	2017	M	15,300	6,000	-	21,300
Total Montérégie			174,633	40,874	1,319	216,826

Capital régional et coopératif Desjardins

Audited schedule of cost of investments impacting the Québec economy

As at December 31, 2017

(in thousands of dollars)

	Initial investment year	Industry segment	Unsecured investments Common and preferred shares and funds units $	Unsecured investments Loans,advances and notes $	Secured investments Loans,advances and notes $	Total $
Montréal						
360 Agency inc.	2016	S	8,750	-	-	8,750
8973822 Canada inc.	2012	S	9,860	-	-	9,860
ACCEO Solutions inc.	2012	S	15,000	-	-	15,000
Alithya Group inc.	2015	S	13,750	-	-	13,750
Arbell Electronics inc.	2008	S	1,251	398	81	1,730
Courchesne, Larose ltée	2015	M	-	9,246	-	9,246
Emballages Deltapac inc. (Les)	2005	M	356	-	88	444
Groupe API inc.	2009	S	-	52	-	52
Groupe Solotech inc.	2013	S	21,250	-	-	21,250
La Coop fédérée	2005	M	65,000	-	-	65,000
Mylo Financial Technologies inc.	2017	TI	1,000	-	-	1,000
Network Infrastructure Inventory [N(i)2] inc.	2017	TI	5,000	-	-	5,000
Philippe Dandurand Wines Ltd	2015	M	8,250	-	-	8,250
SPB Solutions inc.	2016	M	-	-	1,000	1,000
Télécon inc.	2011	S	30,791	6,048	-	36,839
Textiles Amalgamated inc.	2015	M	5,652	-	-	5,652
Total Montréal			185,910	15,744	1,169	202,823
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	-	81	-	81
Groupe Canmec inc.	2004	M	7,014	-	-	7,014
Groupe Nokamic inc.	2005	S	-	5	-	5
Nokamic inc.	2010	M	-	-	356	356
Produits sanitaires Lépine inc. (Les)	2010	M	1,431	-	-	1,431
Senneco inc.	2013	S	-	409	-	409
Total Saguenay-Lac-Saint-Jean			8,445	495	356	9,296

Capital régional et coopératif Desjardins
Audited schedule of cost of investments impacting the Québec economy
As at December 31, 2017

(in thousands of dollars)

	Initial investment year	Industry segment	Unsecured investments: Common and preferred shares and funds units $	Unsecured investments: Loans,advances and notes $	Secured investments: Loans,advances and notes $	Total $
Funds						
Capital croissance PME s.e.c.	2010	F	6,876	-	-	6,876
Capital croissance PME II s.e.c.	2014	F	95,723	-	-	95,723
Desjardins - Innovatech S.E.C.	2005	F	40,878	1,020	-	41,898
FIER Partenaires, s.e.c.	2005	F	6,434	-	-	6,434
Fonds d'investissement MSBI, s.e.c.	2004	F	5,035	-	-	5,035
Fonds d'investissement pour la relève agricole (FIRA)	2011	F	6,798	-	-	6,798
Fonds Relève Québec, s.e.c.	2011	F	2,228	-	-	2,228
Novacap Industries III, s.e.c.	2007	F	-	-	-	-
Novacap Technologies III, s.e.c.	2007	F	-	-	-	-
RVOMTL17 Limited Partnership	2017	F	400	-	-	400
Société en commandite Essor et Coopération	2013	F	22,820	-	-	22,820
Total Funds			187,192	1,020	-	188,212
Total cost			716,973	108,245	3,037	828,255

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 Decenber 31,2017.

Capital régional et coopératif Desjardins

Statement of other investments
As at December 31, 2017

Capital régional et coopératif Desjardins

Statement of other investments (unaudited)

As at December 31, 2017

(in thousands of dollars)

Description		Par value $	Cost $	Fair Value $
Bonds (57.6%)				
Federal and guaranteed bonds (24.4%)				
Canada Housing Trust	12-15-2021, 1.15%	2,700	2,622	2,608
	12-15-2025, 1.95%	5,625	5,585	5,462
	12-15-2025, 2.25%	10,000	10,225	9,927
	09-15-2026, 1.90%	12,000	11,790	11,548
	06-15-2027, 2.35%	10,000	9,819	9,960
Government of Canada	06-01-2023, 1.50%	42,000	41,547	41,144
	06-01-2025, 2.25%	1,500	1,606	1,526
	06-01-2026, 1.50%	33,700	33,123	32,334
	06-01-2027, 1.00%	27,900	25,574	25,420
NHA Merrill Lynch Canada[1]	09-01-2019, 1.85%	774	777	773
	03-01-2021, 1.25%	58,422	58,224	57,213
	08-01-2021, 1.30%	7,964	7,789	7,780
	09-01-2022, 1.89%	8,890	8,779	8,778
Total federal and guaranteed bonds		221,475	217,460	214,473
Provincial, municipal or guaranteed bonds (17.9%)				
Hydro-Québec	02-15-2023, 2.21%	20,000	17,875	17,666
	08-15-2023, 2.28%	10,000	8,801	8,698
	02-15-2024, 2.28%	48,800	42,476	41,751
	08-15-2024, 2.02%	14,040	12,290	11,818
Municipal Finance Authority of British Columbia	06-01-2021, 4.15%	2,000	2,083	2,133
	10-02-2025, 2.65%	3,000	3,007	3,007
OPB Finance Trust	10-25-2026, 2.98%	2,330	2,329	2,352
Province of Nova Scotia	06-01-2027, 2.10%	3,500	3,370	3,339
Province of Ontario	12-02-2022, 2.01%	26,800	24,291	23,834
	06-02-2025, 2.53%	6,000	4,977	4,913
	06-02-2026, 2.40%	14,725	14,641	14,537
	06-02-2027, 2.60%	750	748	749
Province of Québec	06-01-2024, 2.46%	3,000	2,565	2,541
	09-01-2026, 2.50%	19,700	19,425	19,611
Total provincial, municipal or guaranteed bonds		174,645	158,878	156,949
Financial institutions bonds (9.4%)				
Bank of Montreal	10-28-2021, 1.61%	5,000	4,979	4,849
	09-11-2024, 2.70%	900	900	899
bcIMC Realty	12-31-2026, 3.00%	600	600	600
Canadian Imperial Bank of Commerce	05-08-2018, 1.51%	2,000	2,000	2,001
	07-14-2020, 1.85%	2,155	2,153	2,133
Canadian Tire Real Estate Investment Trust	03-01-2026, 3.29%	1,750	1,724	1,709
Choice Properties Real Estate Investment Trust	06-20-2022, 3.60%	1,175	1,197	1,206
	02-07-2023, 3.20%	1,500	1,535	1,507
CI Financial	10-25-2021, 2.78%	1,700	1,700	1,699
Cominar Real Estate Investment Trust	06-01-2022, 4.16%	1,000	992	992
Daimler Canada Finance	07-08-2021, 1.91%	1,000	996	980
Fairfax Financial Holdings	09-06-2027, 4.25%	900	900	890
Fédération des caisses Desjardins du Québec	03-02-2020, 1.75%	5,400	5,383	5,345

Capital régional et coopératif Desjardins

Statement of other investments (unaudited)

As at December 31, 2017

(in thousands of dollars)

Description		Par value $	Cost $	Fair Value $
Financial institutions bonds (cont.)				
First Capital Realty	10-30-2023, 3.90%	1,700	1,724	1,755
	04-12-2027, 3.75%	800	800	791
Granite Real Estate Investment Trust	09-30-2023, 3.87%	1,000	1,000	1,001
Honda Canada Finance	07-15-2022, 2.27%	525	527	518
	12-19-2022, 2.49%	180	180	179
IGM Financial	04-08-2019, 7.35%	1,850	1,916	1,959
Industrial Alliance, Insurance and Financial Services	02-23-2022, 2.64%	300	300	297
Intact Financial Corporation	03-07-2027, 2.85%	1,600	1,600	1,537
John Deere Canada Funding	07-13-2020, 1.60%	2,250	2,248	2,211
	09-17-2020, 2.05%	750	755	744
National Bank of Canada	03-03-2020, 1.74%	1,300	1,300	1,286
NBC Capital Trust	06-30-2020, 7.45%	250	267	274
RioCan Real Estate Investment Trust	05-30-2022, 3.75%	775	775	800
Royal Bank of Canada	08-01-2018, 1.47%	3,500	3,500	3,502
	04-26-2019, 1.40%	5,000	5,003	4,968
	07-17-2019, 3.04%	1,250	1,263	1,261
	03-02-2022, 1.97%	5,250	5,239	5,141
	12-05-2023, 2.33%	3,700	3,676	3,635
Scotiabank	03-22-2018, 2.24%	75	75	75
	12-02-2021, 1.90%	1,700	1,700	1,664
Sun Life Financial	07-02-2019, 5.70%	1,000	1,017	1,052
	08-23-2021, 4.57%	400	400	428
	11-23-2022, 2.75%	750	750	745
TMX Group	10-11-2024, 3.00%	250	250	248
Toronto-Dominion Bank	07-18-2023, 1.91%	14,300	14,157	13,784
	07-25-2024, 3.22%	650	650	649
Toyota Credit Canada	02-19-2020, 1.80%	2,450	2,449	2,429
	05-20-2020, 2.05%	1,400	1,400	1,393
	10-11-2022, 2.62%	1,700	1,700	1,703
Ventas Canada Finance	02-15-2023, 2.55%	300	300	293
Wells Fargo Canada	01-24-2023, 3.46%	1,200	1,270	1,245
Total financial institutions bonds		83,235	83,250	82,377
Corporate bonds (5.9%)				
Algonquin Power & Utilities	02-15-2022, 4.65%	750	771	797
Alliance Pipeline Limited Partnership	12-16-2019, 4.93%	1,000	1,029	1,032
AltaGas	10-15-2024, 3.84%	1,000	1,038	1,025
Altalink	11-06-2023, 3.67%	1,000	1,021	1,060
	02-28-2026, 2.75%	1,625	1,633	1,622
Bell Canada	05-12-2026, 2.90%	4,800	4,692	4,631
BMW Canada	06-15-2021, 1.83%	1,400	1,395	1,371
Brookfield Asset Management	03-31-2023, 4.54%	1,053	1,069	1,124
	12-08-2023, 5.04%	1,700	1,699	1,861
Brookfield Renewable Energy Partners	03-02-2025, 3.75%	750	750	765
Bruce Power	06-23-2021, 2.84%	300	300	302
Canadian Natural Resources	08-14-2020, 2.89%	2,000	2,020	2,016
Canadian Utilities	11-09-2022, 3.12%	775	757	796
Chartwell Retirement Residences	10-11-2023, 3.79%	200	200	199

Capital régional et coopératif Desjardins

Statement of other investments (unaudited)

As at December 31, 2017

(in thousands of dollars)

Description		Par value $	Cost $	Fair Value $
Corporate bonds (cont.)				
Enbridge	02-22-2019, 4.10%	1,000	1,012	1,020
	09-02-2019, 4.77%	60	62	62
	12-05-2022, 3.19%	400	391	404
	09-27-2027, 5.38%	1,700	1,700	1,690
EnerCare Solutions	02-03-2020, 4.60%	400	413	415
	12-21-2023, 3.99%	600	600	613
Fortis	10-12-2023, 2.85%	1,030	1,030	1,026
FortisAlberta	06-30-2024, 3.30%	250	250	259
Hydro One	11-18-2019, 1.48%	500	500	495
	04-30-2020, 1.62%	2,000	1,994	1,977
	02-24-2021, 1.84%	600	600	592
Inter Pipeline	07-13-2023, 2.61%	125	125	122
	02-18-2024, 2.73%	1,000	1,000	973
	12-24-2024, 3.17%	1,000	1,000	989
Lower Mattagami Energy	05-18-2021, 4.33%	300	313	319
Magna International	11-15-2022, 3.10%	1,000	1,000	1,013
Metro	11-05-2022, 2.68%	700	700	694
	09-06-2027, 3.39%	470	470	466
North West Redwater Partnership	01-23-2022, 2.10%	1,000	988	979
Pembina Pipeline	05-11-2026, 3.71%	1,150	1,175	1,154
	03-15-2027, 4.24%	2,600	2,654	2,694
Reliance	03-15-2019, 5.19%	1,600	1,634	1,646
	09-15-2020, 3.81%	700	702	712
	01-15-2025, 3.84%	110	110	110
Rogers Communications	12-13-2023, 4.00%	800	798	846
Saputo	05-13-2022, 1.94%	1,000	1,000	969
	09-21-2023, 2.83%	1,500	1,500	1,494
Superior Plus	12-09-2018, 6.50%	500	516	526
	02-27-2020, 5.25%	1,300	1,337	1,324
TELUS	02-28-2022, 2.35%	4,750	4,729	4,690
	01-02-2024, 3.35%	300	304	305
Toromont Industries	07-27-2027, 3.84%	800	800	817
Toronto Hydro	01-10-2023, 2.91%	1,000	1,019	1,020
TransAlta	11-18-2019, 6.40%	250	250	264
	11-25-2020, 5.00%	500	503	519
Westcoast Energy	09-08-2025, 3.77%	560	560	586
Total corporate bonds		51,908	52,113	52,385
Total bonds		531,263	511,701	506,184
Money market instruments (3.9 %)				
Bank of Montreal	01-10-2018, 1.27%	1,192	1,192	1,192
	03-12-2018, 1.55%	2,000	1,994	1,994
Canadian Imperial Bank of Commerce	01-29-2018, 1.27%	1,080	1,079	1,079
Gaz Métro	01-25-2018, 1.23%	3,300	3,297	3,297
Government of Canada	01-04-2018, 0.95%	845	845	845
Greater Toronto Airports Authority	01-11-2018, 1.28%	3,000	2,999	2,999
Honda Canada Finance	04-03-2018, 1.46%	1,325	1,320	1,320
	05-02-2018, 1.54%	2,000	1,990	1,990
Inter Pipeline	01-16-2018, 1.33%	500	500	500
	02-16-2018, 1.40%	2,980	2,974	2,974

Capital régional et coopératif Desjardins

Statement of other investments (unaudited)

As at December 31, 2017

(in thousands of dollars)

Description		Par value $	Cost $	Fair Value $
Money market instruments (cont.)				
National Bank of Canada	01-10-2018, 1.27%	1,400	1,399	1,399
	09-06-2018, 1.74%	2,000	1,978	1,978
Province of Newfoundland and Labrador	01-04-2018, 1.10%	1,850	1,850	1,850
Scotiabank	02-28-2018, 1.34%	1,000	998	998
	03-27-2018, 1.44%	586	584	584
	04-05-2018, 1.10%	2,000	1,993	1,993
Société de Transport de Montréal	03-15-2018, 1.35%	3,500	3,491	3,491
Toronto-Dominion Bank	05-16-2018, 1.52%	3,475	3,455	3,455
Total money market instruments		34,033	33,938	33,938
Foreign exchange contracts (0.2 %)				
Fédération des caisses Desjardins du Québec	03-29-2018, 1.2747 CAD/USD	76,100	0	1,465
Total foreign exchange contracts		76,100	0	1,465
		Number of units		
Canadian Equity Funds (10.6 %)				
BMO Low Volatility Equity ETF		2,102	44,744	46,716
Fidelity Canadian Low Volatility Equity Institutional Trust		3,582	44,442	46,381
Total canadian equity funds			89,186	93,097
Global Equity Funds (17.6 %)				
Desjardins Global Dividend Fund		3,687	72,000	75,878
Desjardins IBrix Low Volatility Global Equity Fund		6,220	71,995	79,075
Total global equity funds			143,995	154,953
Real Estate Funds (10.1 %)				
Bentall Kennedy Prime Canadian Property Fund		5,775	42,952	44,592
Fiera Properties CORE Fund		39	42,855	44,253
Total real estate funds			85,807	88,845
Total other investments (100.0%)			864,627	878,482

Capital régional et coopératif Desjardins

Index of the Company's share in investments made by specialized funds and partner funds, at cost
As at December 31, 2017

Capital régional et coopératif Desjardins

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

As at December 31, 2017

(in thousands of dollars)

Information from Annual Financial Report dated		Equity Interest of the Company %	Unsecured investments: Common and Preferred shares $	Unsecured investments: Loans and advances $	Secured investments: Loans and advances $	Total $
31-12-2017	Capital croissance PME s.e.c.	50.00				
	Abitibi-Témiscamingue					
	2637-1914 Québec inc. (Télévision J.R.)		-	-	26	26
	9207-6553 Québec inc. (Pizzeria Noranda)		-	17	-	17
	9265-0381 Québec inc. (Barbin Sport)		-	36	-	36
	Abitibi Géophysique inc.		-	169	-	169
	Cartier Resources inc.		43	-	-	43
	Hôtel Forestel Val d'Or inc.		-	745	-	745
	Location Lauzon inc.		-	97	-	97
	Total Abitibi-Témiscamingue		43	1,064	26	1,133
	Bas-Saint-Laurent					
	9048-3538 Québec inc. (Matane Honda) (9244-9396 Québec inc.)		-	96	-	96
	Base 132 (3089-8522 Québec inc.) (anc. Impressions Soleil (Les))		-	-	52	52
	Entreprises d'Auteuil & fils inc. (Les)		-	-	33	33
	Gestion Rima 2013 inc. (Sani-Manic inc.)		-	-	285	285
	Total Bas-Saint-Laurent		-	96	370	466
	Canada Hors Québec et Ontario					
	Eldorado Gold Corporation		58	-	-	58
	Total Canada Hors Québec et Ontario		58	-	-	58
	Capitale-Nationale					
	9101-2492 Québec inc. (Centre médical Le Mesnil)		-	55	-	55
	Alimentation Francis Gravel inc.		-	1	-	1
	Éditions Gladius International inc.		-	-	9	9
	LA VUE par Laforce inc.		-	-	84	84
	LA VUE Pierre-Bertrand inc.		-	-	39	39
	LA VUE Thetford Mines inc.		-	-	33	33
	Planifika inc.		-	-	147	147
	Radio-Onde inc.		750	-	-	750
	Total Capitale-Nationale		750	56	312	1,118
	Centre-du-Québec					
	2543-6205 Québec inc. (Groupe MBI)		-	-	267	267
	2681871 Canada inc. (Voyages Escapades Victoriaville)		-	96	-	96
	Fromagerie L'Ancêtre inc.		-	151	-	151
	Total Centre-du-Québec		-	247	267	514

Capital régional et coopératif Desjardins

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

As at December 31, 2017

(in thousands of dollars)

Information from Annual Financial Report dated		Equity Interest of the Company %	Unsecured investments: Common and Preferred shares $	Unsecured investments: Loans and advances $	Secured investments: Loans and advances $	Total $
31-12-2017	Capital croissance PME s.e.c. (cont.)	50.00				
	Chaudière - Appalaches					
	3R Com inc. (8580430 Canada inc.)		-	56	-	56
	Autobus Fleur de Lys inc.		-	-	44	44
	Décoplex inc.		-	-	175	175
	Entreprises de services BCE Pharma inc. (Les)		-	-	78	78
	Fenêtres Sélection inc.		-	54	-	54
	Gesdix inc.		-	127	-	127
	Humaco Acoustique inc.		-	111	-	111
	Investissements Mika inc. (Les)		-	-	248	248
	Productions Horticoles Demers (Les)		250	-	-	250
	Serres Demers inc. (Les)		-	-	350	350
	Ultima Fenestration inc.		-	-	35	35
	Umano Medical inc.		-	87	-	87
	Total Chaudière - Appalaches		250	435	930	1,615
	Côte-Nord					
	9160-7671 Québec inc. (Pétroles MB)		600	-	-	600
	Carrosserie Baie-Comeau inc.		-	-	77	77
	Centre des congrès de Sept-Iles		-	-	106	106
	Construction Leclerc et Pelletier inc.		-	-	18	18
	Entreprises G.M. Mallet inc. (les)		-	-	98	98
	Hôtel Motel Le Q'Artier des Îles inc.		-	156	-	156
	Sécurgence inc.		-	157	-	157
	Total Côte-Nord		600	313	299	1,212
	Eastern Townships					
	6358331 Canada inc. (Sherbrooke OEM Ltd)		459	-	-	459
	Certi Auto inc.		-	-	233	233
	Innotex inc.		-	174	-	174
	L.P. Royer inc.		-	341	-	341
	Pieux Vistech - Postech inc.		-	458	-	458
	S.E.2 inc.		125	-	-	125
	Total Eastern Townships		584	973	233	1,790
	Funds					
	Fonds Prêt à Entreprendre, s.e.c.		512	-	-	512
	Total Funds		512	-	-	512
	Gaspésie-Îles-de-la-Madeleine					
	Ateliers CFI Métal inc. (Les)		-	63	-	63
	Total Gaspésie-Îles-de-la-Madeleine		-	63	-	63

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31-12-2017	Capital croissance PME s.e.c. (cont.)	50.00				
	Laval					
	8376905 Canada inc. (Paramédic)		-	202	-	202
	Total Laval		-	202	-	202
	Mauricie					
	9210-3563 Québec inc. (Groupe E. Morel)		-	-	146	146
	Ateliers de l'électro-ménager R. Vallée inc.		75	-	88	163
	Investissements Bédard-Hallé inc.		-	-	659	659
	Total Mauricie		75	-	893	968
	Montérégie					
	3087-9894 Québec inc. (Habitations Trigone)		-	-	369	369
	9008-7826 Québec inc. (Habitations Trigone)		-	-	369	369
	9120-6094 Québec inc. (Lanla)		-	30	-	30
	9223-5845 Québec inc. (Autobus Dufresne)		-	-	255	255
	Câbles Ben-Mor inc. (Les)		-	-	841	841
	Comax, coopérative agricole		1,200	-	-	1,200
	Fibres Serden inc. (Les)		-	33	-	33
	Galenova inc. et Gentes et Bolduc Pharmaciens inc.		-	-	490	490
	Hygie Canada inc.		-	-	415	415
	Industries M.R. inc. (Les)		-	-	97	97
	P38 Energy inc.		-	-	75	75
	Plomberie St-Luc inc.		-	305	-	305
	Total Montérégie		1,200	368	2,911	4,479
	Montréal					
	9106-7645 Québec inc. (Vidéo MTL)		-	1,223	-	1,223
	9228-6384 Québec inc. (Sid Lee Technologies)		-	-	600	600
	Aéronav inc.		-	22	-	22
	Alta Précision inc.		1,500	-	560	2,060
	Balcon Idéal inc.		-	205	-	205
	CTA de Negotium		-	748	-	748
	DEK Canada inc.		518	174	-	692
	Ge-ber Transport inc.		-	-	98	98
	GME Experts en sinistres inc.		-	-	9	9
	LVL Studio inc.		625	-	827	1,452
	Sid Lee inc.		-	-	196	196
	Source Évolution inc.		286	-	519	805
	Total Montréal		2,929	2,372	2,809	8,110

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31-12-2017	**Capital croissance PME s.e.c. (cont.)**	50.00				
	Nord-du-Québec					
	9223-3196 Québec inc. (Rona)		-	115	-	115
	Geomega Ressources inc.		20	-	-	20
	Midland Exploration inc.		77	-	-	77
	Némaska Lithium inc.		9	-	-	9
	Total Nord-du-Québec		106	115	-	221
	Outaouais					
	Gestion S. Kelly (Métro Kelly)		300	-	500	800
	Jacques Poirier et Fils Ltée		-	-	142	142
	Total Outaouais		300	-	642	942
	Saguenay-Lac-Saint-Jean					
	2737-2895 Québec Inc. (Distribution Fromagerie Boivin)		-	-	163	163
	4145275 Canada inc. (Chlorophylle)		200	-	163	363
	8439117 Canada inc. (Récupère Sol)		-	338	-	338
	9244-7770 Québec inc. (Voie Maltée)		-	-	108	108
	Clinique médicale privée Opti-Soins inc.		150	347	-	497
	Cuisines G.B.M. inc. (Les)		-	31	-	31
	Denis Lavoie & fils ltée		-	-	241	241
	Garage Georges Beaudoin inc.		-	-	41	41
	Institut d'échafaudage du Québec (9020-4983 Québec inc.)		-	-	274	274
	Location A.L.R. inc.		198	-	-	198
	Matelas Lion d'or inc.		-	9	-	9
	Messagerie du Fjord inc.		-	-	296	296
	Métatube (1993) inc.		-	124	-	124
	Sécuor inc.		-	117	-	117
	Sports Guy Dumas inc.		36	-	-	36
	Théka Industries inc.		-	170	-	170
	Total Saguenay-Lac-Saint-Jean		584	1,136	1,286	3,006
			7,991	7,440	10,978	26,409
	Funds commited but not disbursed					133
	Total Capital croissance PME, s.e.c.					26,542

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31-12-2017	**Capital croissance PME II s.e.c.**	50.00				
	Abitibi-Témiscamingue					
	9063-7547 Québec inc. (Usinage Laquerre)		800	793	-	1,593
	9207-6553 Québec inc. (Pizzeria Noranda)		-	-	18	18
	9222-0201 Québec inc. (Location Dumco)		-	135	-	135
	Abitibi Géophysique inc.		-	107	-	107
	Ace services mécaniques inc.		-	71	-	71
	Autobus Maheux ltée (Les)		-	1,181	-	1,181
	Cartier Resources inc.		86	-	-	86
	Centre de camping et propane d'Amos		-	346	-	346
	Centre du ressort Lamarche inc.		-	14	-	14
	Construction Gaston Proulx et Frères inc.		-	69	157	226
	Corporation aurifère Monarques		159	-	-	159
	Falco Resources Ltd.		141	-	-	141
	Gestion Martin Dandurand inc.		-	71	-	71
	Ghislain Tremblay (Rouyn) inc. (Maison des Viandes)		-	333	-	333
	Groupe Minier CMAC - Thyssen Mining Group		-	117	-	117
	Hôtel des Eskers inc.		-	187	-	187
	Menuiserie Jalbert inc.		-	111	-	111
	Probe Metals inc.		88	-	-	88
	Ressources minières Radisson inc.		102	-	-	102
	Yorbeau Ressources inc.		53	-	-	53
	Total Abitibi-Témiscamingue		1,429	3,535	175	5,139
	Bas-Saint-Laurent					
	9091-4532 Québec inc. (Cotech)		-	250	-	250
	9164-1134 Québec inc. (Kia Matane)		-	-	142	142
	9188-1441 Québec inc. (Caravane Rimouski)		-	130	-	130
	Bouffard Sanitaire inc.		-	-	333	333
	Gestion AFM-Séma inc.		504	250	-	754
	Gestion Brasa inc.		-	245	1,357	1,602
	Gestion Rima 2013 inc. (Sani-Manic inc.)		-	-	84	84
	Groupe PVP inc.		250	-	-	250
	Les Finesses d'Alsace inc.		-	88	-	88
	Location Jesna inc.		-	-	180	180
	Produits métalliques Pouliot Machinerie inc.		-	-	375	375
	Service Diron inc.		-	150	-	150
	Total Bas-Saint-Laurent		754	1,113	2,471	4,338

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31-12-2017	**Capital croissance PME II s.e.c. (cont.)**	50.00				
	Capitale-Nationale					
	9166-4789 Québec inc. (RE/MAX Référence 2000)		-	-	300	300
	9265-1934 Québec inc. (Centurion Fondation)		-	-	223	223
	9295-4874 Québec inc. (Maison de l'homéopathie de Québec)		-	160	-	160
	9306-5779 Québec inc. (Ventilation CDR inc.)		-	200	-	200
	9348-0648 Québec inc. (Gestion C.C. Blouin inc.)		-	-	175	175
	Capilex-Beauté ltée		-	-	504	504
	DMB Distribution alimentaire inc.		1,312	271	-	1,583
	Groupe Restos Plaisirs inc. (Le)		-	1,881	-	1,881
	Lasertech industries inc.		-	298	-	298
	Matériaux Blanchet inc.		-	-	1,393	1,393
	Multi Options Nursing inc.		-	174	-	174
	Panthera Dental inc.		187	-	-	187
	Pol R Entreprises inc.		2,363	-	-	2,363
	R. Bouffard & Fils inc.		-	-	443	443
	Ruchers Promiel inc. (Les)		-	364	-	364
	Vitrerie Lepage (1995) inc.		205	-	-	205
	Total Capitale-Nationale		4,067	3,348	3,038	10,453
	Centre-du-Québec					
	9138-4529 Québec inc. (GG Telecom)		1,800	-	-	1,800
	9324-9605 Québec inc. (Préscolaire Vision)		83	-	-	83
	Advantag Canada inc.		-	100	351	451
	Davinci Compass inc.		-	-	380	380
	Distribution Pro-Excellence		-	375	-	375
	Fromagerie L'Ancêtre inc.		-	127	-	127
	Lacal Technologie inc.		-	345	-	345
	NMédia Solutions inc.		-	97	-	97
	Produits Mobilicab Canada inc.		-	-	1,500	1,500
	Reflec inc.		-	307	-	307
	Sipromac II inc.		-	-	278	278
	Total Centre-du-Québec		1,883	1,351	2,509	5,743

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31-12-2017	**Capital croissance PME II s.e.c. (cont.)**	50.00				
	Chaudière - Appalaches					
	2851-8249 Québec inc. (Résidence intermédiaire Fortier)		-	124	-	124
	Acriart inc.		-	-	55	55
	Emballages E.B. ltée (Les)		-	369	-	369
	Équipements Supérieurs inc.		-	451	-	451
	F. Charest ltée		-	-	758	758
	Gestion Maître C inc.		1,841	-	-	1,841
	Groupe Audaz inc.		-	150	-	150
	Humaco Acoustique inc.		-	389	-	389
	I. Thibault Inc.		-	100	-	100
	Industries et équipements Laliberté (Les)		-	572	-	572
	Productions Horticoles Demers (Les)		187	769	-	956
	Techno-Moules P.L.C. inc.		-	-	60	60
	Transport St-Agapit inc.		-	-	425	425
	Total Chaudière - Appalaches		2,028	2,924	1,298	6,250
	Côte-Nord					
	9074-9664 Québec inc.		-	-	89	89
	9160-7671 Québec inc. (Pétroles MB)		-	183	-	183
	Caroline Tremblay, CPA inc.		-	-	127	127
	Construction Leclerc et Pelletier inc.		-	-	125	125
	Total Côte-Nord		-	183	341	524
	Eastern Townships					
	2731-1471 Québec inc. (Les Fruits et légumes de l'Estrie)		-	131	-	131
	6358331 Canada inc. (Sherbrooke OEM Ltd.)		-	180	-	180
	Attraction inc.		-	375	-	375
	Avizo Consulting inc.		-	225	-	225
	Éco-Pak inc. (9316-3251 Québec inc.)		-	-	531	531
	Industries C.P.G. Gagné ltée		-	115	-	115
	Innotex inc.		-	192	-	192
	Khrome Product - Transport (KPT) inc.		-	365	-	365
	Nautic & Art inc.		-	-	422	422
	Perron Pallets inc.		-	250	-	250
	Postech Screw Piles inc.		375	518	-	893
	Réparations SOS Lift inc.		-	-	86	86
	S.E.2 inc.		25	-	-	25
	Sherlic inc.		350	-	-	350
	Spécialités industrielles Sherbrooke inc.		-	77	-	77
	Total Eastern Townships		750	2,428	1,039	4,217

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31-12-2017	**Capital croissance PME II s.e.c. (cont.)**	50.00				
	Gaspésie-Îles-de-la-Madeleine					
	9088-6086 Québec inc. (Subaru New Richmond)		-	-	184	184
	9144-3036 Québec inc. (Navigue.com)		-	300	-	300
	Construction L.F.G. inc.		-	-	917	917
	Entreprises Larebel inc. (Les)		-	250	-	250
	Hôtel Baker ltée		125	-	-	125
	Total Gaspésie-Îles-de-la-Madeleine		125	550	1,101	1,776
	Lanaudière					
	Artotech Intégration inc.		-	-	67	67
	Centre Nouvelle-Vie (Pavillon Lanaudière)		-	-	286	286
	Cryos Technologies inc.		732	418	-	1,150
	La Fromagerie Champêtre inc.		911	-	-	911
	Nouveau Monde Graphite inc.		193	-	-	193
	Produits de Métal Pointech inc.		-	-	250	250
	Total Lanaudière		1,836	418	603	2,857
	Laurentians					
	9317-5602 Québec inc. (Marché Leblanc inc.)		-	373	-	373
	Alimenteurs Orientech inc.		-	169	-	169
	Jean-Jacques Campeau inc.		2,000	-	-	2,000
	Multi Online Distribution inc.		-	657	-	657
	Technoflex ESR Entreprise inc.		350	371	-	721
	Total Laurentians		2,350	1,570	-	3,920
	Laval					
	8376905 Canada inc. (Paramédic)		-	173	-	173
	Groupe Lumain inc.		-	-	1,960	1,960
	Marina Del Rey Foods inc.		-	344	-	344
	Norseco inc.		-	422	-	422
	Numesh inc.		-	1,500	-	1,500
	Total Laval		-	2,439	1,960	4,399
	Mauricie					
	9256-9037 Québec inc.		-	25	109	134
	Ateliers de l'électro-ménager R. Vallée inc.		-	-	63	63
	Maison Isabelle inc.		-	197	-	197
	Placements Le Belvedère inc.		-	881	3,125	4,006
	Premont Foods Inc.		-	263	-	263
	Total Mauricie		-	1,366	3,297	4,663

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31-12-2017	Capital croissance PME II s.e.c. (cont.)	50.00				
	Montérégie					
	3087-9894 Québec inc. (Habitations Trigone)		-	-	375	375
	9008-7826 Québec inc. (Habitations Trigone)		-	-	375	375
	9020-5758 Québec inc. (AVRIL)		-	1,490	-	1,490
	9120-6094 Québec inc. (Lanla)		1,250	250	-	1,500
	9286-9890 Québec inc. (Groupe Surmesure)		-	260	-	260
	Acam Transport inc.		-	-	1,500	1,500
	Acema Importations inc.		-	114	-	114
	Alarme S.P.P. inc.		-	-	119	119
	Autobus Bibeau inc.		-	175	-	175
	Autobus Dufresne inc.		-	131	-	131
	Brosses Lacasse inc. (Les)		-	-	156	156
	Constructions 3P inc.		-	430	-	430
	Contek Shilstone inc.		-	102	-	102
	Corflex Partitions inc.		-	788	-	788
	Éclairages Électroniques C.B.M. inc. (Les)		-	208	-	208
	Galenova inc. et Gentes et Bolduc Pharmaciens inc.		-	-	850	850
	Groupe Bertrand Éditeurs inc.		-	-	325	325
	Groupe Grégor inc.		-	-	1,198	1,198
	Groupe Thomas Marine inc.		-	-	550	550
	Habitations Deschênes et Pépin inc. (Les)		-	1,201	-	1,201
	Helios Group inc.		1,500	840	-	2,340
	Industries B. Rainville inc.		-	-	352	352
	Logicmed inc.		-	-	372	372
	Mométal Structures inc.		-	1,000	-	1,000
	MTL Technologies inc.		-	406	-	406
	Placements F.I. inc.		-	567	-	567
	Pro Action Diesel inc.		-	-	227	227
	Rotoplast inc.		-	550	-	550
	W. Côté & fils ltée		-	750	-	750
	Total Montérégie		2,750	9,262	6,399	18,411

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31-12-2017	**Capital croissance PME II s.e.c. (cont.)**	50.00				
	Montréal					
	3236013 Canada inc. (Planète Mobile)		-	-	500	500
	9041-9680 Québec inc. (Alco Transport)		-	125	-	125
	9168-5909 Québec inc. (Piknic Électronik inc.)		-	-	203	203
	9272-6751 Québec inc. (Studio de Yoga Wanderlust)		-	100	-	100
	9303-6408 Québec inc. (Atelier d'usinage de précision Innova)		-	-	163	163
	Alta Précision inc.		200	-	-	200
	Azimut Exploration inc.		100	-	-	100
	C.R.H. Oral Design inc.		-	324	-	324
	C.T.M. Adhesives inc.		-	638	-	638
	CDREM Group inc.		-	400	-	400
	Datsit Sphère inc. (ex. Datsit Studios inc.)		1,000	1,445	-	2,445
	Éditions Info Presse inc.		-	328	-	328
	Faspac Plastiks inc.		-	500	-	500
	G. & S. Fer-Aluminium inc.		-	337	-	337
	Gorski Group Ltd.		-	885	-	885
	Groupe Bugatti inc. (Le)		-	1,500	-	1,500
	Groupe Shemie inc.		-	-	915	915
	JSS Medical Research inc.		2,000	367	-	2,367
	M.C. Crystal inc.		-	-	150	150
	Khalkos Exploration inc.		50	-	-	50
	Leeza Distrubuting inc.		-	-	-	-
	Masdel inc.		725	1,170	-	1,895
	Multiforme Métal inc.		-	-	500	500
	Oboxmedia inc.		-	382	-	382
	Reftech international inc.		-	-	250	250
	TV5 Québec Canada		-	-	275	275
	Total Montréal		4,075	8,501	2,956	15,532
	Nord-du-Québec					
	9223-3196 Québec inc. (Rona)		-	-	200	200
	9249-2206 Québec inc. (Construction Baie-James inc.)		-	137	-	137
	Beaufield Resources inc.		53	-	-	53
	Dios Exploration inc.		16	-	-	16
	Geomega Resources inc.		164	-	-	164
	Harfang Exploration inc.		63	-	-	63
	Kintavar Exploration inc.		89	-	-	89
	Midland Exploration inc.		75	-	-	75
	Sirios Resources inc.		144	-	-	144
	Société d'exploration minière Vior inc.		64	-	-	64
	Sphinx Resources Ltd		50	-	-	50
	Stelmine Canada Ltd		56	-	-	56
	Tarku Resources Ltd		51	-	-	51
	Tomagold Corporation		80	-	-	80
	X-Terra Resources inc.		50	-	-	50
	Total Nord-du-Québec		955	137	200	1,292

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31-12-2017	**Capital croissance PME II s.e.c. (cont.)**	50.00				
	Saguenay-Lac-Saint-Jean					
	130395 Canada Inc. (Nordex Inc.)		1,875	-	-	1,875
	2526-0100 Qc inc. (Terrassement J. Fortin)		-	-	368	368
	2737-2895 Québec Inc. (Distribution Fromagerie Boivin)		-	-	105	105
	2956-7062 Québec (NAPA La Baie)		-	68	-	68
	9165-8021 Québec inc. (Transport R.C.I.)		-	200	-	200
	9182-6032 Québec inc. (La Bonne Patate)		-	-	148	148
	9216-3146 Québec inc. (Micro Brasserie du Saguenay)		-	-	92	92
	9244-7770 Québec inc. (Voie Maltée)		-	-	31	31
	9328-9486 Québec inc.		390	292	-	682
	9348-0739 Québec inc. (L'Usine - VM)		-	-	185	185
	9365-4606 Québec inc. (Voie Maltée - Holding)		825	-	-	825
	Cervo-Polygaz inc.		-	-	221	221
	Clinique médicale privée Opti-Soins inc.		-	135	-	135
	Communications Télésignal inc.		337	-	-	337
	Constructions Fabmec inc.		-	-	375	375
	Déménagement Tremblay Express ltée (Les)		250	-	225	475
	DERYtelecom inc.		-	-	2,077	2,077
	Équipements industriels Barsatech inc.		-	-	237	237
	Équipements Villeneuve inc.		-	500	-	500
	Fenêtres Réjean Tremblay inc. (Les)		-	325	-	325
	Flash Néon inc.		-	-	155	155
	Foresco Holding inc.		-	240	-	240
	Gestion R. et G.G. inc.		2,000	-	-	2,000
	Groupe E.D.S. inc.		-	125	-	125
	Imprimeurs Associés ICLT-Commerciale inc. (Les)		-	150	-	150
	Industries G.R.C. inc. (Les)		-	135	-	135
	Mermax inc.		-	-	153	153
	Messagerie du Fjord inc.		-	38	-	38
	Métatube (1993) inc.		-	150	-	150
	Pavillon des Mille Fleurs inc.		-	-	1,250	1,250
	Restaurant La Cuisine inc.		-	138	-	138
	Sécuor inc.		-	193	100	293
	Taimi R & D inc.		-	205	-	205
	Télénet Informatique inc.		500	101	-	601
	Transport Réal Villeneuve inc.		-	275	-	275
	Total Saguenay-Lac-Saint-Jean		6,177	3,270	5,722	15,169
			29,179	42,395	33,109 -	104,683
	Funds commited but not disbursed					3,023
	Total Capital croissance PME II, s.e.c.					107,706

Capital régional et coopératif Desjardins

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

As at December 31, 2017

(in thousands of dollars)

Information from Annual Financial Report dated		Equity Interest of the Company %	Common and Preferred shares $	Unsecured investments: Loans and advances $	Secured investments: Loans and advances $	Total $
31/12/2017	**Desjardins – Innovatech S.E.C.**	54.49				
	7525443 Canada inc. (Inflotrolix)		400	-	-	400
	9088-9148 Québec inc. (Usinage SM)		-	145	-	145
	9310-3760 Québec inc. (Interface Corporelle)		-	68	-	68
	9360-4742 Québec inc. (LONGPREBP Precast Concrete)		-	33	-	33
	9493662 Canada inc (Ananda Devices)		-	74	-	74
	9813063 Canada inc.(My Intelligent Machines)		-	68	-	68
	Airex Énergie inc.		545	-	409	954
	Alaya Care inc.		-	136	-	136
	Albert Perron inc.		470	-	-	470
	AppMed inc.		-	70	-	70
	AxesNetwork Solutions inc.		1,933	-	-	1,933
	Biocean Canada inc.		272	55	-	327
	Biomomentum inc.		-	144	-	144
	Bouffard Sanitaire inc. et Acier Bouffard inc.		-	10	-	10
	CmLabs Simulations inc.		818	-	272	1,090
	Delve Laboratories inc.		-	663	-	663
	Dymedso inc.		-	70	-	70
	E2Metrix inc.		348	409	-	757
	EMcision International inc.		-	143	-	143
	Emerillon Capital s.e.c.		3,099	-	-	3,099
	Emovi inc.		-	145	-	145
	Fonds Entrepia Nord, s.e.c. (Le)		304	-	-	304
	FreeLinc Technologies Inc.		-	-	-	-
	FreeLinc Technologies LLC		-	-	-	-
	Global LVL inc.		191	-	-	191
	Greybox Solutions inc.		-	69	-	69
	Groupe Icible inc.		-	161	-	161
	Groupe Minier CMAC - Thyssen Mining Group		-	127	-	127
	Gullivert Technologies inc.		109	-	-	109
	Hortau inc.		-	-	343	343
	Imagia Cybernetics Inc.		1,334	-	-	1,334
	Imeka Solutions inc.		-	195	-	195
	Indalo Studio inc.		-	71	-	71
	Innomalt inc.		-	179	-	179
	Inocucor Technologies inc.		2,866	-	-	2,866
	Ionodes inc.		316	-	-	316
	Kinesiq inc.		-	70	-	70
	Kube Innovation inc.		-	69	-	69
	Laboratoire M2 inc.		817	-	-	817
	Laserax inc.		-	790	-	790
	Leadfox technologie inc.		-	27	-	27
	LeddarTech inc.		714	-	-	714
	nGUVU Technologies inc.		817	-	-	817
	Nippon Dragon Resources inc.		178	-	-	178
	Optina Diagnostics inc.		-	145	-	145

Capital régional et coopératif Desjardins
Index of the Company's share in investments made by specialized funds and partner funds, at cost (unaudited)
As at December 31, 2017

(in thousands of dollars)

Information from Annual Financial Report dated		Equity Interest of the Company %	Common and Preferred shares $	Unsecured investments Loans and advances $	Secured investments Loans and advances $	Total $
31/12/2017	Desjardins – Innovatech S.E.C. (cont.)	54.49				
	OXO Fab inc.		-	70	-	70
	Oxy'Nov inc.		-	280	-	280
	Prevtec Microbia inc.		2,094	-	-	2,094
	Produits forestiers LAMCO inc.		311	-	-	311
	Rekruti Solutions inc.		-	256	-	256
	Société de gestion de projets Ecotierra inc.		-	287	-	287
	Solutions Interactives de validation 88 inc.		272	545	-	817
	Sustainable Development Enterprises Energy Solutions & Associates inc. (The)		-	68	-	68
	Technologies Innovatrices d'imagerie inc.		1,090	-	-	1,090
	Technologies Intelia inc.		235	-	-	235
	Thorasys Thoracic Medical Systems inc.		-	287	-	287
	TSO3 inc.		772	-	-	772
	Vantrix Corporation		-	-	-	-
	VIMAC Early Stage Fund L.P.		610	-	-	610
			20,915	5,929	1,024	27,868
	Funds commited but not disbursed					7,680
	Total Desjardins - Innovatech S.E.C.					35,548

Capital régional et coopératif Desjardins

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

As at December 31, 2017

(in thousands of dollars)

Information from Annual Financial Report dated		Equity Interest of the Company %	Unsecured investments: Common and Preferred shares $	Unsecured investments: Loans and advances $	Secured investments: Loans and advances $	Total $
31/12/2017	Société en commandite Essor et Coopération	94.55				
	Agropur Coopérative		4,727	-	-	4,727
	Central Café - Coop de solidarité		189	-	-	189
	Citadelle, Maple Syrup Producers' Cooperative		4,727	-	-	4,727
	Club coopératif de consommation d'Amos		946	-	-	946
	Coopérative Actionnaire Les Paramédics d'Urgence Bois-Francs		-	736	-	736
	Coopérative de travailleurs actionnaires de Xpertdoc Technologies		473	284	-	757
	Coopérative forestière de Petit Paris		-	864	-	864
	Coopérative Vision-Éducation		756	-	-	756
	École Plein Soleil (Association coopérative)		473	-	-	473
	Fédération des coopératives funéraires du Québec		604	-	-	604
	Journal de Lévis, coopérative de solidarité (Le)		-	359	-	359
	La Coop fédérée		4,727	-	-	4,727
	La Coop Unifrontières		946	-	-	946
	Québec Federation of Forestry Cooperative		421	-	-	421
	Unicoop Coopérative agricole		1,418	-	-	1,418
			20,407	2,243	-	22,650
	Funds commited but not disbursed					5,044
	Total Société en commandite Essor et Coopération					27,694

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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