

2019 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

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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 annual 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.

1.0 Highlights

1.1 Commitments throughout Québec


CRCD and its ecosystem⁽¹⁾ make a real contribution to the economic development of the regions. As at December 31, 2019, the funds committed per region were as follows:

ABITIBI-TÉMISCAMINGUE*




\$25M → 31 companies
\$1M → 1 cooperative

LAVAL




\$15M → 10 companies

BAS-SAINT-LAURENT*




\$25M → 25 companies
\$0.2M → 1 cooperative

MAURICIE*




\$16M → 13 companies
\$1M → 1 cooperative

CAPITALE-NATIONALE




\$89M → 44 companies
\$3M → 2 cooperatives

MONTÉRÉGIE




\$199M → 57 companies
\$82M → 3 cooperatives

CENTRE-DU-QUÉBEC




\$60M → 23 companies
\$12M → 2 cooperatives

MONTRÉAL



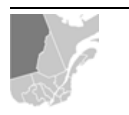
\$297M → 80 companies
\$101M → 3 cooperatives

CHAUDIÈRE-APPALACHES




\$124M → 41 companies
\$2M → 4 cooperatives

NORD-DU-QUÉBEC*



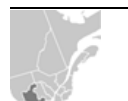
\$3M → 15 companies

CÔTE-NORD*




\$4M → 9 companies

OUTAOUAIS



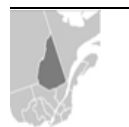
\$7M → 6 companies

ESTRIE




\$94M → 33 companies
\$4M → 4 cooperatives

SAGUENAY-LAC-SAINT-JEAN*



\$66M → 66 companies
\$2M → 4 cooperatives

GASPÉSIE-ÎLES-DE-LA-MADELEINE*




\$7M → 8 companies

OUTSIDE QUÉBEC (ex Europe)

\$2M → 2 companies

LANAUDIÈRE




\$24M → 11 companies
\$1M → 1 cooperative

EUROPE

\$13M → 6 companies

LAURENTIDES



\$21M → 7 companies

FUNDS

\$92M → 16 funds

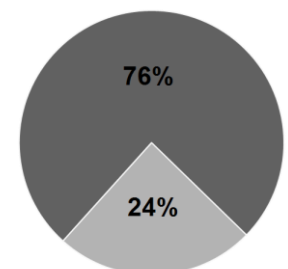
IN TOTAL

529
COMPANIES
COOPERATIVES AND
FUNDS

\$1,394M
BENEFITTING
SMES

80,000
JOBS CREATED OR
MAINTAINED

76%
OF COMPANIES AND
COOPERATIVES
BASED IN QUÉBEC
ARE FROM REGIONS OTHER THAN
MONTRÉAL AND CAPITALE-
NATIONALE



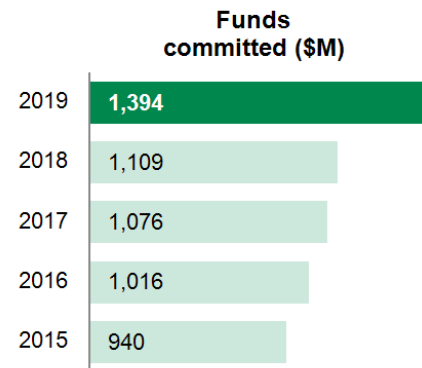
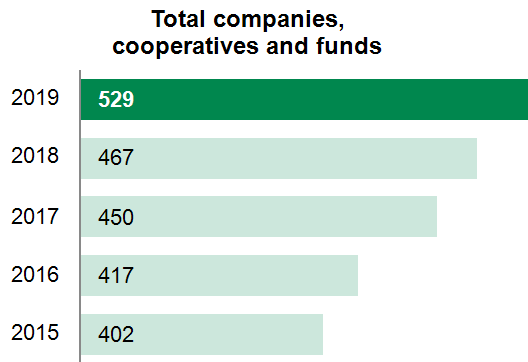
■ Other regions
■ Montréal and Capitale-Nationale

* Resource region

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

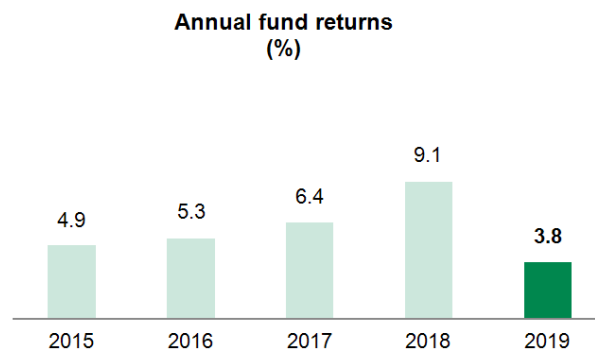
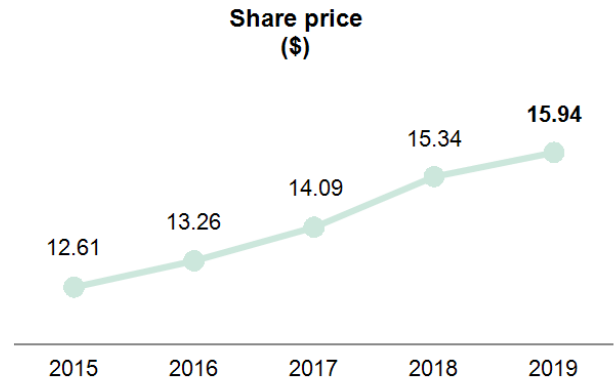
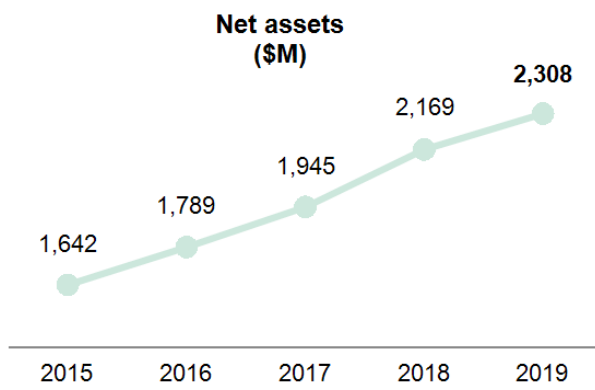
1.2 CRCD and its ecosystem support companies and cooperatives

AS AT DECEMBER 31



1.3 CRCD financial data

AS AT DECEMBER 31



2.0 CRCD financial highlights

The following charts present key financial data and are intended to assist in understanding CRCD's financial results for the preceding five fiscal years. This information is derived from CRCD's audited separate annual financial statements.

2.1 Ratios and supplemental data

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

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

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

2.2 Changes in net assets per common share

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

3.0 Overview

CRCD ended fiscal 2019 with net earnings of \$81.3 million (\$174.9 million in 2018), representing a return of 3.8% (9.1% in 2018), resulting in an increase in net assets per share to \$15.94 based on the number of common shares outstanding at the end of the fiscal year, compared with \$15.34 at the end of fiscal 2018. 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. In fact, CRCD has generated positive annual returns for over ten years.

Investments impacting the Québec economy posted a return of 3.2% in 2019, compared with a return of 19.7% in 2018. The majority of partner companies performed well during fiscal 2019. However, incidental difficulties encountered by certain major portfolio companies, particularly in the second half of the year, weighed on performance of the Investments impacting the Québec economy portfolio. Note that in 2018, CRCD benefited from major divestitures that had a positive impact on performance. As at December 31, 2019, the cost of Investments impacting the Québec economy totalled \$1,014.9 million, of which \$263.8 million was disbursed during fiscal 2019. As at December 31, 2019, 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 \$237.0 million. New commitments for the year amounted to \$308.7 million. In addition, due to the favourable turnaround in the stock and bond markets, CRCD's Other investments portfolio recorded a return of 8.4% for fiscal 2019, compared with a return of 1.3% for fiscal 2018.

During the year, issues of Class A "Issuance" common shares totalled \$140.0 million, including the balance of the 2018 issue and substantially all of the maximum authorized amount for the 2019 issue. For more information, please see the Subscriptions section of this MD&A. Share redemptions totalled \$81.7 million. CRCD also exchanged Class A "Issuance" shares for Class B "Exchange" shares for a total amount of \$199.4 million. Net assets amounted to \$2,308.5 million and shareholders numbered 109,364 as at December 31, 2019. As at December 31, 2019, the balance of shares eligible for redemption totalled \$999.7 million.

3.1 Our vision for Québec entrepreneurship

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

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

3.2 Growing businesses stronger

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

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

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

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

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

Furthermore, we provide our partner companies with tailored support for implementing and monitoring sound SME governance practices, which represents undeniable value added. Very active in this area, we have 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 have access to work tools and are regularly trained and evaluated to ensure they can effectively meet the needs of the companies they work with. Our entrepreneurial governance model, based on agility, simplicity, strategic thinking and alignment with business needs, is a unique type of support greatly appreciated by partner entrepreneurs.

3.3 Economic conditions

ECONOMIC ENVIRONMENT IN 2019 AND OUTLOOK FOR 2020

Global economy

The global economy slowed considerably in 2019. This slowdown stemmed in part from the uncertainties surrounding trade tensions. As a result, world trade stagnated or declined for much of the year. The deterioration was particularly marked in the eurozone, where the main economy, Germany, almost fell into recession. The eurozone's real GDP growth in 2019 is estimated at 1.2%, following a 1.9% gain in 2018, and in Germany, real GDP slipped from 1.5% to 0.6%. In the United Kingdom, the Brexit issue monopolized the news throughout 2019, creating uncertainty that weighed heavily on the British economy. Real GDP growth in the U.K. increased 1.4% in 2019. In China, the economy continued to slow due to both structural factors and economic problems, such as U.S. tariffs. China's real GDP growth went from 6.7% in 2018 to 6.1% in 2019.

Despite the slowdown in the global economy and many uncertainties, 2019 was a very good year for investors: bond yields fell sharply and stock markets rallied, erasing the downturn of the last few months of 2018, and even setting new records. It should be noted that the less favourable economic environment led several central banks, including the U.S. Federal Reserve (the Fed) and the European Central Bank (ECB), to resume monetary easing programs. Although the Canadian economy was resilient, benefiting from the sharp decline in bond rates, among other things, the Bank of Canada nevertheless kept its monetary policy unchanged throughout 2019. That helped the Canadian dollar appreciate against the U.S. dollar, and spurred renewed investor confidence at the end of the year.

The world economy is expected to continue growing rather slowly in 2020. Global GDP growth is expected to slip from 3.6% in 2018 to 2.9% in 2019 and 2.9% in 2020. The trade tensions will not be fully resolved, and uncertainty over trade issues will continue to hinder business investment and undermine the manufacturing sector. There are likely to be negative, but probably temporary, economic effects associated with the emergence of the coronavirus in China and elsewhere. So the financial markets are likely to remain highly volatile as investors continue to be concerned over the political situation in the U.S. Bond rates should remain low and monetary policies are expected to remain unchanged throughout 2020. The Canadian dollar is expected to remain relatively stable.

United States

The United States began 2019 on the right foot, posting a 3.1% annualized gain in real GDP. The situation then calmed, with a marked slowdown in exports and business investment. This was a direct result of the Sino-American trade war, which escalated for much of the year. Moreover, the positive effects of the 2018 tax cuts were short-lived. Consumption was less affected and, despite some ups and downs, household confidence remained fairly good, aided by the strong labour market. The U.S. unemployment rate fell to 3.5%, its lowest level since 1969. Interest rate cuts helped the housing market recover after several difficult quarters. Real GDP growth in 2019 is estimated at 2.3%, following a gain of 2.9% in 2018.

The U.S. economy is expected to grow rather slowly in 2020 as it continues to be affected by the tariffs introduced in 2018, despite the trade agreement reached between China and the United States. Real GDP is expected to grow by 1.8% in 2020. In 2020, the media's attention may be highly focused on the federal election campaign.

Canada

The Canadian economy experienced some major upheavals in 2019. The year got off to a bad start when the Alberta government imposed a reduction in oil production in response to transportation constraints, but the subsequent return to normal in the energy sector boosted real GDP growth in the spring. The Canadian economy then began to grow at a more moderate pace starting in the second half of 2019 as various factors influenced real GDP. Consumer spending and residential investment continued to expand on the strength of a robust labour market, high household confidence and low interest rates. On the other hand, global trade tensions curbed exports and eroded business confidence. However, there were encouraging developments in late 2019 due to the trade agreement between China and the United States as well as the imminent ratification of the Canada-U.S.-Mexico Agreement (CUMA). Real GDP is expected to have grown approximately 1.7% in 2019. This forecast suggests a continued decline, as real GDP grew 3.2% in 2017 and 2.0% in 2018.

Economic growth in 2020 is expected to remain moderate, at close to 1.6%. Even though trade tensions will ease, they will continue to have adverse effects. The housing market is nevertheless expected to continue to trend upward, which could rekindle concerns about overheated markets in some regions. By holding steady on its key interest rates, the Bank of Canada should continue to support household consumer spending, especially since the unemployment rate will likely remain close to its all-time low.

Québec

In 2019, Québec's international exports suffered from the slowdown in the global economy as well as trade disputes. The U.S. tariffs on Canadian steel and aluminum imposed from May 2018 to May 2019 dealt a severe blow to the industry. The ban on Canadian meat exports to China from late June 2019 to early November also had an adverse effect on Québec producers. Exporters faced many problems over the past year, but the province's economy continued to expand rapidly. In 2019, Québec posted the strongest rate of real GDP growth of all the provinces. For the third year in a row, in 2019 the Québec economy grew at a rate of 2.5% to 3.0%, a particularly strong result given the turbulence in the global economy. Households continued to underpin the economy. They are benefiting from an improved labour market, which can be seen in accelerating wage growth. Strong job creation drove the unemployment rate down to 5.1% in 2019, below the national rate and that of almost all the other provinces. The Québec housing market continues to grow, and has been spared the correction that affected some Canadian markets two years ago. Sales of existing properties peaked in 2019, with the average price rising by about 5%. So the year ended on a high note for the residential sector. In sum, the Québec economy continues to post excellent results in several respects. However, a slower pace of growth is expected in 2020, given the slowdown underway in the world's major economies and the negative impacts this will have on foreign trade.

4.0 Management's discussion of financial performance

4.1 Operating results

CRCD'S NET RESULTS AND RETURNS

CRCD reported net earnings of \$81.3 million for the year ended December 31, 2019, representing a return of 3.8%, compared with net earnings of \$174.9 million (return of 9.1%) for the previous year. Accordingly, net assets per share increased to \$15.94 based on the number of common shares outstanding at the end of the fiscal year, compared with \$15.34 at the end of fiscal 2018. For illustrative purposes, at a price of \$15.94 effective February 13, 2020, shareholders who invested seven years earlier would obtain an annual after-tax return of more than 12.6%, taking into account the 50% income tax credit as per the rate applicable on February 13, 2013.

CRCD's performance is driven primarily by Investments impacting the Québec economy and Other investments, which generated returns of 3.2% and 8.4%, respectively, while expenses, net of administrative charges received and income taxes, had an impact of 1.9% 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.

Return by activity

	2019			
	Average assets under management	Weighting	Return 1 year	Contribution 1 year
	(\$M)	(%)	(%)	(%)
Activities related to Investments impacting the Québec economy ⁽¹⁾	1,192	53.9	3.2	1.7
Other investments and cash	1,020	46.1	8.4	4.0
	2,212	100.0	5.7	5.7
Expenses, net of administrative charges			(1.8)	(1.8)
Income taxes			(0.1)	(0.1)
CRCD's return			3.8	3.8

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

Return by activity

	2018			
	Average assets under management	Weighting	Return 1 year	Contribution 1 year
	(\$M)	(%)	(%)	(%)
Activities related to Investments impacting the Québec economy ⁽¹⁾	1,070	52.6	19.7	10.4
Other investments and cash	965	47.4	1.3	0.6
	2,035	100.0	11.0	11.0
Expenses, net of administrative charges			(1.7)	(1.7)
Income taxes			(0.2)	(0.2)
CRCD's return			9.1	9.1

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

INVESTMENTS IMPACTING THE QUÉBEC ECONOMY

Investments of \$269.7 million and disposals of \$105.2 million were made for a net balance of \$164.5 million. Combined with realized and unrealized net gains of \$6.1 million, these net investments brought the fair value of the investment portfolio, including foreign exchange contracts, to \$1,250.6 million as at December 31, 2019 (\$1,080.0 million as at December 31, 2018). The \$269.7 million in investments made during the year consisted of an aggregate amount of \$134.6 million invested primarily in six companies, as well as \$57.6 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 \$237.0 million as at December 31, 2019, compared with \$192.2 million as at December 31, 2018. Total commitments at cost as at December 31, 2019 amounted to \$1,251.9 million in 143 companies, cooperatives and funds, of which \$1,014.9 million was disbursed. As at December 31, 2019, backed by its entrepreneurial ecosystem, CRCD supported growth in 529 companies, cooperatives and funds.

During fiscal 2019, Investments impacting the Québec economy generated a contribution of \$35.1 million, for a return of 3.2%, compared with \$200.2 million in 2018 (a 19.7% return). The majority of partner companies performed well during fiscal 2019, although incidental difficulties encountered by certain major portfolio companies weighed on performance. Note that in 2018, CRCD benefited from major divestitures that had a positive impact on performance.

Contribution generated by Investments impacting the Québec economy

(in thousands of \$)	2019	2018
Revenue	29,033	43,144
Gains and losses	6,069	157,072
	35,102	200,216

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 \$14.1 million decrease in revenue compared with 2018 stemmed mainly from higher dividends paid by certain companies during the previous year, which was non-recurring in 2019. Negotiation fees, which amounted to \$3.5 million for the year ended December 31, 2019 (\$3.0 million for the year ended December 31, 2018), are earned by DC, the manager, and a credit for that amount is applied against the management fees paid to DC by CRCD. Negotiation fees are included in the contribution generated by the Investments impacting the Québec economy as they are included in the profitability analysis of the investments. The profile of the investments held by CRCD is changing and the amounts injected into its ecosystem funds continue to grow (see the following section for more details). Therefore, investments held by these ecosystem funds generate revenue in addition to the revenue generated by CRCD's direct investments. This revenue, of which CRCD's share amounted to \$16.5 million for fiscal 2019 (\$14.3 million in 2018), is reported as Gains and losses as it makes a positive contribution to the fair value of CRCD's interest in these funds.

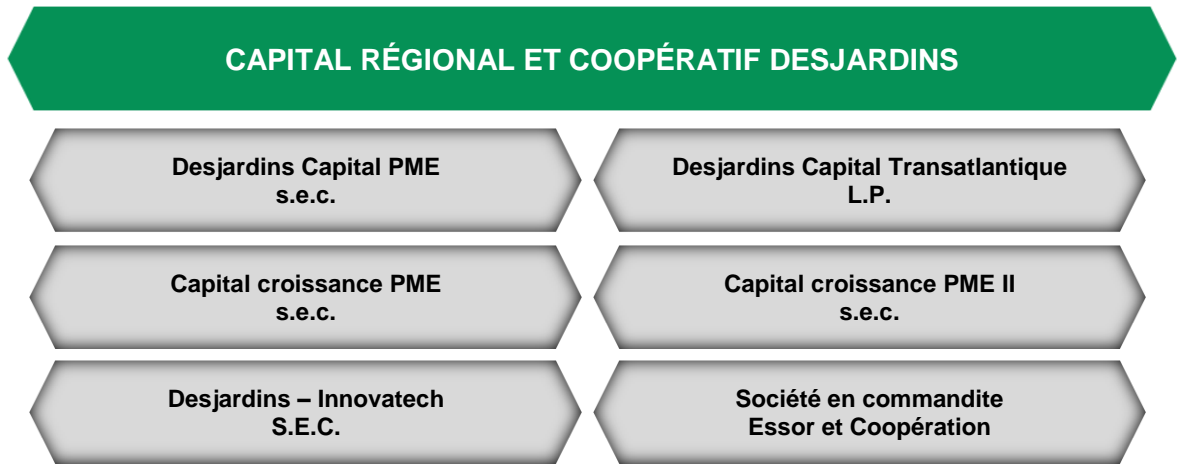
CRCD accounts for its Investments impacting the Québec economy at fair value. Two comprehensive portfolio reviews are carried out each year, with one covering the six-month period ending June 30 and the other covering the six-month period ending December 31.

CRCD recorded a realized and unrealized gain of \$6.1 million for the fiscal year, compared with \$157.1 million for fiscal 2018. For more information, please see Entrepreneurial ecosystem performance in the following section.

As at December 31, 2019, the overall risk level of the Investments impacting the Québec economy portfolio had deteriorated slightly compared with its December 31, 2018 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.



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

- On January 1, 2018, DC created the Desjardins Capital PME s.e.c. fund. (DCPME) in partnership with Desjardins Private Management. The fund's main goal is to invest in Québec's small- and medium-sized businesses, with an investment limit not exceeding \$10 million. This sustainable fund is an open-ended limited partnership, allowing the number of limited partners to vary. The limited partners' commitments are made on an annual basis. As at December 31, 2019, CRCD's interest in DCPME was 40%. As at December 31, 2019, CRCD had disbursed \$72.2 million (\$30.4 million as at December 31, 2018) allowing a total of 119 companies and funds to benefit from \$210.5 million committed by the DCPME fund.
- On July 4, 2018, DC created two funds jointly with France-based Groupe Siparex: the Desjardins Capital Transatlantic, L.P. fund (DC Transatlantic) and the Siparex Transatlantique – Fonds professionnel de Capital Investissements fund. The purpose of these funds is to co-invest in SMEs in Québec and Europe to support them in their marketing or acquisition efforts on both sides of the Atlantic. CRCD and other investor partners such as Export Development Canada (EDC), Groupe Siparex and French public investment bank BPIFrance committed a total of €75 million, or approximately \$110 million, to the two funds. CRCD has a 60.7% interest in DC Transatlantic, which is managed by DC. As at December 31, 2019, CRCD had disbursed \$11.3 million (\$5.1 million as at December 31, 2018) of its total commitment of \$33.2 million (€22.8 million), allowing seven companies to benefit from \$14.2 million committed by the fund.
- 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 \$36.2 million of its total commitment of \$85 million. As at December 31, 2019, Essor et Coopération had committed \$48.8 million in 23 cooperatives.
- CRCD is also the sponsor of the Desjardins-Innovatech S.E.C. fund (DI). DI has undertaken to inject a total of \$85 million to support Québec technology or innovation businesses through each stage of their development. CRCD's interest in DI is 54.5%. In addition to this interest, CRCD has agreed to make an additional investment in the form of a note for a maximum amount of \$5.0 million in DI of which \$0.7 million was disbursed in 2019 for a total disbursement of \$2.4 million. This note does not affect the units held by CRCD in this fund. DI helps create innovative business accelerators in partnership with specialized organizations located in various regions of Québec, enabling it to support businesses from the embryonic stage through the commercialization phase. As at December 31, 2019, DI had committed \$66.1 million to support a total of 61 companies and funds.
- The Capital croissance PME s.e.c. fund (CCPME), created on July 1, 2010, had an investment policy similar to that of the DCPME fund, which is to make capital available to Québec companies, with an investment limit not exceeding \$5 million. CRCD and the Caisse de dépôt et placement du Québec (CDPQ), as sponsors of the fund, agreed to invest, on a 50/50 basis, a total initial amount of \$220 million. The 2014 renewal of this agreement resulted in the creation of Capital croissance PME II s.e.c. fund (CCPME II), which allowed an additional \$320 million to be committed, increasing the total commitments in the two funds to \$540 million. As at December 31, 2019, CRCD had disbursed \$251.8 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 228 companies and funds benefited from \$195.7 million committed by the CCPME funds as at December 31, 2019. Since their inception, these funds have committed \$461.1 million to 375 companies.

In all, as at December 31, 2019, CRCD and its ecosystem supported the growth of 529 companies, cooperatives and funds in various industries spanning all Québec regions with commitments of \$1,394 million, while helping to create and retain over 80,000 jobs. Of that total, 26 cooperatives benefited from commitments of \$208.7 million.

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

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

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

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

Return by investment profile

	2019			
	Average assets under management	Weighting	Return 1 year	Contribution 1 year
	(\$M)	(%)	(%)	(%)
Debt	366	16.5	9.2	1.3
Equity	683	30.9	(0.7)	(0.2)
External funds	46	2.1	13.5	0.3
Venture capital	79	3.6	6.5	0.2
Investment profiles subtotal	1,174	53.1	3.2	1.6
Other asset items held by ecosystem funds	18	0.8	(0.1)	-
Ecosystem total	1,192	53.9	3.2	1.6

Return by investment profile

	2018			
	Average assets under management	Weighting	Return 1 year	Contribution 1 year
	(\$M)	(%)	(%)	(%)
Debt	313	15.4	5.5	0.8
Equity	650	31.9	26.9	9.0
External funds	41	2.0	18.6	0.4
Venture capital	54	2.7	12.4	0.2
Investment profiles subtotal	1,058	52.0	19.8	10.4
Other asset items held by ecosystem funds	12	0.6	(12.2)	-
Ecosystem total	1,070	52.6	19.7	10.4

CRCD's 3.2% return for fiscal 2019 stems mainly from the Debt and Equity profiles, which represent the core volume of assets under management as at December 31, 2019. The Debt profile, with a 9.2% return, posted a higher return compared with 2018, owing to lower corporate bond rates between the two years. The return spread of the Equity profile between the two years is mainly due to the incidental difficulties experienced by certain major portfolio companies in that class. Note, however, that the majority of partner companies performed well during fiscal 2019.

OTHER INVESTMENTS

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

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

As at December 31, 2019, CRCD's Other investments portfolio, including cash but excluding foreign exchange contracts, totalled \$998.9 million (\$1,041.5 million in 2018) and consisted of the following:

Other investments portfolio

	As at December 31, 2019		As at December 31, 2018	
	Fair value (\$M)	% of portfolio	Fair value (\$M)	% of portfolio
Cash and money market instruments	53.0	5.3	63.6	6.1
Bonds	536.0	53.7	642.0	61.6
Global equity funds	174.1	17.4	149.3	14.3
Canadian equity funds	62.8	6.3	90.2	8.7
Real estate funds	112.1	11.2	96.4	9.3
Market neutral equity funds	60.9	6.1	-	-
Portfolio total	998.9	100.0	1,041.5	100.0

As at December 31, 2019, 75% of portfolio bond securities were government guaranteed (79% as at December 31, 2018).

The Other investments portfolio represented 43% of total net assets at the end of fiscal 2019 (48% as at December 31, 2018), a decrease mainly arising from significant divestments in the Investments impacting the Québec economy portfolio during the second half of 2019. Commitments already made but not disbursed of \$237.0 million, representing 10% 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 \$)	2019	2018
Revenue	29,273	29,696
Gains and losses	57,634	(18,440)
	86,907	11,256

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

Gains of \$57.6 million in fiscal 2019 stemmed mainly from the following financial assets:

- The bond portfolio posted a \$20.8 million increase in value, owing to key rates ending the year down from December 31, 2018, but also to narrower credit spreads fuelled by the central banks' accommodative tone in the first half of the year and the trade agreement between the United States and China that followed.
- Stock market growth slowed over the second half, but nonetheless closed the year with comfortable gains totalling \$14.8 million for Canadian equity funds and \$18.1 million for global equity funds. As portfolio equity funds have low volatility, CRCD did not fully benefit from the favourable stock market environment during 2019.

CRCD's financial asset management strategy aims to diversify the market risks associated with the Other investments portfolio through the use of Canadian and global securities unrelated to bond markets. 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 through the Desjardins caisse network in Québec, and via AccèsD Internet.

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

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

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

These provisions were implemented in the fall of 2018 and exchange requests for the maximum authorized amount of \$100 million for the 2018 taxation year were accepted in February 2019. The share exchange process relating to the 2019 taxation year was conducted last spring and the acceptance of applications for a total allowable amount of \$100 million was completed in July 2019.

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

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

A special tax is payable by CRCD if it fails to comply with the authorized issuance or exchange amounts, and control mechanisms have been implemented by CRCD to ensure compliance. No special tax was paid for fiscal 2019 or 2018.

As at December 31, 2019, CRCD had \$1,728.7 million in share capital for 144,849,327 common shares outstanding.

During the year, CRCD raised \$140.0 million, including the balance of \$0.4 million from the 2018 issue and substantially all of the maximum authorized amount of \$139.6 million for the 2019 issue. The \$0.4 million balance for the 2019 issue was sold in January 2020.

For fiscal 2019, redemptions of common shares totalled \$81.7 million (\$90.1 million in 2018).

As at December 31, 2019, the balance of shares eligible for redemption totalled \$999.7 million. During fiscal 2020, additional shares valued at approximately \$205 million will also become eligible for redemption bringing total potential redemptions to approximately \$1,205 million. This amount will be reduced by the amount equal to the subscriptions for Class B "Exchange" shares accepted as well as the amount of shares redeemed during fiscal 2020.

As at December 31, 2019, shareholders numbered 109,364 compared with 107,862 as at December 31, 2018.

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

EXPENSES AND INCOME TAXES

Expenses

(in thousands of \$)	2019	2018
Management fees	19,007	18,908
Other operating expenses	5,548	4,732
Shareholder services	11,089	6,305
	35,644	29,945

CRCD has entrusted the management of its operations, including the management of its Investments impacting the Québec economy and Other investments portfolios, to DC, pursuant to the terms of a management agreement concluded between them. Under this agreement, CRCD pays Desjardins Capital management fees equivalent to a maximum rate of 1.75% (1.95% for the year ended December 31, 2018) of CRCD's annual average assets' value, after deduction of any amounts payable related to Investments impacting the Québec economy and Other investments. An adjustment is made to the management fees to avoid double billing relative to CRCD's interest in 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 in particular with regard to the growth of CRCD's assets. The negotiation fees arising from portfolio companies are earned by DC, and their amount is deducted from the management fees payable by CRCD. There was no significant change in management fees between the two years. Furthermore, the 0.2% reduction in the maximum management fee rate accorded by DC reduces the effect of CRCD's growing assets.

There was no significant change in other operating expenses between the two years.

The \$4.8 million increase in shareholder services resulted mainly from an increase in share distribution due to the revised agreement executed on January 1, 2019 between CRCD and the Fédération des caisses Desjardins du Québec with regard to compensation paid by CRCD to the Desjardins caisse network. Under this agreement, CRCD now pays the caisses a fee for all shareholder advisory services, determined annually based on CRCD's net assets and the degree to which share transactions are automated. Under the renegotiated agreement, share issuance costs have been eliminated and DC agreed to a 0.2% decrease in the maximum management fee rate.

Income taxes for fiscal 2019 amounted to \$2.0 million, down compared with the previous fiscal year (\$4.1 million in 2018.) 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 2019, cash inflows from issues net of redemptions amounted to \$58.4 million (net cash inflows of \$46.9 million in 2018). Operating activities combined with fees for the development of an intangible asset generated net cash outflows of \$52.8 million (net cash outflows of \$35.1 million in 2018).

Cash outflows for Investments impacting the Québec economy amounted to \$263.8 million for fiscal 2019 (\$176.4 million in 2018). The Other investments portfolio posted a net cash inflow of \$108.8 million compared with net investments of \$163.3 million for fiscal 2018.

As at December 31, 2019, cash and cash equivalents totalled \$46.8 million (\$41.3 million as at December 31, 2018).

CRCD had an authorized line of credit of \$200 million as at December 31, 2019. 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 2019 and fiscal 2018.

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

4.2 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* 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 is 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 initiatives were carried on throughout fiscal 2018 and were presented to the decision-making bodies, including CRCD's Board of Directors and the Board of Directors of DC. This approach allowed us to flesh out CRCD's 2024 ambitions and update our strategic priorities. The 2024 strategic plan was approved by CRCD's Board of Directors in late fiscal 2019.

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

To achieve this, CRCD is building on ten DC strategic priorities for the 2024 horizon, which align within the following orientations:

- Accelerate the shift to client focus: by delivering a distinctive and innovative offering for entrepreneurs and reviewing ways of doing business to boost execution capacity and achieve growth objectives;
- Champion its cooperative difference: by increasing DC's presence in collective entrepreneurship and promoting development of a sustainable and responsible economy;
- Leverage the strengths of the broader Desjardins cooperative movement: by identifying capitalization opportunities for the DC ecosystem, developing partnerships within Desjardins Group, consolidating market share and finding new growth prospects in Québec;
- Other priorities specific to DC and relevant to CRCD: to grow visibility, acquire, retain and develop talent, and maintain CRCD' risk/return and capitalization balance;
- Specific CRCD priorities: increase CRCD's capitalization and visibility and improve digital shareholder experience.

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 by investment profile to better manage 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, as at December 31, 2019, having invested 64% (63% as at December 31, 2018) of its average net assets in eligible Québec companies. This percentage for fiscal years beginning after December 31, 2019 will be 65%. 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, 2019 and 2018, all of those rules were met.

4.3 Governance

BOARD OF DIRECTORS

In accordance with CRCD's constituting act, the Board of Directors (the "Board") is made up of 13 directors, the majority of whom are independent persons. Furthermore, the Board must be chaired by an independent director. The following is a snapshot of the Board as of the date of this report, with two directorships vacant:



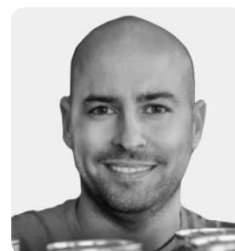
Bernard Bolduc,
BBA Finance
Chair of the Board of
CRCD and
President, Altrum inc.



Marc Barbeau,
CPA, CA, M. Fisc.
Secretary of the Board
of CRCD
and President and
Chief Executive Officer,
Ovivo Inc.



Linda Labbé,
CPA, CA
Desjardins Group
Relations Director
and
Corporate Director



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



Éric Charron,
BBA Finance
Adm.A, Pl.Fin.
General Manager,
Caisse Desjardins de
Gatineau



Lucie Demers,
CPA, CGA, CBV
Corporate Director



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



Muriel McGrath,
BA, ICD.D
President,
MC² Consilium inc.



Marcel Ostiguy,
BBA
Corporate Director



Louis Roy,
BBA, MBA, DAE
Director of
Business Intelligence,
Revenu Québec



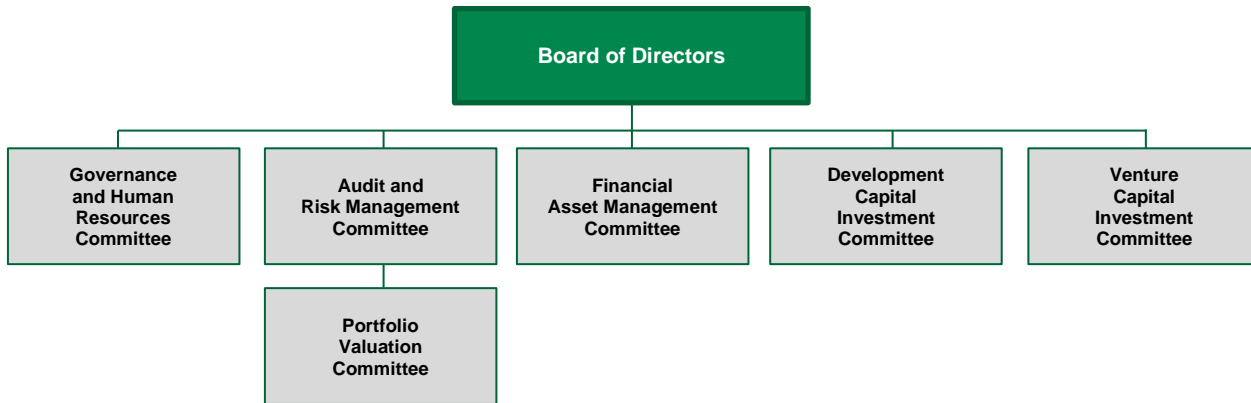
Louis-Régis Tremblay,
Eng., ICD.D
Management Consultant
and Corporate Director

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 Governance and Human Resources Committee’s mandate is to provide oversight of the application of the rules relating to governance, independence, conflict of interest management, ethics and professional conduct. It is in particular responsible for drawing up skills and experience profiles for the Desjardins Group Relations Director and Board members. It also recommends to the Board an evaluation process for the performance of the Chair of the Board, the Desjardins Group Relations Director, the Board, the Committees and the Manager. Furthermore, the Committee ensures that a succession plan is in place for the Desjardins Group Relations Director, and for the Chief Operating Officer and other key positions of Desjardins Capital.

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’s general mandate is to assist the Board of Directors in its oversight and accountability roles with aspects relating to the quality, reliability and integrity of financial reporting and continuous disclosure. It ensures that the Manager has implemented and maintains effective internal control over financial reporting, safeguarding of assets and fraud detection. It receives annual certification of the Manager’s internal control environment in connection with the operations outsourced by CRCD. It verifies that the manager implements and maintains adequate compliance mechanisms relating to 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’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 is made up of individuals 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.

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 Valuation 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 the *Regulation respecting Development Capital Investment Fund Continuous Disclosure*. 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. The majority of this committee's members are independent qualified valuers in accordance with the above Regulation.

Investment committees

The general mandate of the Development Capital and Venture Capital investment committees is to evaluate, authorize or recommend 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 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 Development Capital Investment Committee reviews financing requests for subordinated debt, equity or a combination of subordinated debt and equity for companies that have demonstrated positive financial results and require capital for growth or other projects.

The Venture Capital Investment Committee reviews financing requests for convertible debt, equity or a combination of convertible debt and equity to support companies with high value creation potential in the pre-startup, startup or post-startup stage.

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 2019.

Name	Board of Directors	Governance and Human Resources Committee	Audit and Risk Management Committee	Financial Asset Management Committee	Portfolio Valuation Committee	Development Capital Investment Committee	Venture Capital Investment Committee	Compensation
(Number of meetings)	9	7	4	4	2	23	12	
Directors and external committee members active as at the date of this MD&A								
Charles Auger	9/9						12/12	30,000
Marc Barbeau	9/9			4/4		18/23		44,600
Bernard Bolduc	6/8		3/3			20/23		39,784
Éric Charron	9/9			4/4				26,000
Lucie Demers	9/9		4/4		2/2			34,000
Marlène Deveaux	9/9	3/3				16/17		32,117
Linda Labbé	7/9	3/4	3/3	4/4				40,625
Muriel McGrath	8/8						12/12	31,000
Marcel Ostiguy	9/9			3/4				26,000
Louis Roy	8/8						9/9	22,751
Louis-Régis Tremblay	9/9			3/3		22/23		38,550
Mario Lavallée*				2/2				4,663
George Rossi*					2/2			8,400
Michel Rouleau*						23/23		21,400
Sébastien Mailhot*					2/2			8,400
Michel Martineau*					2/2			8,400
Anne-Marie Renaud*						15/16		14,188
Normand Tremblay*							12/12	14,800
Directors and external committee members no longer in office as at the date of this MD&A								
Chantal Bélanger	8/8	7/7	4/4		2/2			44,479
Jean-Claude Gagnon	1/1		1/1					7,000
Jacques Jobin	1/1						3/3	9,000
Sylvie Lalande	8/8	7/7						64,864
Bruno Morin	1/1	3/3	1/1	1/1		6/6		17,500
Guy Delisle*						6/6		5,500
Thom Skinner*							3/3	3,700
TOTAL COMPENSATION								597,721

* External committee member

EXPLANATORY NOTES TO TABLE:

Compensation includes fees in connection with meetings of the Board of Directors and the committees, training sessions and working meetings of the special committees. Only external committee members receive fees for meetings.

The Chair of the Board of Directors and the Desjardins Group Relations Director receive an annual retainer of \$70,000 and \$45,000, respectively. They receive no other compensation as a director, chair, member or contact person of a committee.

4.4 Risk management

POLICIES AND PRACTICES

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

NOTE TO THE READER

The following sections regarding market risks, credit and counterparty risks, concentration risks and liquidity risks have been 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 13, 2020.

MARKET RISKS

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

In accordance with CRCD's global financial asset management approach, the impact of the 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, 2019 was \$965.1 million (\$986.5 million as at December 31, 2018). 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 \$46.0 million (\$51.2 million as at December 31, 2018) are not valued based on changes in interest rates, given their very short maturities.

Bonds with a fair value of \$536.0 million (\$642.0 million as at December 31, 2018) are directly affected by changes in interest rates. A 1% increase in interest rates would have resulted in a \$37.1 million decrease in net earnings, representing a 1.7% decrease in CRCD's share price as at December 31, 2019 (\$39.9 million for 1.9% as at December 31, 2018). Similarly, a 1% decrease in interest rates would have had the opposite effect, resulting in a \$40.2 million increase in net earnings, representing a 1.8% increase in the share price (\$42.9 million for 2.0% as at December 31, 2018). CRCD's financial asset management strategy aims to diversify the portfolio securities, resulting in limited 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 \$112.1 million (\$96.4 million as at December 31, 2018) may also be affected by interest rate fluctuations. However, unlike bonds, there is no direct correlation between changes in interest rates and changes in fair value of this asset class.

In the Investments impacting the Québec economy portfolio, loans and advances and preferred shares for which CRCD also holds participating shares in the same company and those that are discounted, totalling a fair value of \$243.9 million (\$225.6 million as at December 31, 2018), 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 \$271.0 million (\$197.0 million as at December 31, 2018), 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, 2019, global and Canadian equity funds, valued at \$236.9 million (\$239.5 million as at December 31, 2018), 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 \$23.7 million increase or decrease in net earnings, representing a 1.1% increase or decrease in CRCD's share price.

Market neutral equity funds, valued at \$60.9 million at December 31, 2019 (nil as at December 31, 2018), are less exposed to stock market fluctuations as they minimize market risk. Furthermore, since these funds represent low exposure for the portfolio, any fluctuation would not have a significant direct impact on CRCD's net earnings.

The Investments impacting the Québec economy portfolio included listed equities in the amount of \$23.9 million (\$18.4 million as at December 31, 2018). Accordingly, for these investments a 10% increase or decrease in the quoted market prices of listed equities would have resulted in a \$2.4 million increase or decrease in net earnings, representing a 0.1% increase or decrease in CRCD's share price.

Currency risk

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

Currency fluctuations impact the fair value of assets valued initially in a foreign currency and subsequently translated into Canadian dollars at the prevailing rate of exchange. In the portfolio of Investments impacting the Québec economy, assets whose values fluctuate due to changes in foreign exchange rates represented a fair value of \$80.4 million or 3.5% of net assets as at December 31, 2019, compared with \$76.4 million or 3.5% of net assets at December 31, 2018.

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 \$19 million line of credit has been granted to CRCD for its foreign exchange contract transactions. As at December 31, 2019, CRCD held foreign exchange contracts under which it will be required to deliver US\$51.7 million (US\$53.1 million as at December 31, 2018) at the rate of CAD/USD 1.3142 (CAD/USD 1.3615 as at December 31, 2018), as well as foreign exchange contracts under which it will be required to deliver €8.6 million (€3.6 million as at December 31, 2018) at the rate of CAD/EUR 1.4666 (CAD/EUR 1.5685 as at December 31, 2018) on March 31, 2020. As at December 31, 2019, CRCD had nil collateral on its foreign exchange contracts (\$4.5 million as at December 31, 2018).

As at December 31, 2019, the net exposure of CRCD's Investments impacting the Québec economy portfolio and accounts receivable to foreign currencies was thus limited to \$0.9 million (\$1.8 million as at December 31, 2018). 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 \$205.5 million (137.4 million as at December 31, 2018). Accordingly, a 10% decrease (increase) in value of the Canadian dollar relative to all of the other foreign currencies would have resulted in a \$20.6 million increase (decrease) in net earnings, representing a 0.9% 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 slight deterioration in the Investments impacting the Québec economy portfolio, ranked by risk (fair value amounts):

Rating	As at December 31, 2019		As at December 31, 2018	
	(in thousands of \$)	(as a %)	(in thousands of \$)	(as a %)
1 to 6.5 Low to acceptable risk	1,180,364	94.5	1,031,104	95.5
7 to 9 At risk	51,724	4.1	33,458	3.1
10 High risk and insolvent	17,879	1.4	15,507	1.4

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

Rating	As at December 31, 2019		As at December 31, 2018	
	(in thousands of \$)	(as a %)	(in thousands of \$)	(as a %)
1 to 6.5 Low to acceptable risk	234,455	98.9	191,969	99.9
7 to 9 At risk	2,554	1.1	-	-
10 High risk and insolvent	-	-	200	0.1

For the bond portfolio, which represented 54.0% of the fair value of the Other investments portfolio (62.4% as at December 31, 2018), credit risk is managed by diversification across numerous issuers with credit ratings as follows:

Rating ⁽¹⁾	As at December 31, 2019		As at December 31, 2018	
	(in thousands of \$)		(in thousands of \$)	
AAA	226,045		295,820	
AA	176,336		242,163	
A	80,991		56,401	
BBB	52,660		47,571	

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

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

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

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

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, 2019		As at December 31, 2018	
	% of portfolio	% of net assets	% of portfolio	% of net assets
Investments impacting the Québec economy ⁽¹⁾	33.5	21.6	33.5	19.7
Other investments ⁽²⁾	44.8	19.2	48.8	23.1

⁽¹⁾ CRCD's interest in the ecosystem funds accounted for 64% (63% as at December 31, 2018) of the five largest Investments impacting the Québec economy.

⁽²⁾ Government issuers and issues guaranteed by government entities represented 47% (70% as at December 31, 2018) 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, 2019, the Investments impacting the Québec economy portfolio represented 55.1% of net assets (51.3% as at December 31, 2018).

CRCD has adopted a global financial asset management and investment guidelines policy to govern the holding of foreign securities within the Other investments portfolio. As at December 31, 2019, the Other investments portfolio included a portion of foreign securities resulting primarily from its interest in global equity funds, plus 79.4% in Canadian securities (86.8% as at December 31, 2018). Other investments portfolio performance therefore depends heavily on economic conditions in Canada. As at December 31, 2019, the Other investments portfolio represented 43.2% of net assets (48.0% as at December 31, 2018).

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, 2019, bond securities represented 23.2% of net assets (29.6% as at December 31, 2018). The lower percentage allocated to this asset class stems from the increase in the weighting for Investments impacting the Québec economy and the addition of new asset classes in order to diversify and strike an overall portfolio balance 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 2019 and 2018.

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

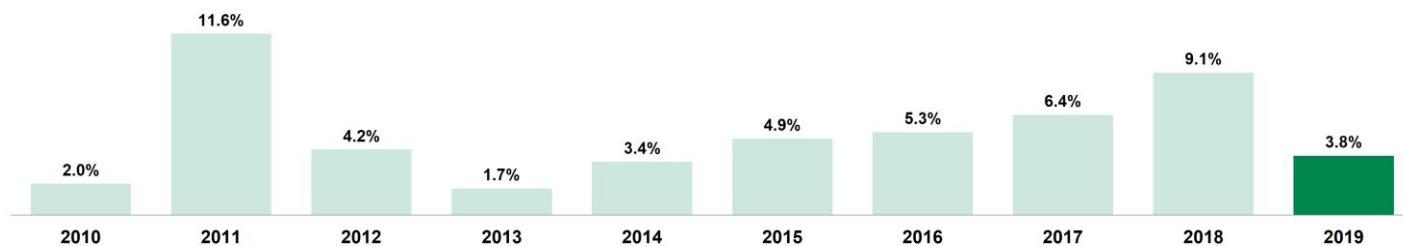
CRCD, through its balanced financial strategy and integrated risk management, has the necessary sources of funding to cover its financial obligations and pursue its mission among Québec businesses.

5.0 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.

5.1 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.



5.2 Compounded return of the common share as at December 31, 2019

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
5.1%	4.8%	5.7%	6.3%	3.9%

6.0 Portfolio summary

6.1 Core investment profiles

As at December 31, 2019, assets in CRCD's Investments impacting the Québec economy and Other investments portfolios were allocated, on a fair value basis, as follows:

Investment profile	% of net assets
INVESTMENTS IMPACTING THE QUÉBEC ECONOMY*	
Debt	17.6
Equity	30.9
External funds	2.2
Venture capital	3.7
Other asset items held by ecosystem funds	0.7
Total – Investments impacting the Québec economy	55.1
OTHER INVESTMENTS	
Cash and money market instruments	2.3
Bonds	23.2
Global equity funds	7.5
Canadian equity funds	2.7
Real estate funds	4.9
Market neutral equity funds	2.6
Total – Other investments	43.2

* Including foreign exchange contracts

Net assets are made up of 98.3% investment profiles and 1.7% other asset items.

6.2 Main investments held

As at December 31, 2019, on a fair value basis, the issuers of the 25 main investments held by CRCD were as follows:

Issuers as at December 31, 2019	% of net assets
Investments impacting the Québec economy – 14 issuers*	31.2
Government of Canada	6.1
Desjardins IBrix Low Volatility Global Equity Fund	3.8
Desjardins Global Dividend Fund	3.8
Canada Housing Trust	3.0
Bentall Kennedy Prime Canadian Property Fund	2.6
Fiera Properties CORE Fund	2.3
Province of Ontario	2.1
Province of Québec	2.1
CC&L market neutral funds	1.8
Province of Manitoba	1.5
BMO Low Volatility Canadian Equity ETF	1.4

*** The 14 issuers which collectively represented 31.2% of CRCD's net assets are:**

Agropur Cooperative
 Avjet Holding Inc.
 Capital croissance PME II s.e.c.
 DC Immo 1ère S.E.C.
 Desjardins - Innovatech S.E.C.
 Desjardins Capital PME s.e.c.
 Exo-s Inc.
 Fournier Industries Group Inc.
 Groupe Solotech inc.
 La Coop fédérée
 Liberty Spring Inc.
 Norbec Group Inc. (10080233 Canada Inc.)
 SJM Group Inc.
 Télécon Inc.

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

February 13, 2020

7.0 Management's report

February 13, 2020

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, the Desjardins Group Relations director and CRCD's 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 13, 2020. Prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board, these statements have been audited by PricewaterhouseCoopers LLP.

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

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

Capital régional et coopératif Desjardins

Separate Financial Statements
December 31, 2019 and 2018
(in thousands of Canadian dollars)



Independent auditor's report

To the Shareholders of Capital régional et coopératif Desjardins

Our opinion

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of Capital régional et coopératif Desjardins (CRCD) as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The CRCD's separate financial statements comprise:

- the separate balance sheets as at December 31, 2019 and 2018;
- the separate statements of comprehensive income for the years then ended;
- the separate statements of changes in net assets for the years then ended;
- the separate statements of cash flows for the years then ended; and
- the notes to the separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

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

Other information

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

PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.
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Our opinion on the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

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

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

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

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

Auditor's responsibilities for the audit of the separate financial statements

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



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

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

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

PricewaterhouseCoopers LLP¹

Montréal, Quebec
February 13, 2020

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

Separate Balance Sheets

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

	Notes	As at December 31, 2019 \$	As at December 31, 2018 \$
ASSETS			
Investments impacting the Québec economy	7	1,249,967	1,080,069
Other investments	8	992,746	1,028,968
Intangibles assets	10	4,466	1,023
Income taxes recoverable	19	32,486	26,477
Accounts receivable	11	32,699	45,981
Cash	12	6,961	12,428
		2,319,325	2,194,946
LIABILITIES			
Financial liabilities	13	2,252	4,726
Income taxes payables	19	168	15,097
Accounts payable	14	8,439	6,319
		10,859	26,142
NET ASSETS	16	2,308,466	2,168,804
NUMBER OF COMMON SHARES OUTSTANDING		144,849,327	141,391,214
NET ASSET VALUE PER COMMON SHARE		15.94	15.34

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

Marc Barbeau, CPA, CA, M. Fisc., Director

Lucie Demers, CPA, CGA, EEE, Director

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

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)

	Notes	2019 \$	2018 \$
REVENUE			
Interest	7	26,083	25,886
Dividends and distributions		28,766	43,929
Administrative charges		361	470
		55,210	70,285
GAINS (LOSSES) ON INVESTMENTS			
Realized		35,512	108,335
Unrealized		28,191	30,297
		63,703	138,632
TOTAL REVENUE AND GAINS ON INVESTMENTS			
		118,913	208,917
EXPENSES			
Management fees		19,007	18,908
Other operating expenses	18	5,548	4,732
Shareholder services	18	11,089	6,305
		35,644	29,945
EARNINGS BEFORE INCOME TAXES			
Income taxes	19	83,269	178,972
		1,967	4,078
NET EARNINGS FOR THE YEAR			
		81,302	174,894
WEIGHTED AVERAGE NUMBER OF COMMON SHARES			
		140,340,554	136,894,655
NET EARNINGS PER COMMON SHARE			
		0.58	1.28

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

Separate Statements of Changes in Net Assets

For the years ended December 31

(in thousands of Canadian dollars)

	Share capital (note 16)						Retained earnings	Net assets
	"Issuance" Shares ⁽¹⁾		"Exchange" Shares ⁽¹⁾		Total			
	Number	\$	Number	\$	Number	\$		
BALANCE - DECEMBER 31, 2018	141,391,214	1,577,431	-	-	141,391,214	1,577,431	591,373	2,168,804
Net earnings for the year	-	-	-	-	-	-	81,302	81,302
Share capital transactions ⁽²⁾								
Issuance of common shares	8,742,237	140,017	-	-	8,742,237	140,017	-	140,017
Redemption of common shares	(5,284,124)	(54,623)	-	-	(5,284,124)	(54,623)	(27,034)	(81,657)
Exchange of common shares	(13,297,742)	(133,548)	13,297,742	199,445	-	65,897	(65,897)	-
BALANCE - DECEMBER 31, 2019	131,551,585	1,529,277	13,297,742	199,445	144,849,327	1,728,722	579,744	2,308,466
BALANCE - DECEMBER 31, 2017	138,079,685	1,501,550	-	-	138,079,685	1,501,550	443,792	1,945,342
Net earnings for the year	-	-	-	-	-	-	174,894	174,894
Share capital transactions ⁽²⁾								
Issuance of common shares	9,630,654	141,179	-	-	9,630,654	141,179	-	141,179
Share issue expenses, net of \$1,657 in taxes	-	(2,523)	-	-	-	(2,523)	-	(2,523)
Redemption of common shares	(6,319,125)	(62,775)	-	-	(6,319,125)	(62,775)	(27,313)	(90,088)
BALANCE - DECEMBER 31, 2018	141,391,214	1,577,431	-	-	141,391,214	1,577,431	591,373	2,168,804

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

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

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

Separate Statements of Cash Flows

For the years ended December 31

(in thousands of Canadian dollars)

	2019 \$	2018 \$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net earnings for the year	81,302	174,894
Non-cash items:		
Losses (gains) on investments	(63,703)	(138,632)
Amortization of premiums and discounts on other investments	(734)	(3,773)
Amortization of intangibles assets	365	73
Deferred taxes	(2,569)	2,977
Capitalized interest and other non-cash items	(1,253)	(1,095)
Changes in operating assets and liabilities:		
Income taxes recoverable	(6,009)	(5,668)
Income taxes payable	(12,360)	12,360
Accounts receivable	(612)	12,070
Accounts payable	2,424	(4,645)
Acquisition of investments impacting the Québec economy	(263,841)	(176,400)
Proceeds from disposals of investments impacting the Québec economy	109,136	257,112
Acquisition of other investments	(1,010,281)	(1,557,623)
Proceeds on disposal of other investments	1,119,110	1,394,350
	(49,025)	(34,000)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Acquisition of intangibles assets	(3,808)	(1,096)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Issuance of common shares	140,017	136,999
Redemption of common shares	(81,657)	(90,088)
	58,360	46,911
Net change in cash and cash equivalents during the year	5,527	11,815
Cash and cash equivalents – Beginning of year	41,253	29,438
CASH AND CASH EQUIVALENTS – END OF YEAR	46,780	41,253
Supplemental information about cash flows from operating activities		
Interest received	24,105	19,651
Dividends and distributions received	28,642	43,715
Income taxes recovered (paid)	(22,905)	5,591

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

Notes to Separate Financial Statements

Note 1 – Governing statute, administration and investments

Governing statute

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

Administration

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

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

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 twenty 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.

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.

Note 2 – Basis of presentation

Statement of compliance

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

Basis of measurement

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

Investment entity

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

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

Presentation and functional currency

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

Note 3 – Significant accounting policies

a) Financial instruments

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

Classification and measurement

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

Contractual cash flow characteristics

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

Business model

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

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

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

Investments impacting the Québec economy, Other investments and amounts receivable on disposals of Investments impacting the Québec economy are classified as at fair value through profit or loss because they are held according to an economic model whose aim is to manage and measure investment performance on a fair value basis.

Cash and accounts receivable are measured at amortized cost, which approximates their fair value, since they are held under a business model whose objective is to collect contractual cash flows and they satisfy the criteria of the cash flow characteristics test, that is, they consist solely of payments of principal and interest.

Accounts payable are classified and measured at amortized cost which approximates their fair value, while financial liabilities are designated at fair value through profit or loss. Financial liabilities are derecognized when the liability is extinguished, that is, when the obligation specified in the contract is discharged or cancelled, or expires.

Note 3 – Significant accounting policies (continued)

b) Fair value measurement

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

Fair value of assets and liabilities traded in a market

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

Fair value of assets and liabilities not traded in a market

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

Loans and advances, non-participating shares

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

Participating shares

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

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

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

Note 3 – Significant accounting policies (continued)

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

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

Guarantee

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

Note

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

Financial liabilities

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

Amounts receivable on disposal of investments impacting the Québec economy

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

c) Intangible assets

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

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

	Method	Period
Intangible assets		
IT development	Straight-line	3 years

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

Note 3 – Significant accounting policies (continued)

Impairment of assets

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

d) Cash and cash equivalents

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

e) Share capital

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

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

On January 1, 2019, a new compensation agreement was entered into with the Desjardins caisse network. Under this new agreement, share issuance costs which were based on the value of the shares issued and reported in the Separate Statements of Changes in Net Assets were eliminated and new distribution costs were introduced. These new distribution costs, which now cover all advisory services provided to shareholders, are reported as expenses in the Separate Statements of Comprehensive Income.

f) Revenue recognition

Interest

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

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.

Note 3 – Significant accounting policies (continued)

Administration charges

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

Gains and losses

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

g) Functional currency and foreign currency translation

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

h) Taxes

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

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

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

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).

Note 3 – Significant accounting policies (*continued*)

i) Net earnings per common share

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

Note 4 – Significant judgments, estimates and assumptions

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

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

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

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

Note 5 – Accounting standards issued but not yet adopted

No accounting standards issued by the IASB and not yet effective as at December 31, 2019 could have a material impact on CRCD's financial statements.

Note 6 – Risks associated with financial instruments

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

Note 7 – Investments impacting the Québec economy

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

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

	As at December 31, 2018		
	Cost \$	Unrealized gain (loss) \$	Fair value \$
Unsecured			
Common shares	259,388	119,218	378,606
Preferred shares	259,039	58,478	317,517
Fund units	209,690	64,152	273,842
Loans and advances	94,634	278	94,912
Note ⁽¹⁾	1,787	(91)	1,696
Secured			
Loans and advances	13,720	(224)	13,496
	838,258	241,811	1,080,069

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

Note 7 – Investments impacting the Québec economy (continued)

Investments impacting the Québec economy include investments valued at fair value in U.S. dollars for an amount of \$48.5 million (\$40.1 million as at December 31, 2018) and in euros for an amount of \$12.6 million (\$5.4 million as at December 31, 2018).

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 8.7% (8.8% as at December 31, 2018). The interest rate is fixed for substantially all interest-bearing loans and advances. For the year ended December 31, 2019, interest income recognized at the contractual rate amounted to \$10.2 million (\$10.5 million for the year ended December 31, 2018). Substantially all of the change in the fair value of loans and advances resulted from changes in credit risk and to a lesser extent, changes in the rates charged on these types of products.

Loans and advances have an annual residual maturity of 4.0 years (2.8 years as at December 31, 2018) and the fair market value of the current portion maturing in less than one year is \$32.5 million (\$19.0 million as at December 31, 2018).

Allocation of investments and funds committed by segment

Investments and funds committed are allocated by segment as follows:

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

Segment	As at December 31, 2018				
	Investments at cost \$	Unrealized gain (loss) \$	Fair value \$	Funds committed but not disbursed ⁽¹⁾ \$	Total commitment \$
Manufacturing	473,564	63,683	537,247	2,648	539,895
Services	138,167	117,835	256,002	200	256,202
Technological innovations	15,050	(3,768)	11,282	-	11,282
Funds	211,477	64,061	275,538	189,321	464,859
Total	838,258	241,811	1,080,069	192,169	1,272,238

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

Note 7 – Investments impacting the Québec economy (continued)

Funds committed but not disbursed

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

2020 \$	2021 \$	2022 \$	2023 \$	2024 and thereafter \$	Total \$
137,959	24,281	17,507	54,916	2,346	237,009

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, 2019		As at December 31, 2018	
	Number	Fair value \$	Number	Fair value \$
Subsidiaries				
Partner companies	9	254,725	9	224,056
Associates				
Partner companies	28	296,890	26	317,697
Funds	11	319,537	10	254,324

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

Interests in the share capital of these partner companies comprise common shares and preferred shares. The percentage of equity securities held by CRCD in each of the partner companies is equal to or over 50% for the subsidiaries, and between 2% and 45% as at December 31, 2019 and 2018 for associates. As at December 31, 2019 and 2018, the voting rights are equivalent to the proportion of interests held except for two subsidiaries and an associate. During the year ended December 2019, CRCD did not receive any significant dividend from a subsidiary (\$14.6 million during the year ended December 2018).

As at December 31, 2019 the interests in the funds were made up of units and the holding percentage varied from 13% to 100% (13% to 95% as at December 31, 2018).

Note 8 – Other investments

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

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

	As at December 31, 2018		
	Cost	Unrealized gain (loss)	Fair value
	\$	\$	\$
Bonds			
Federal or guaranteed	286,256	1,733	287,989
Provincial, municipal or guaranteed	219,669	1,814	221,483
Financial institutions	82,312	(55)	82,257
Companies	50,353	(127)	50,226
	638,590	3,365	641,955
Money market instruments ⁽¹⁾	51,166	-	51,166
Foreign exchange contracts ⁽²⁾	-	(67)	(67)
Canadian equity funds	93,188	(2,992)	90,196
Global equity funds	151,930	(2,640)	149,290
Real estate funds	93,326	3,102	96,428
Total	1,028,200	768	1,028,968

Note 8 – Other investments (continued)

Breakdown of bonds by maturity date

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

	As at December 31, 2018			
	Under 1 year \$	1 to 5 years \$	Over 5 years \$	Total \$
Cost	3,561	30,337	604,692	638,590
Par value	3,560	30,599	614,673	648,832
Fair value	3,562	30,279	608,114	641,955
Average nominal rate ⁽³⁾	2.41%	2.44%	2.48%	2.48%
Average effective rate	2.37%	2.85%	2.69%	2.69%

⁽¹⁾ As at December 31, 2019, money market instruments consisted of Treasury bills, commercial paper, bankers' acceptances and bearer deposit notes, compared with Treasury bills, term deposits, commercial paper and bankers' acceptances as at December 31, 2018.

⁽²⁾ Foreign exchange contracts to sell US\$51.7 million (US\$53.1 million as at December 31, 2018) and €8.6 million (€3.6 million as at December 31, 2018) have three-month maturities.

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

Other investments include investments which represent foreign currency exposure with a fair value of \$205.5 million (\$137.4 million as at December 31, 2018).

For the year ended December 31, 2019, interest income from bonds recognized at the effective rate amounted to \$15.8 million (\$14.8 million for the year ended December 31, 2018).

Funds committed but not disbursed

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

2020 \$	2021 \$	2022 \$	2023 \$	2024 and thereafter \$	Total \$
7,000	-	-	-	-	7,000

Note 9 – Fair value of financial instruments

Hierarchy levels of financial instruments measured at fair value

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

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

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

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

	As at December 31, 2018			
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial Assets				
Investments impacting the Québec economy	331	18,070	1,061,668	1,080,069
Other investments	758,973	173,567	96,428	1,028,968
Amounts receivable on disposal of investments impacting the Québec economy	-	-	36,925	36,925
Total financial assets	759,304	191,637	1,195,021	2,145,962
Financial liabilities	-	-	4,726	4,726

Transfers between hierarchy levels of financial instruments measured at fair value are made at the reporting date. One transfer between hierarchy levels took place during the year ended December 31, 2019 (one transfer during the year ended December 31, 2018).

Note 9 – Fair value of financial instruments (continued)

Level 3 financial instruments

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

	As at December 31, 2019			
	Investments impacting the Québec economy \$	Other investments \$	Amounts receivable on disposal of investments impacting the Québec economy \$	Financial liabilities \$
Fair value as at December 31, 2018	1,061,668	96,428	36,925	(4,726)
Realized gains (losses)	9,605	2,840	2,722	(377)
Unrealized gains (losses)	(11,591)	915	-	-
Acquisitions/issuances	268,964	62,308	-	-
Disposals/repayments	(102,556)	(50,429)	(16,616)	2,851
Fair value as at December 31, 2019	1,226,090	112,062	23,031	(2,252)
Unrealized gains (losses) in comprehensive income on investments and financial liabilities as at December 31, 2019	(12,116)	3,418	-	-

	As at December 31, 2018			
	Investments impacting the Québec economy \$	Other investments \$	Amounts receivable on disposal of investments impacting the Québec economy \$	Financial liabilities \$
Fair value as at December 31, 2017	1,033,687	88,845	14,943	(23,413)
Realized gains (losses)	131,086	3,126	7,395	(8,323)
Unrealized gains (losses)	41,303	63	-	7,270
Acquisitions/issuances	175,636	48,894	16,564	-
Disposals/repayment	(305,334)	(44,500)	(1,977)	19,740
Transfers between levels	(14,710)	-	-	-
Fair value as at December 31, 2018	1,061,668	96,428	36,925	(4,726)
Unrealized gains (losses) in comprehensive income on investments and financial liabilities as at December 31, 2018	82,642	1,516	-	(1,536)

Note 9 – Fair value of financial instruments (continued)

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

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

Note 9 – Fair value of financial instruments (continued)

	As at December 31, 2018				
	Fair value \$	Main valuation techniques	Unobservable inputs	Input value range (weighted average)	
Investments impacting the Québec economy					
Loans and advances	35,025	Discounted cash flows	Required return	6.7% to 16.0% (9.0%)	
Non-participating shares	172,649	Discounted cash flows	Required return	4.5% to 13.0% (6.1%)	
Participating controlling shares	147,662	Capitalized cash flows	Capitalization rate	8.7% to 12.5% (9.3%)	
			% of representative cash flows ⁽¹⁾	7.9% to 27.8% (11.1%)	
Participating non-controlling shares	52,821	Recent transactions and bids	Paid/bid price	-	
			Restated net assets	(2)	
			Capitalized cash flows	Capitalization rate	7.9% to 21.6% (11.1%)
			% of representative cash flows ⁽¹⁾	6.6% to 49.3% (15.9%)	
Note	96,912	Recent transactions and bids	Paid/bid price	-	
			Restated net assets	(2)	
			Other ⁽³⁾	-	
			Restated net assets	Fund's net assets	(4)
Fund units	273,842	Restated net assets	Fund's net assets	(2)	
	1,061,668				
Other investments – Real estate fund	96,428	Restated net assets	Fund's net assets	(2)	
Amounts receivable on disposal of investments impacting the Québec economy	36,925	Discounted cash flows	Required return	0.5% to 9.0% (5.7%)	
Financial liabilities	(4,726)	Miscellaneous	-		

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

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

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

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

Note 9 – Fair value of financial instruments (continued)

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

Sensitivity of fair value to unobservable inputs

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

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

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

Participating shares – Capitalized cash flows

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

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

	As at December 31, 2019 \$	As at December 31, 2018 \$
Participating controlling shares	+/- 0.2 %	+/- 0.2 %
Participating non-controlling shares	+/- 0.2 %	+/- 0.3 %

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.

Note 9 – Fair value of financial instruments (continued)

Participating shares – Recent transactions and bids

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

Fund units – Restated net assets

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

Other valuation techniques

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

Note 10 – Intangible assets

	IT development (\$)
Cost	
As at December 31, 2017	-
Acquisition	1,096
As at December 31, 2018	1,096
Acquisition	3,808
As at December 31, 2019	4,904
Accumulated depreciation	
As at December 31, 2017	-
Depreciation	(73)
As at December 31, 2018	(73)
Depreciation	(365)
As at December 31, 2019	(438)
Net carrying amount	
As at December 31, 2019	4,466
As at December 31, 2018	1,023

Note 11 – Accounts receivable

	As at December 31, 2019 \$	As at December 31, 2018 \$
Interest, dividends and distributions receivable on investments	8,729	8,033
Amounts receivable on disposal of investments impacting the Québec economy	23,031	36,925
Other	939	1,023
	32,699	45,981

The change in fair value of amounts receivable on disposal of investments impacting the Québec economy is not attributable to changes in credit risk. These amounts receivable include amounts denominated in U.S. dollars for \$19.3 million (\$30.5 million as at December 31, 2018).

Based on the information available as at the reporting date and the assumptions made as to the timing of collection, CRCO expects to collect accounts receivable with a fair value of \$13.5 million (\$26.2 million as at December 31, 2018) no later than 12 months after the reporting date.

Note 12 – Cash and cash equivalents

	As at December 31, 2019 \$	As at December 31, 2018 \$
Cash	6,961	12,428
Money market instruments	39,819	28,825
	46,780	41,253

Note 13 – Financial liabilities

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

As at December 31, 2019, financial liabilities with a fair value of \$2.3 million were related to investments impacting the Québec economy measured in U.S. dollars (\$4.7 million as at December 31, 2018).

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

Note 14 – Accounts payable

	As at December 31, 2019 \$	As at December 31, 2018 \$
Trade payables and accrued liabilities	6,364	6,282
Other	2,075	37
	8,439	6,319

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

Note 15 – Line of credit

CRCD had an authorized line of credit of \$200 million as at December 31, 2019 (\$50 million as at December 31, 2018) with the Fédération des caisses Desjardins du Québec (FCDQ), bearing interest at the operating credit rate of FCDQ plus 0.5%. This line of credit is renewable annually and was undrawn as at December 31, 2019 and 2018. Also, it was not used during the years then ended.

Note 16 – Share capital

Authorized

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

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

Each capitalization period lasts for 12 months and begins on March 1 of each year.

Issued

The net assets of CRCD as at December 31, 2019 totalled \$2,308.5 million broken down by issue as follows:

Issue	*Balance \$M			Eligible for redemption
	“Issuance” Shares	“Exchange” Shares	Total	
2001 to 2012	999.7	-	999.7	Today
2013	205.5	-	205.5	2020
2014	83.4	-	83.4	2021
2015	196.4	-	196.4	2022
2016	165.5	-	165.5	2023
2017	155.5	-	155.5	2024
2018	151.8	108.1	259.9	2025
2019	138.9	103.7	242.6	2026
Net assets	2 096.7	211.8	2 308.5	

* Calculated as net asset value per share as at December 31, 2019.

Note 17 – Capital disclosures

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

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

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

Note 18 – Expenses

	2019 \$	2018 \$
Other operating expenses		
IT expenses	2,967	2,205
Professional services fees	450	420
Compensation of members of the Board of Directors and its committees	598	618
Audit fees	180	186
Custodial and trustee fees	152	110
Marketing	763	890
Other expenses	438	303
	5,548	4,732
Shareholder services		
Trustee fees (registration)	2,243	2,112
Reporting to shareholders	424	442
Share distribution fees	5,273	393
IT expenses	2,804	2,950
Other expenses	345	408
	11,089	6,305

Note 19 – Income taxes

Income tax expense (recovery)

Income tax expense is detailed as follows:

	2019		2018	
	Statement of Comprehensive Income \$	Statement of Changes in Net Assets \$	Statement of Comprehensive Income \$	Statement of Changes in Net Assets \$
Current (recovered)	4,536	-	1,101	(1,185)
Deferred	(2,569)	-	2,977	(472)
	1,967	-	4,078	(1,657)

Reconciliation of the income tax rate

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

	2019 \$	2018 \$
Income taxes at the combined basic tax rate of 39.6% (39.7% in 2018)	32,975	71,052
Permanent differences between earnings before income taxes and taxable income and other items		
Realized and unrealized losses (gains) on investments	(23,983)	(54,906)
Non-taxable dividends	(6,062)	(11,515)
Other	(963)	(553)
	1,967	4,078

Note 19 – Income taxes (continued)

Income tax balance

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

	As at December 31, 2019 \$	As at December 31, 2018 \$
Assets		
Refundable tax on hand	26,019	26,477
Income taxes recoverable	6,467	-
	32,486	26,477
Liabilities		
Deferred taxes – Share issue expenses and Share distribution fees	3,385	2,902
Deferred taxes – Other	(3,553)	(5,639)
Income taxes payable	-	(12,360)
	(168)	(15,097)

CRCD expects to recover \$9.9 million (\$3.5 million as at December 31, 2018) in income taxes no later than 12 months after the reporting date.

Note 20 – Related party transactions

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

- CRCD has entrusted DC with its management and operations, in accordance with the strategies and objectives approved by the Board of Directors. The current management agreement with a three-year term is in effect as of January 1, 2018. Under this agreement, management fees amount to a maximum rate of 1.75% (1.95% for the fiscal year ended December 31, 2018) of CRCD's annual average asset value less any amounts payable related to Investments impacting the Québec economy and Other investments. An adjustment is made to the management fees charged to CRCD to avoid double billing relative to CRCD's interest in some funds. DC and CRCD have agreed that, for a given fiscal year, an adjustment could also be made to allow CRCD to benefit from economies of scale realized by DC with regard to the growth in CRCD's assets. A downward adjustment of \$12.0 million (\$14.3 million for the year ended 31, 2018) was made for the year ended December 31, 2019. The 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. 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 is effective from July 1, 2016 until December 31, 2020. CRCD also agreed to pay, as needed, project fees to cover the work required to upgrade the tools and applications supporting the CRCD share distribution processes.
- CRCD has entrusted the Desjardins caisse network with issuing its shares.
- CRCD has entrusted FCDQ with the banking operations related to its day-to-day activities and its role as counterparty in foreign exchange contracts.
- CRCD has appointed Desjardins Securities as its full service broker, to serve as an intermediary for buying and selling shares traded on public markets.
- CRCD has entrusted Desjardins Technology Group Inc. with its IT development strategy (IT master plan), particularly the implementation and upgrading of a new investment management software.

Note 20 – Related party transactions (continued)

Related party transactions

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

	As at December 31, 2019			As at December 31, 2018		
	DC \$	Other related parties ⁽¹⁾ \$	Total \$	DC \$	Other related parties ⁽¹⁾ \$	Total \$
Balance Sheets						
Assets						
Other investments	-	830	830	-	12,947	12,947
Intangible assets	-	4,466	4,466	-	1,023	1,023
Accounts receivables	-	2	2	827	-	827
Cash	-	7,079	7,079	-	12,482	12,482
Liabilities						
Accounts payable	2,022	5,510	7,532	-	4,859	4,859

	2019			2018		
	DC \$	Other related parties ⁽¹⁾ \$	Total \$	DC \$	Other related parties ⁽¹⁾ \$	Total \$
Statements of Comprehensive Income						
Revenue						
Interest	-	6	6	-	125	125
Gains (losses) on investments	-	3,543	3,543	-	8,755	8,755
Expenses						
Management fees	19,007	-	19,007	18,908	-	18,908
Other operating expenses	-	2,655	2,655	-	1,922	1,922
Shareholder services	-	10,319	10,319	-	5,455	5,455
Statements of Changes in Net Assets						
Share issue expenses	-	-	-	-	4,092	4,092

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

Key management personnel compensation

CRCD's key management personnel are the members of the Board of Directors. For the year ended December 31, 2019, compensation of key management personnel comprised solely short-term benefits in the amount of \$500,000 (\$503,000 for the year ended December 31, 2018).

Capital régional et coopératif Desjardins

Audited schedule of cost of investments impacting
the Québec economy
As at December 31, 2019



Independent auditor's report

To the Shareholders of Capital régional et coopératif Desjardins

Our opinion

In our opinion, the accompanying schedule of cost of investments impacting the Quebec economy (the Schedule) of Capital régional et coopératif Desjardins (CRCD) as at December 31, 2019 is prepared, in all material respects, in accordance with the dispositions of Article 18 of the Regulation respecting Development Capital Investment Fund Continuous Disclosure.

Basis for opinion

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

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

Independence

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

Emphasis of matter – basis of accounting

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

Responsibilities of management and those charged with governance for the Schedule

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

PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.
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In preparing the Schedule, management is responsible for assessing CRCDC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate CRCDC or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the Schedule

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

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

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



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

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

PricewaterhouseCoopers LLP¹

Montréal, Quebec
February 13, 2020

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

**Audited schedule of cost of investments impacting the Québec economy
As at December 31, 2019**

(in thousands of dollars)

	Initial investment year	Industry segment	Unsecured investments		Secured investments		Total \$
			Common and Preferredshares and funds units \$	Loans, advances and notes \$	Loans, advances and notes \$		
Abitibi-Témiscamingue							
9212-9402 Québec inc.(Construction Francis Roy inc.)	2019	S	-	500	-	-	500
Groupe financier Pentagone inc.	2019	S	-	1,500	-	-	1,500
Ressources minières Radisson inc.	2019	M	105	-	-	-	105
Trim Line de l'Abitibi inc.	2009	S	125	-	-	-	125
Total Abitibi-Témiscamingue			230	2,000	-	-	2,230
Bas-Saint-Laurent							
2862-2272 Québec inc. (Quincaillerie Home Hardware Rimouski)	2018	S	-	126	-	-	126
Domaine Élie-Raphaël inc.	2018	S	-	550	-	-	550
Total Bas-Saint-Laurent			-	676	-	-	676
Capitale-Nationale							
9038-6418 Québec inc. (Etaltech)	2019	S	-	200	-	-	200
AxesNetwork Solutions inc.	2019	TI	-	-	1,001	-	1,001
Boutique Le Pentagone inc.	2008	S	2,951	-	-	-	2,951
Flash Romeo inc. (Voilà)	2019	TI	-	660	-	-	660
Gecko Alliance Group inc.	2016	M	14,773	6,482	-	-	21,255
Groupe conseil NOVO SST inc.	2013	S	750	99	-	-	849
Jobillico inc.	2015	S	1,020	4,996	-	-	6,016
Latéral Innovations inc.	2019	M	-	250	-	-	250
Nuutok Entreprise inc.	2019	TI	-	795	-	-	795
Qohash inc.	2019	TI	1,000	-	-	-	1,000
TB4 inc.	2019	S	-	300	-	-	300
Total Capitale-Nationale			20,494	13,782	1,001	-	35,277
Centre-du-Québec							
Avjet Holding inc.	2009	S	3,732	-	-	-	3,732
CBR Laser inc.	2012	M	-	9,660	-	-	9,660
Citadelle, Maple Syrup producer's Cooperative	2016	M	7,500	-	-	-	7,500
Farinart inc.	2010	M	924	200	-	-	1,124
Fruit d'or inc.	2018	M	20,000	-	-	-	20,000
Groupe Anderson inc.	2007	M	3,740	-	-	-	3,740
Total Centre-du-Québec			35,896	9,860	-	-	45,756
Chaudière - Appalaches							
Amisco Industries Ltd.	2018	M	17,220	-	-	-	17,220
C.I.F. Métal Itée	2005	M	1,008	-	-	-	1,008
Cycles Lambert inc.	2018	S	-	-	3,800	-	3,800
Fertilec Ltd.	2019	M	-	500	-	-	500
Fournier Industries Group inc.	2013	M	17,000	747	-	-	17,747
Grondin et Nadeau inc.	2019	S	-	500	-	-	500
Groupe Filgo inc.	2012	S	11,735	-	-	-	11,735
Hortau inc.	2010	M	2,167	-	-	-	2,167
Industries Radisson inc. (Les)	2019	M	-	500	-	-	500
Liberty Spring inc.	2019	M	22,500	5,700	-	-	28,200
Marquis Book Printing inc.	2007	M	2,850	1,075	-	-	3,925
Total Chaudière - Appalaches			74,480	9,022	3,800	-	87,302
Eastern Townships							
Clôtures Orford inc.	2019	S	-	385	-	-	385
Coopérative funéraire de l'Estrie	2006	S	-	275	-	-	275
Demtroys Technology inc.	2019	M	-	400	-	-	400
Engrenages Sherbrooke inc. (Les)	2013	M	-	25	-	-	25
Exo-s-inc.	2012	M	20,572	-	-	-	20,572
FilSpec inc.	2004	M	1,291	-	-	-	1,291
Imprimerie Précé-Grafik inc.	2009	M	1,500	519	250	-	2,269
Kemestrie inc.	2010	TI	527	-	-	-	527
Leadfox technologie inc.	2019	TI	-	1,034	-	-	1,034
Technic-Eau Drillings inc.	2017	M	12,362	3,298	-	-	15,660
The Sustainable Development Enterprises Energy Solutions & Associates i	2019	M	500	-	-	-	500
Total Eastern Townships			36,752	5,936	250	-	42,938

**Audited schedule of cost of investments impacting the Québec economy
As at December 31, 2019**

(in thousands of dollars)

	Initial investment year	Industry segment	Common and	Unsecured investments	Secured investments	Total
			Preferredshares and funds units	Loans, advances and notes	Loans, advances and notes	
			\$	\$	\$	\$
Gaspésie-Îles-de-la-Madeleine						
Les Entreprises Leblanc 3 inc.	2018	S	-	498	-	498
Total Gaspésie-Îles-de-la-Madeleine			-	498	-	498
Lanaudière						
Groupe Composites VCI inc.	2007	M	2,250	117	-	2,367
Xpertdoc Technologies inc.	2018	S	3,000	979	-	3,979
Total Lanaudière			5,250	1,096	-	6,346
Laval						
Ionodes inc.	2019	TI	-	392	-	392
Total Laval			-	392	-	392
Mauricie						
Classement Luc Beaudoin inc.	2013	S	-	288	-	288
Innovations Voltflex inc.	2006	M	17	-	-	17
Total Mauricie			17	288	-	305
Montérégie						
9349-6347 Québec inc. (Habitations Trigone)	2019	S	-	13,500	-	13,500
9523383 Canada inc. (C.A.T.)	2016	S	8,224	-	-	8,224
A. & D. Prévost inc.	2011	M	5,589	-	-	5,589
A.T.L.A.S. Aéronautique inc.	2010	M	6,000	-	-	6,000
Agropur Coopérative	2014	M	74,947	-	-	74,947
Atis Group inc.	2015	M	34,231	1,855	-	36,086
Câbles Ben-Mor inc. (Les)	2009	M	-	1,147	-	1,147
Dose Juices inc.	2019	M	1,000	750	-	1,750
Groupe Jafaco Gestion inc.	2019	M	-	7,500	-	7,500
Norbec Group inc.	2017	M	7,450	1,200	-	8,650
Novo Poultry inc.	2017	M	1,200	795	-	1,995
NSE Automatech inc.	2013	M	2,639	-	-	2,639
Nutri Group inc.	2018	M	15,000	-	-	15,000
Spectra Premium Industries inc.	2006	M	2,589	-	-	2,589
Unicel Architectural Corp.	2017	M	6,000	1,213	-	7,213
Valtech Fabrication inc.	2017	M	14,891	5,377	-	20,268
Total Montérégie			179,760	33,337	-	213,097

**Audited schedule of cost of investments impacting the Québec economy
As at December 31, 2019**

(in thousands of dollars)

	Initial investment year	Industry segment	Unsecured investments		Secured investments		Total \$
			Common and Preferredshares and funds units \$	Loans, advances and notes \$	Loans, advances and notes \$		
Montréal							
10337803 Canada inc. (Arbell Electronics inc.)	2019	S	-	-	2,250	-	2,250
360 Agency inc.	2016	S	9,950	-	-	-	9,950
9337-4791 Québec inc (Motorleaf)	2018	TI	866	-	-	-	866
9493662 Canada inc (Ananda Devices)	2019	TI	375	-	-	-	375
9813063 Canada inc. (My Intelligent Machines (MIMs)	2019	TI	-	821	-	-	821
Agriculture Concentric inc.	2018	M	2,469	-	1,080	-	3,549
Alaya Care inc.	2019	TI	1,030	-	-	-	1,030
Alithya Group inc.	2015	S	22,217	-	-	-	22,217
Azimet Exploration inc.	2019	M	140	-	-	-	140
Courchesne, Larose ltée	2015	M	-	6,624	-	-	6,624
Emballages Deltapac inc. (Les)	2005	M	42	-	-	-	42
Emovi inc.	2018	M	824	-	-	-	824
Entreprise Nexmoov inc.	2018	TI	-	826	-	-	826
Fluent.ai inc.	2019	TI	-	674	-	-	674
Groupe Solotech inc.	2013	S	23,812	-	-	-	23,812
Haleo Preventive Health Solutions inc.	2019	TI	-	127	-	-	127
Imagia Cybernetics Inc.	2019	TI	1,447	-	-	-	1,447
Innovative Imaging Technologies inc.	2019	TI	-	1,014	-	-	1,014
Keatext inc.	2018	TI	-	1,091	-	-	1,091
La Coop fédérée	2005	M	95,000	-	-	-	95,000
Mylo Financial Technologies inc.	2017	TI	4,075	-	-	-	4,075
nGUVU Technologies inc.	2018	TI	-	278	-	-	278
Ni2 inc.	2017	TI	5,084	-	990	-	6,074
o3d inc.	2019	TI	-	253	-	-	253
Optina Diagnostics inc.	2018	TI	868	-	-	-	868
Phildan inc.	2015	M	8,250	3,171	-	-	11,421
Potloc inc.	2018	TI	2,815	-	-	-	2,815
Rekruti Solutions inc.	2018	TI	-	544	-	-	544
Résidences pour aînés Immo 1ere inc.	2019	S	788	-	-	-	788
SJM Group inc.	2019	M	16,250	15,800	-	-	32,050
Sofdesk inc.	2019	TI	1,000	-	-	-	1,000
Technologies Heyday Inc.	2019	TI	500	-	-	-	500
Tekalia Aéronautik (2010) inc.	2019	S	3,108	-	-	-	3,108
Télécon inc.	2011	S	45,441	-	-	-	45,441
Thorasys Thoracic Medical Systems inc.	2018	TI	585	256	-	-	841
Total Montréal			246,936	31,479	4,320		282,735
Nord-du-Québec							
Harfang Exploration inc.	2019	M	100	-	-	-	100
Maple Gold Mines Ltd	2018	M	150	-	-	-	150
Sirios Resources inc.	2019	M	150	-	-	-	150
Stelmine Canada Ltd.	2019	M	98	-	-	-	98
Total Nord-du-Québec			498	-	-		498
Outaouais							
Agrisoma Biosciences inc.	2018	M	-	-	3,613	-	3,613
Construction Michel Lacroix inc. / Michel Lacroix Construction inc.	2019	S	-	425	-	-	425
Signalisation Prosign Québec inc.	2019	S	-	200	-	-	200
Total Outaouais			-	625	3,613		4,238
Outside of Canada							
Pharmaxis Ltd.	2010	TI	2,360	-	-	-	2,360
Total Outside of Canada			2,360	-	-		2,360
Saguenay-Lac-Saint-Jean							
11077422 Canada inc. (Congèlerie l'Héritier)	2019	M	-	1,000	-	-	1,000
9366-5099 Québec inc. (Voie maltée Laurier)	2018	S	-	-	494	-	494
Groupe Canmec inc.	2004	M	7,014	-	-	-	7,014
L.S.M. Son & Lumières inc.	2019	S	-	500	-	-	500
Nature ALU inc.	2019	M	-	1,000	-	-	1,000
Produits sanitaires Lépine inc. (Les)	2010	M	1,431	-	-	-	1,431
S.E.C. Lokia Sélection Sherbrooke	2019	S	-	5,156	-	-	5,156
Senneco inc.	2013	S	-	286	-	-	286
Total Saguenay-Lac-Saint-Jean			8,445	7,942	494		16,881

**Audited schedule of cost of investments impacting the Québec economy
As at December 31, 2019**

(in thousands of dollars)

	Initial investment year	Industry segment	Unsecured investments		Secured investments	Total
			Common and Preferredshares and funds units	Loans, advances and notes	Loans, advances and notes	
			\$	\$	\$	\$
Funds						
Capital croissance PME II s.e.c.	2014	F	69,761	-	-	69,761
DC Immo 1ère S.E.C.	2019	F	11,075	18,600	-	29,675
Desjardins - Innovatech S.E.C.	2005	F	38,338	2,461	-	40,799
Desjardins Capital PME s.e.c.	2018	F	72,200	-	-	72,200
Desjardins Capital Transatlantique, L.P.	2018	F	11,335	-	-	11,335
FIER Partenaires, s.e.c.	2005	F	3,457	-	-	3,457
Fonds de transfert d'entreprise du Québec, s.e.c.	2011	F	2,620	-	-	2,620
Fonds d'investissement MSBI, s.e.c.	2004	F	4,103	-	-	4,103
Fonds d'investissement pour la relève agricole (FIRA)	2011	F	10,740	-	-	10,740
Fonds Ecofuel I S.E.C.	2018	F	667	-	-	667
Luge Investment Fund 1, L.P.	2018	F	575	-	-	575
Novacap Industries III, L.P.	2007	F	25	-	-	25
RVOMTL17 Limited Partnership	2017	F	1,952	-	-	1,952
Siparex Transatlantique - Fonds Professionnel de Capital Investissement	2018	F	2,476	-	-	2,476
Société en commandite Essor et Coopération	2013	F	22,950	-	-	22,950
Total Funds			252,274	21,061	-	273,335
Total cost			863,392	137,994	13,478	1,014,864

Industry segment legend

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

The schedule of cost of investments impacting the Québec economy is prepared in accordance with the section 18 of the *Regulation respecting Development Capital Investment Fund Continuous Disclosure*. This audited schedule of cost of investments impacting the Québec economy provides details, per entity, of the sums invested by Capital régional et coopératif Desjardins. This amount appears in note 7 to the financial statements of CRCD, as at December 31, 2019.

Capital régional et coopératif Desjardins

Statement of other investments
As at December 31, 2019

Capital régional et coopératif Desjardins

Statement of other investments (unaudited)

As at December 31, 2019

(in thousands of dollars)

Description	Par value \$	Cost \$	Fair Value \$	
Bonds (54.0%)				
Federal or guaranteed bonds (21.2%)				
Canada Housing Trust	12-15-2025, 2.25%	10,000	10,172	10,133
	09-15-2026, 1.90%	48,575	47,558	48,153
	09-15-2029, 2.10%	12,000	12,156	12,008
Government of Canada	09-01-2020, 0.75%	750	745	745
	06-01-2027, 1.00%	98,689	94,551	93,755
	06-01-2028, 2.00%	18,783	19,512	19,193
	06-01-2029, 2.25%	1,000	1,068	1,048
	06-01-2030, 1.25%	8,300	8,065	7,935
	06-01-2041, 4.00%	10,250	15,155	14,276
	12-01-2045, 3.50%	1,000	1,391	1,357
	12-01-2048, 2.75%	1,178	1,479	1,440
	12-01-2050, 0.50%	394	414	411
Total federal and guaranteed bonds		210,919	212,266	210,454
Provincial, municipal or guaranteed bonds (19.5%)				
City of Toronto	09-24-2039, 2.60%	200	199	194
Municipal Finance Authority of British Columbia	10-02-2025, 2.65%	3,000	3,005	3,077
Omers Finance Trust	05-14-2029, 2.60%	800	799	809
OPB Finance Trust	10-25-2026, 2.98%	6,330	6,327	6,555
Province of Alberta	06-01-2025, 2.35%	1,800	1,764	1,819
	06-01-2026, 2.20%	1,500	1,498	1,498
	06-01-2027, 2.55%	4,400	4,324	4,471
	12-01-2043, 3.45%	235	278	268
	06-01-2050, 3.10%	1,400	1,557	1,543
Province of British Columbia	06-18-2027, 2.55%	1,500	1,487	1,536
	12-18-2028, 2.95%	4,300	4,326	4,543
	06-18-2030, 2.20%	6,490	6,485	6,434
Province of Manitoba	06-02-2025, 2.45%	7,600	7,516	7,721
	06-02-2027, 2.60%	10,000	9,741	10,199
	06-02-2028, 3.00%	10,400	10,259	10,904
	06-02-2029, 2.75%	5,000	4,985	5,153
Province of New Brunswick	08-14-2027, 2.35%	2,500	2,412	2,500
	06-03-2030, 2.50%	1,775	1,370	1,353
Province of Newfoundland and Labrador	06-02-2025, 2.30%	4,500	4,378	4,515
	06-02-2029, 2.85%	3,000	3,141	3,075
	10-17-2050, 2.65%	1,500	1,482	1,430
Province of Nova Scotia	06-01-2027, 2.10%	3,500	3,395	3,461
Province of Ontario	06-02-2025, 2.60%	20,800	20,518	21,335
	06-02-2026, 2.40%	19,704	19,615	19,978
	06-02-2039, 4.60%	1,000	1,326	1,313
	06-02-2040, 2.43%	9,450	5,775	5,524
Province of Québec	09-01-2025, 2.75%	30,000	29,854	31,057
	09-01-2026, 2.50%	9,400	9,262	9,601
	12-01-2028, 2.04%	6,100	5,092	4,927
Province of Saskatchewan	06-02-2026, 2.55%	7,985	8,046	8,151
	12-02-2028, 3.05%	6,500	6,703	6,856
	06-02-2030, 2.20%	2,215	2,185	2,174
Total provincial, municipal or guaranteed bonds		194,884	189,104	193,974

Capital régional et coopératif Desjardins

Statement of other investments (unaudited)

As at December 31, 2019

(in thousands of dollars)

Description		Par value \$	Cost \$	Fair Value \$
Financial institutions bonds (7.5%)				
Bank of Montreal	12-09-2026, 2.70%	8,300	8,062	8,467
	03-01-2028, 3.19%	4,900	4,875	5,165
	09-17-2029, 2.88%	400	400	400
bclMC Realty	12-31-2026, 3.00%	600	600	618
Canadian Imperial Bank of Commerce	05-26-2025, 3.30%	6,530	6,586	6,849
Canadian Tire Real Estate Investment Trust	03-01-2026, 3.29%	1,750	1,730	1,775
	09-07-2027, 3.87%	750	750	780
Chartwell Retirement Residences	02-28-2025, 4.21%	200	200	210
Choice Properties Real Estate Investment Trust	12-08-2027, 4.18%	1,600	1,594	1,696
	03-11-2029, 3.53%	1,910	1,910	1,930
CI Financial	06-27-2027, 3.90%	350	340	354
Crombie Real Estate Investment Trust	04-21-2027, 3.92%	273	273	274
Fairfax Financial Holdings	09-06-2027, 4.25%	1,900	1,872	1,954
First Capital Realty	04-12-2027, 3.75%	800	800	809
Great-West Lifeco	11-28-2027, 3.34%	500	495	526
HCN Canadian Holdings-1 LP	11-15-2026, 2.95%	180	180	180
Honda Canada Finance	05-23-2025, 3.44%	845	843	879
IA Financial Group	09-24-2026, 3.07%	413	413	414
IGM Financial	10-26-2026, 3.44%	600	591	617
Intact Financial Corporation	03-07-2027, 2.85%	1,600	1,600	1,597
John Deere Financial	10-16-2026, 2.58%	740	740	734
Manulife Financial Corporation	08-20-2024, 3.05%	750	728	762
National Bank of Canada	07-12-2024, 2.55%	385	385	385
	02-03-2025, 2.58%	3,217	3,217	3,217
OMERS Realty	07-04-2027, 3.24%	2,500	2,488	2,614
Riocan Real Estate Investment Trust	01-12-2025, 2.58%	880	880	866
Royal Bank of Canada	02-11-2020, 2.51%	150	150	150
	07-17-2020, 1.92%	5,100	4,849	5,099
	07-25-2024, 2.74%	450	450	448
	07-16-2025, 4.93%	1,500	1,632	1,702
Scotiabank	12-02-2026, 2.62%	5,500	5,560	5,585
	02-02-2028, 3.10%	6,000	5,970	6,286
SmartCentres Real Estate Investment Trust	09-21-2027, 3.83%	1,500	1,467	1,552
	09-20-2029, 3.53%	430	430	432
TMX Group	10-11-2024, 3.00%	250	250	255
Toronto-Dominion Bank	07-25-2024, 3.22%	3,150	3,124	3,207
	01-26-2027, 3.06%	3,640	3,639	3,643
Toyota Credit Canada	02-19-2020, 1.80%	1,265	1,265	1,265
	07-24-2020, 2.09%	1,000	1,000	1,000
Total financial institutions bonds		72,808	72,338	74,696
Corporate bonds (5.8%)				
407 International	02-04-2027, 2.43%	1,650	1,561	1,654
Alectra	02-17-2027, 2.49%	1,000	953	1,003
Algonquin Power & Utilities	11-17-2026, 4.09%	400	393	422
	10-29-2028, 4.60%	2,900	2,899	3,153
AltaLink	02-28-2026, 2.75%	1,360	1,343	1,397
Bell Canada	06-29-2027, 3.60%	2,000	1,949	2,082
Brookfield Asset Management	12-16-2026, 3.80%	2,950	2,826	3,072

Capital régional et coopératif Desjardins

Statement of other investments (unaudited)

As at December 31, 2019

(in thousands of dollars)

Description		Par value \$	Cost \$	Fair Value \$
Corporate bonds (cont.)				
Brookfield Infrastructure Partners	06-11-2028, 4.19%	1,150	1,159	1,206
	07-09-2029, 3.41%	1,650	1,650	1,623
Brookfield Renewable Energy Partners	03-02-2025, 3.75%	750	750	783
	05-05-2049, 4.29%	1,250	1,248	1,266
Canadian Utilities	03-07-2049, 2.96%	595	595	583
Enbridge	11-19-2024, 3.95%	750	758	791
	06-29-2025, 3.45%	250	248	261
	05-10-2026, 3.00%	1,000	969	1,019
	03-08-2027, 3.20%	1,000	970	1,016
	09-27-2027, 5.38%	1,700	1,700	1,702
	04-12-2028, 6.63%	750	750	812
	11-22-2028, 3.52%	800	800	840
	07-03-2029, 2.99%	1,899	1,898	1,870
Enbridge Gas Distribution	06-11-2025, 3.31%	2,000	2,005	2,104
FortisBC Energy	01-08-2026, 2.58%	975	953	990
Greater Toronto Airports Authority	01-03-2029, 2.73%	580	580	591
	04-17-2039, 2.75%	507	506	501
Hydro One	11-26-2025, 2.77%	3,150	3,117	3,228
Inter Pipeline	12-24-2024, 3.17%	1,000	1,000	1,010
Loblaw Companies Ltd	09-11-2028, 4.49%	1,100	1,120	1,210
Lower Mattagami Energy	10-21-2026, 2.31%	300	283	299
Metro	09-06-2027, 3.39%	470	470	482
North West Redwater Partnership	01-24-2026, 3.20%	2,000	1,981	2,057
	03-01-2027, 2.80%	2,544	2,465	2,539
Pembina Pipeline	05-11-2026, 3.71%	1,150	1,170	1,194
	03-15-2027, 4.24%	2,300	2,339	2,460
	10-03-2048, 4.54%	300	318	320
Reliance	01-15-2026, 3.75%	370	369	378
Saputo	06-14-2025, 3.60%	550	543	570
Shaw Communications	12-01-2026, 3.80%	500	491	523
	06-29-2049, 4.25%	25	25	25
TELUS	12-10-2025, 3.75%	1,000	993	1,049
	05-08-2026, 2.75%	1,120	1,119	1,111
	12-01-2027, 3.63%	1,500	1,475	1,560
	08-16-2049, 3.95%	100	99	99
Toromont Industries	06-30-2025, 3.71%	300	307	313
	07-27-2027, 3.84%	750	750	789
Toronto Hydro	09-11-2029, 2.43%	380	380	377
TransCanada PipeLines	01-03-2048, 4.18%	286	295	302
TransCanada Trust	05-18-2027, 4.65%	1,000	907	970
Union Gas	06-17-2025, 3.19%	1,000	997	1,046
	08-22-2027, 2.88%	1,000	974	1,027
Westcoast Energy	09-08-2025, 3.77%	1,160	1,161	1,229
Total corporate bonds		55,221	54,611	56,908
Total bonds		533,832	528,319	536,032
Money market instruments (4.6%)				
AltaLink	01-29-2020, 1.97%	5,000	4,992	4,993
Bank of Montreal	01-24-2020, 1.98%	1,457	1,455	1,455
	01-30-2020, 1.92%	4,000	3,994	3,994
	05-22-2020, 2.00%	1,000	992	992

Capital régional et coopératif Desjardins

Statement of other investments (unaudited)

As at December 31, 2019

(in thousands of dollars)

Description		Par value \$	Cost \$	Fair Value \$
Money market instruments (cont.)				
Canada Mortgage and Housing Corporation	02-14-2020, 1.84%	4,875	4,863	4,863
Énergir	01-21-2020, 1.85%	5,250	5,244	5,244
National Bank of Canada	01-16-2020, 1.90%	5,300	5,296	5,296
Province of Manitoba	03-25-2020, 1.85%	1,000	996	996
Province of Québec	02-28-2020, 1.83%	2,505	2,498	2,498
Scotiabank	02-10-2020, 1.83%	5,250	5,239	5,239
TMX Group	01-21-2020, 1.86%	1,250	1,249	1,249
	02-05-2020, 1.87%	4,000	3,993	3,993
Toronto Dominion Bank	03-30-2020, 1.85%	5,250	5,226	5,225
Total money market instruments		46,137	46,037	46,037
Foreign exchange contracts (0.1%)				
Fédération des caisses Desjardins du Québec	03-31-2020, 1.31417 CAD/USD	51,700	0	830
	03-31-2020, 1.46655 CAD/\$ €	8,600	0	20
Total foreign exchange contracts		60,300	0	850
Number of units				
Canadian Equity Funds (6.3%)				
BMO Low Volatility Equity ETF		1,192	28,206	31,628
Fidelity Canadian Low Volatility Equity Institutional Trust		2,149	26,852	31,161
Total canadian equity funds			55,058	62,789
Global Equity Funds (17.6%)				
Desjardins Global Dividend Fund		4,029	79,935	87,016
Desjardins IBrix Low Volatility Global Equity Fund		6,698	78,707	87,066
Total global equity funds			158,642	174,082
Market Neutral Equity Funds (6.1%)				
CC&L Q Market Neutral Fund		192	40,157	40,404
DGIA Canadian Equity Market Neutral Fund		2,005	20,822	20,490
Total market neutral equity funds			60,979	60,894
Real Estate Funds (11.3%)				
Bentall Kennedy Prime Canadian Property Fund		7,078	56,715	59,637
Fiera Properties CORE Fund		43	51,331	52,425
Total real estate funds			108,046	112,062
Total other investments (100.0%)			957,081	992,746

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, 2019

**Index of the Company's share in investments made by specialized funds and partner funds, at cost (unaudited)
As at December 31, 2019**

(in thousands of dollars)

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

**Index of the Company's share in investments made by specialized funds and partner funds, at cost (unaudited)
As at December 31, 2019**

(in thousands of dollars)

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

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

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

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

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

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(in thousands of dollars)

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

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

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

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

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

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

**Index of the Company's share in investments made by specialized funds and partner funds, at cost (unaudited)
As at December 31, 2019**

(in thousands of dollars)

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

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

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

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

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

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

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

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



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