

# 2020 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 CRCD'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](http://www.capitalregional.com) or SEDAR at [www.sedar.com](http://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<sup>(1)</sup> make a real contribution to the economic development of the regions. As at December 31, 2020, the funds committed were as follows:

 <b>ABITIBI-TÉMISCAMINGUE*</b> \$27M → 33 companies	 <b>LAVAL</b> \$57M → 11 companies
 <b>BAS-SAINT-LAURENT*</b> \$29M → 29 companies \$0.2M → 1 cooperative	 <b>MAURICIE*</b> \$8M → 12 companies \$0.6M → 1 cooperative
 <b>CAPITALE-NATIONALE</b> \$107M → 49 companies \$7M → 4 cooperatives	 <b>MONTÉRÉGIE</b> \$213M → 53 companies \$81M → 4 cooperatives
 <b>CENTRE-DU-QUÉBEC</b> \$65M → 23 companies \$13M → 2 cooperatives	 <b>MONTRÉAL</b> \$324M → 86 companies \$102M → 3 cooperatives
 <b>CHAUDIÈRE-APPALACHES</b> \$130M → 45 companies \$2M → 4 cooperatives	 <b>NORD-DU-QUÉBEC*</b> \$4M → 16 companies
 <b>CÔTE-NORD*</b> \$3M → 6 companies	 <b>OUTAOUAIS</b> \$7M → 7 companies
 <b>ESTRIE</b> \$113M → 37 companies \$5M → 4 cooperatives	 <b>SAGUENAY-LAC-SAINT-JEAN*</b> \$68M → 63 companies \$2M → 6 cooperatives
 <b>GASPÉSIE-ÎLES-DE-LA-MADELEINE*</b> \$6M → 8 companies	<b>OUTSIDE QUÉBEC (ex Europe)</b> \$2M → 2 companies
 <b>LANAUDIÈRE</b> \$23M → 11 companies \$0.6M → 1 cooperative	<b>EUROPE</b> \$13M → 6 companies
 <b>LAURENTIDES</b> \$25M → 7 companies	<b>FUNDS</b> \$62M → 16 funds

### IN TOTAL

**551**

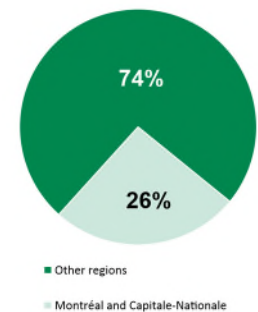
**COMPANIES,  
COOPERATIVES AND FUNDS**

**\$1,499M**

**BENEFITTING SMES**

**74%**

**OF COMPANIES AND  
COOPERATIVES BASED IN  
QUÉBEC ARE FROM REGIONS  
OTHER THAN MONTRÉAL AND THE  
CAPITALE-NATIONALE.**



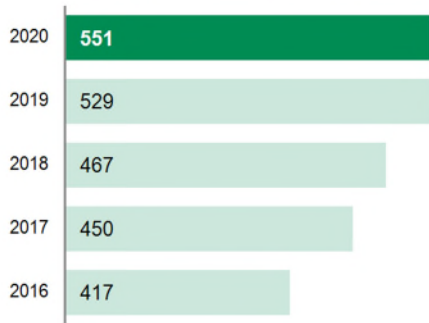
\*Resource region

<sup>(1)</sup>See the Entrepreneurial ecosystem section for a detailed description of the main features of the ecosystem.

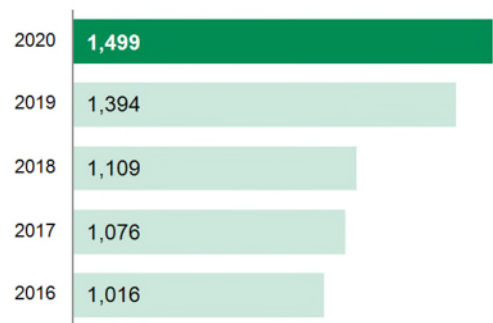
## 1.2 CRCD and its ecosystem support companies and cooperatives

AS AT DECEMBER 31

**Total companies,  
cooperatives and funds**



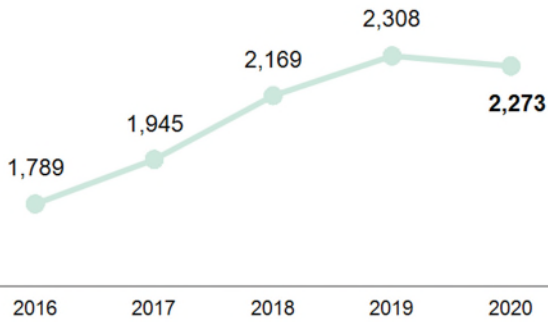
**Funds  
committed (\$M)**



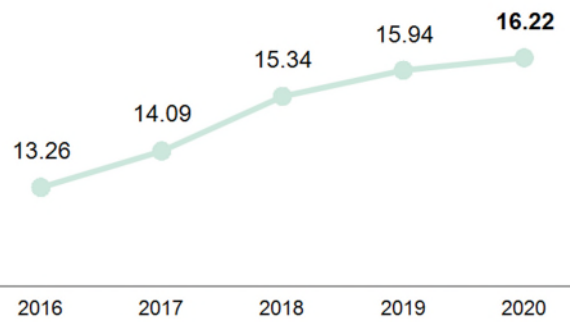
## 1.3 CRCD financial data

AS AT DECEMBER 31

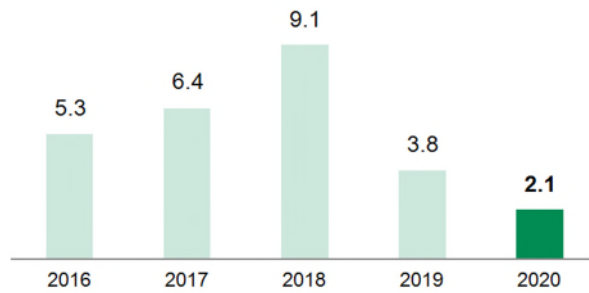
**Net assets  
(\$M)**



**Share price  
(\$)**



**Annual fund returns  
(%)**



## 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, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Revenue	48,233	55,210	70,285	51,392	44,449
Gains on investments	38,471	63,703	138,632	96,541	78,869
Net earnings	46,429	81,302	174,894	112,757	85,957
Net assets	2,272,798	2,308,466	2,168,804	1,945,342	1,789,417
Common shares outstanding (number, in thousands)	140,110	144,849	141,391	138,080	134,944
Total operating expense ratio and common share issue expense ratio <sup>(1)</sup> (%)	1.8	1.6	1.6	1.9	2.2
Portfolio turnover rate:					
– Investments impacting the Québec economy (%)	13	10	17	16	11
– Other investments (%)	100	101	163	87	126
Trading expense ratio <sup>(2)</sup> (%)	-	-	-	-	-
Number of shareholders (number)	109,286	109,364	107,862	105,614	104,317
Issues of common shares – Class A “Issuance”	139,842	140,017	141,179	134,850	133,401
Exchanges of common shares – Class B “Exchange”	-	199,445	-	-	-
Common share issue expenses, net of related taxes	-	-	2,523	2,396	1,579
Redemptions of common shares	221,939	81,657	90,088	89,285	70,438
Investments impacting the Québec economy at cost	1,108,055	1,014,864	838,258	828,255	787,142
Fair value of investments impacting the Québec economy	1,298,331	1,249,967	1,080,069	1,033,951	921,518
Funds committed but not disbursed, including guarantees and suretyships	238,226	237,009	192,169	183,606	189,121

<sup>(1)</sup> 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*.

<sup>(2)</sup> 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, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
<b>Net assets per common share, beginning of year</b>	<b>15.94</b>	15.34	14.09	13.26	12.61
Increase attributable to operations	0.34	0.58	1.28	0.84	0.66
Interest, dividends, distributions and negotiation fees	0.35	0.39	0.51	0.38	0.34
Operating expenses	(0.27)	(0.25)	(0.21)	(0.24)	(0.26)
Income taxes	(0.02)	(0.01)	(0.03)	(0.02)	(0.03)
Realized gains (losses)	0.56	0.25	0.79	0.06	0.18
Unrealized gains (losses)	(0.28)	0.20	0.22	0.66	0.43
<b>Difference attributable to common share issues and redemptions</b>	<b>(0.06)</b>	0.02	(0.03)	(0.01)	(0.01)
<b>Net assets per common share, end of year</b>	<b>16.22</b>	<b>15.94</b>	<b>15.34</b>	<b>14.09</b>	<b>13.26</b>

### 3.0 Recent events

CRCD and its manager, Desjardins Capital Management Inc. (Desjardins Capital or DC) are closely monitoring developments in the health crisis caused by the COVID-19 pandemic. This unprecedented crisis has raised much uncertainty, in particular with regard to the economic situation, both in Québec and abroad.

We continue to support our entire service offering. Like all of Desjardins Group, CRCD's top priority is the health and safety of our employees, shareholders, directors, partners and clients. Since the beginning of the pandemic, all employees of DC have been working remotely.

We are there for our partner companies and to support the growth of SMEs and cooperatives across all regions of Québec.

### 4.0 Overview

CRCD ended fiscal 2020 with net earnings of \$46.4 million (\$81.3 million in 2019), representing a return of 2.1% (3.8% in 2019), resulting in an increase in net assets per share to \$16.22 based on the number of common shares outstanding at the end of the fiscal year. CRCD aims to strike an appropriate long-term balance between shareholder return and its mission of Québec economic development. The financial asset management strategy adopted by CRCD several years ago is designed to provide a balanced overall profile and limit volatility in periods of substantial market turbulence or due to unfavourable events at partner companies. In fact, CRCD has generated positive annual returns for over ten years.

Investments impacting the Québec economy posted a return of 3.6% in 2020, compared with a return of 3.2% in 2019. The positive performance of the Investments impacting the Québec economy portfolio was largely a reflection of our partner companies' resilience and creativity in the face of the health crisis, particularly in the second half of the year. While expectations at the end of the first six months of the year were that Québec SMEs would be hard hit by fallout from the pandemic, many reinvented themselves; in particular, optimizing production methods, reviewing business models, accelerating their digital shift and moving ahead with acquisitions.

As at December 31, 2020, the cost of Investments impacting the Québec economy totalled \$1,108.1 million, of which \$174.8 million was disbursed during fiscal 2020. As at December 31, 2020, commitments made but not disbursed which, in the analyses that follow, represent investments made in or guarantees and suretyships granted to companies, cooperatives or funds amounted to \$238.2 million. New commitments for the year came to \$176.0 million.

The Other investments portfolio recorded a return of 4.8%. This positive performance was due to significant securities weighting in the bond market, which performed well throughout the year, and during the first six months in particular. The low volatility equity funds held by CRCD did not fully benefit from the stock market rally in the second half of 2020 and ended the year with a negative return. In 2019, return on the Other investments portfolio was 8.4%.

During the year, issues of Class A "Issuance" common shares totalled \$139.8 million, including the balance of the 2019 issue and substantially all of the maximum authorized amount for the 2020 issue. Share redemptions totalled \$221.9 million compared with \$81.7 million in 2019, an increase driven by the pandemic environment. Net assets amounted to \$2,272.8 million and shareholders numbered 109,286 as at December 31, 2020. As at December 31, 2020, the balance of shares eligible for redemption totalled \$1,002.0 million. For more information, please see the Subscriptions section of this MD&A.

#### 4.1 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. The COVID-19 crisis is creating a sense of urgency around several areas such as productivity, automation and the digital shift.

Together with its manager, Desjardins Capital, 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.

## 4.2 Growing businesses stronger

Be it through the support, networking or training provided to our partner companies or through enhancing our product offering and sharing our business network, we take action 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, we have 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 Desjardins Capital Transatlantic, L.P. fund which began operations in 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 in Europe by setting up offices or acquiring competitors.

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. The pandemic is prompting us to adapt our practices in this regard.

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.

Our offering, which has been unique over the years, is once again proving itself in our ability to support our entrepreneurs in the current environment, particularly through networks that have enabled portfolio companies to help each other and also leverage opportunities arising from the pandemic landscape.

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 provide personalized support to entrepreneurs to help set up advisory or board committees. We offer them on-site training as well as advice tailored to their situation. In addition, we can call on a vast network of experienced directors whose role is to help entrepreneurs set up a governance forum to support business strategy and growth. Directors 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.

## 4.3 Economic conditions

### 2020 ECONOMIC ENVIRONMENT AND 2021 OUTLOOK

#### Global economy

The global economy was hard hit by the COVID-19 pandemic in 2020. The year began on a generally positive note in the first months, but the situation worsened in China starting in February and followed by most other countries in March. The drop in tourism, the temporary closure of several services, and then the necessary health and lockdown measures, either suggested or imposed by the public authorities of several countries, caused significant declines in real GDP in the first and second quarters. This confirmed a global recession. Most economies recovered in the late spring and summer as the most restrictive lockdown measures were eased, but a second wave of COVID-19 in the fall led to the implementation of new health restrictions. For 2020, real GDP is estimated to have declined by 6.8% in the eurozone, including a 5.3% setback in Germany and an 8.3% drop in France. In the United Kingdom, the decline is estimated at 9.9%. Although China was the first to be affected by COVID-19, it was also one of the few countries to register economic growth, posting an annual gain of 2.3%.

Much like the world's governments, the central banks have reacted vigorously to limit the negative consequences of the pandemic. The U.S. Federal Reserve (the Fed) and the Bank of Canada lowered their key interest rates by 150 basis points in March, bringing them close to zero. They also implemented new programs, including massive injections of liquidity, to ensure the smooth functioning of the financial markets and avoid a credit crunch. These actions by the central banks drove federal bond rates down and helped stock markets rally quickly after a brutal correction in the late winter of 2020. In the final analysis, 2020 proved to be a good year for investors despite the economic downturn.

After the plunge in 2020, global real GDP is expected to grow fairly well in 2021. If the vaccination campaign goes well and the pandemic subsides in 2021, global real GDP is expected to grow by 5.5% following a 4.1% drop in 2020. This economic rebound will owe much to a broad-based low interest rate environment and the numerous assistance measures implemented by governments to support household incomes and limit the damage to businesses. However, much depends on how the COVID-19 situation develops, and there could be even stronger growth if the vaccines are distributed rapidly. Abundant liquidity and low interest rates may continue to support the value of financial assets.



## United States

The trade truce between China and the United States in early 2020 seemed to bode well. However, the spread of COVID-19 beginning in March brought an end to the longest economic cycle in U.S. history. The implementation of health and lockdown measures, mostly by the states and local governments, led to the complete loss of more than 22 million jobs in March and April 2020. On an annualized basis, real GDP fell 5.1% in the first quarter and 31.4% in the second quarter, representing the worst results since quarterly data began being published in 1947. The U.S. economy began to improve in May as the main health and lockdown measures were eased, but also due to federal government support through the CARES Act and the extraordinary monetary policy implemented by the Fed. Real GDP jumped 33.4% in the third quarter, and the economy recovered just over half of the jobs that were lost in the late winter of 2020. Since the U.S. implemented fewer new severe health measures, unlike many other advanced countries, its economy did not suffer unduly from the subsequent waves of COVID-19 in the early summer and fall. Real GDP increased by 4.0% (at an annualized rate) in the last quarter of 2020.

The U.S. economy is expected to grow fairly rapidly in 2021, returning to a more normal level of activity after the problems of 2020. A new US\$935 billion relief package adopted at the very end of 2020 will support the economy. The easing of trade tensions and the Biden administration's implementation of other fiscal measures to stimulate the economy should also support growth, as should the policy stance adopted by the Fed. The new administration's protectionist intentions and changes in its relations with China will also need to be monitored. Real GDP is projected to grow by 4.7% in 2021 (annual rate) after contracting 3.5% in 2020.

## Canada

As elsewhere in the world, the Canadian economy was severely affected by the COVID-19 pandemic in 2020. The health measures implemented across the country in the spring of 2020 resulted in historic real GDP declines in the first and second quarters of 2020. However, the federal government introduced several support measures for individuals and businesses. These measures, and in particular the government's support for household income, have made a big difference in how the situation developed. Beginning in May, the strong financial position of households allowed them to participate fully in the Canadian economy's recovery. Not only did retail trade quickly recover the lost ground, but the housing market has demonstrated great vitality since the spring lockdown. As a result, the reopening of the economy led to an exceptional rebound in real GDP in the third quarter. Beginning in the fourth quarter, the economy moved into the recovery phase, characterized by weaker output growth. In addition, new restrictive measures were introduced in several regions of the country in the fourth quarter to curb the spread of a second wave of COVID-19. In the end, Canadian real GDP declined 5.4% in 2020.

The recovery phase of the Canadian economy is expected to continue into 2021. Of course, how the pandemic develops is still likely to be the source of some economic uncertainties, including a temporary decline in real GDP in the first quarter. That said, the vaccination campaign has begun and should not only support the country's economic recovery, starting in the spring, but also reduce uncertainties. However, the pandemic will have impacts that will be felt in some sectors well after 2021. But for 2021 as a whole, Canadian real GDP is projected to grow 4.9%.

## Québec

Québec also experienced an unprecedented drop in real GDP in 2020. The first wave of the pandemic, which led to the closure of all non-essential activities in the spring, caused an abrupt deterioration in economic indicators. Last year, the unemployment rate rose from 4.5% in February to peak at 17.6% in April, retail sales collapsed, and exports were down. Real GDP plunged by almost 10% in March and about 15% in April, only to rebound sharply in May with the gradual reopening of facilities and businesses. Real GDP continued to recover over the summer, so the recovery is well underway. Some economic indicators, including retail sales and existing home sales, have already exceeded the levels reached in February 2020. Financial support from the federal government made a difference for Québec households whose incomes have, overall, risen sharply since the spring of 2020.

However, the second wave of the pandemic has already brought some turmoil. The closure of certain types of businesses in regions that have been on high alert since October has caused job losses in the affected sectors. The measures taken to control the growth in COVID-19 cases slowed economic recovery in the last quarter of 2020. Another decline in real GDP is expected in early 2021, but it will be less dramatic than in the spring of 2020 because the restrictions are less severe, particularly in the manufacturing and construction sectors. After a roller-coaster year and an approximately 5% decline in real GDP in 2020, 2021 begins on a difficult footing. The progress made in the vaccination campaign allows us to be more optimistic about the economic recovery that will follow, but some sectors that will have been severely affected by the closures will have difficulty recovering.

## 5.0 Management's discussion of financial performance

### 5.1 Operating results

#### CRCD'S NET RESULTS AND RETURNS

CRCD reported net earnings of \$46.4 million for the year ended December 31, 2020, representing a return of 2.1%, compared with net earnings of \$81.3 million (return of 3.8%) for the previous year. Accordingly, net assets per share increased to \$16.22 based on the number of common shares outstanding at the end of the fiscal year, compared with \$15.94 at the end of fiscal 2019. For illustrative purposes, at the current price of \$16.22, shareholders who invested on March 1, 2014 would obtain an annual after-tax return of more than 11.5%, taking into account the 45% income tax credit as per the rate applicable at that time.

CRCD's results stem primarily from Investments impacting the Québec economy and Other investments, which generated returns of 3.6% and 4.8%. In 2019, returns were 3.2% and 8.4%, respectively. Expenses, net of administrative charges and income taxes, had an impact of 2.0% on CRCD's return.

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

	2020			
	Average assets under management (\$M)	Weighting (%)	Return 1 year (%)	Contribution 1 year (%)
Activities related to Investments impacting the Québec economy <sup>(1)</sup>	1,292	57.3	3.6	2.0
Other investments and cash	962	42.7	4.8	2.1
	2,254	100.0	4.1	4.1
Expenses, net of administrative charges			(1.9)	(1.9)
Income taxes			(0.1)	(0.1)
<b>CRCD return</b>			<b>2.1</b>	<b>2.1</b>

	2019			
	Average assets under management (\$M)	Weighting (%)	Return 1 year (%)	Contribution 1 year (%)
Activities related to Investments impacting the Québec economy <sup>(1)</sup>	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)
<b>CRCD return</b>			<b>3.8</b>	<b>3.8</b>

<sup>(1)</sup> 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 \$188.8 million and disposals of \$157.5 million were made for a net balance of \$31.3 million. Combined with realized and unrealized net gains of \$17.0 million, these net investments brought the fair value of the investment portfolio, including foreign exchange contracts, to \$1,298.9 million as at December 31, 2020 (\$1,250.6 million as at December 31, 2019). Investments in the funds comprising the entrepreneurial ecosystem, as described below, in the amount of \$34.6 million, and a \$79.1 million aggregate investment in three companies, mainly accounted for the investments of \$188.8 million made during the year.

Investments impacting the Québec economy should also be measured taking into account funds committed but not disbursed, which amounted to \$238.2 million as at December 31, 2020, compared with \$237.0 million as at December 31, 2019. Total commitments at cost as at December 31, 2020 amounted to \$1,346.3 million in 169 companies, cooperatives and funds, of which \$1,108.1 million was disbursed. As at December 31, 2020, backed by its entrepreneurial ecosystem, CRCD supported growth in 551 companies, cooperatives and funds.

During fiscal 2020, Investments impacting the Québec economy generated a contribution of \$43.4 million, for a return of 3.6%, compared with a contribution of \$35.1 million in 2019 (return of 3.2%) despite an economic environment clouded with uncertainty by the health crisis.

## Contribution generated by Investments impacting the Québec economy

(in thousands of \$)	2020	2019
Revenue	28,899	29,033
Gains and losses	14,491	6,069
	<b>43,390</b>	<b>35,102</b>

Revenue includes interest, dividends and negotiation fees related to Investments impacting the Québec economy. Negotiation fees, which amounted to \$3.1 million for the year ended December 31, 2020 (\$3.5 million in 2019), 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 \$16.7 million for fiscal 2020 (\$16.5 million in 2019), 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.

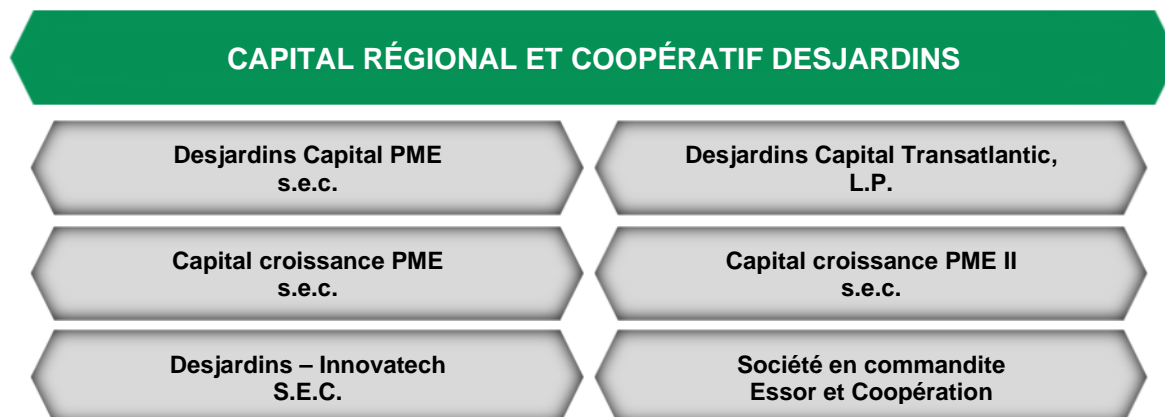
CRCD recorded a realized and unrealized gain of \$14.5 million for the fiscal year, compared with \$6.1 million for fiscal 2019. For more information, please see Entrepreneurial ecosystem performance in the following section.

As at December 31, 2020, the overall risk level of the Investments impacting the Québec economy portfolio had deteriorated compared with its December 31, 2019 level, as discussed in the Credit and counterparty risk section.

### ENTREPRENEURIAL ECOSYSTEM

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

### MAIN FUNDS OF THE ENTREPRENEURIAL ECOSYSTEM



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

- The main goal of the Desjardins Capital PME s.e.c. fund (DCPME), created on January 1, 2018, is to invest in Québec's small- and medium-sized businesses, with an investment limit generally 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. On January 1, 2020, Desjardins Holding financier inc. (DHF) became a limited partner of the DCPME fund. As at December 31, 2020, CRCD's interest in the DCPME fund was 39.8%, while the interests of the other two limited partners, Desjardins Private Management (DPM) and DHF, were 53.6% and 6.6%, respectively. Since inception of the fund, CRCD has disbursed \$99.8 million (\$72.2 million as at December 31, 2019) allowing a total of 155 companies to benefit from \$280.0 million committed by the DCPME fund.

- Jointly with France-based Groupe Siparex, on July 4, 2018, DC created two funds: 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 \$117 million, to the two funds. CRCD has a 60.7% interest in DC Transatlantic, which is managed by DC. As at December 31, 2020, CRCD had disbursed \$11.7 million (\$11.3 million as at December 31, 2019) of its total commitment of \$35.5 million (€22.8 million), allowing eight companies to benefit from \$16.1 million committed by the fund.
- The objective of the Société en commandite Eссор et Coopération (Eссор 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 Eссор et Coopération fund. Since the fund's inception, CRCD has disbursed \$39.0 million of its total commitment of \$85 million. As at December 31, 2020, Eссор et Coopération had committed \$33.2 million in 26 cooperatives.
- CRCD is also a 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 \$0.5 million was disbursed in 2020 for a total disbursement of \$2.9 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, 2020, DI had committed \$61.0 million to support a total of 55 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, 2020, CRCD had disbursed \$255.0 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 192 companies and funds benefited from \$162.1 million committed by the CCPME funds as at December 31, 2020. Since their inception, these funds have committed \$459.9 million to 376 companies.

In total, as at December 31, 2020, CRCD and its ecosystem supported the growth of 551 companies, cooperatives and funds in various industries spanning all Québec regions with commitments of \$1,499 million. Of that total, 31 cooperatives benefited from commitments of \$214 million. In this way, CRCD and its ecosystem have helped to create and retain many thousands of jobs.

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

	2020			
	Average assets under management	Weighting	Return 1 year	Contribution 1 year
	(\$M)	(%)	(%)	(%)
Debt	424	18.8	6.9	1.2
Equity	705	31.3	1.2	0.4
External funds	47	2.1	(6.7)	(0.2)
Venture capital	99	4.4	14.0	0.5
<b>Investment profiles subtotal</b>	<b>1,275</b>	<b>56.6</b>	<b>3.6</b>	<b>1.9</b>
Other asset items held by ecosystem funds	17	0.7	4.8	-
<b>Ecosystem total</b>	<b>1,292</b>	<b>57.3</b>	<b>3.6</b>	<b>1.9</b>

	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
<b>Investment profiles subtotal</b>	<b>1,174</b>	<b>53.1</b>	<b>3.2</b>	<b>1.6</b>
Other asset items held by ecosystem funds	18	0.8	(0.1)	-
<b>Ecosystem total</b>	<b>1,192</b>	<b>53.9</b>	<b>3.2</b>	<b>1.6</b>

The 3.6% return on the Investments impacting the Québec economy portfolio in fiscal 2020 stemmed mainly from the Debt and Equity investment profiles, which represented the core volume of assets under management as at December 31, 2020. The Debt profile posted a lower return compared with 2019. The decrease was due to the higher credit risk of certain investments and, to a lesser extent, the lower weighted average interest rate on the debt portfolio. The return spread of the Equity profile between the two years is mainly due to the incidental difficulties experienced during fiscal 2019 by certain major portfolio companies in that class. Note, however, that the majority of partner companies performed positively during fiscal 2020, despite the health crisis.

## 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 a current revenue stream for CRCD and ensures sound diversification.

As at December 31, 2020, CRCD's Other investments portfolio, including cash, but excluding foreign exchange contracts, totalled \$924.2 million (\$998.9 million in 2019) and consisted of the following:

### Other investments portfolio

	As at December 31, 2020		As at December 31, 2019	
	Fair value (\$M)	% of portfolio	Fair value (\$M)	% of portfolio
Cash and money market instruments	38.5	4.2	53.0	5.3
Bonds	526.8	57.0	536.0	53.7
Global equity funds	117.6	12.7	174.1	17.4
Canadian equity funds	66.6	7.2	62.8	6.3
Real estate funds	111.7	12.1	112.1	11.2
Market neutral equity funds	63.0	6.8	60.9	6.1
<b>Portfolio total</b>	<b>924.2</b>	<b>100.0</b>	<b>998.9</b>	<b>100.0</b>

As at December 31, 2020, 75% of portfolio bond securities were government guaranteed (75% as at December 31, 2019).

The Other investments portfolio represented 41% of total net assets at the end of fiscal 2020 (43% as at December 31, 2019), a decrease mainly arising from divestments made from the portfolio to meet requests for the redemption of shares of CRCD. Commitments already made but not disbursed of \$238.2 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 the Other investments portfolio over the long term to represent close to 35% of total net assets. 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 \$)	2020	2019
Revenue	21,955	29,273
Gains and losses	23,980	57,634
	<b>45,935</b>	<b>86,907</b>

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.

Current income declined \$7.3 million for fiscal 2020, compared with 2019, owing to lower average effective interest rates between the two years combined with the decrease in the portfolio due to divestments.

Gains of \$24.0 million in fiscal 2020 stemmed mainly from the following financial assets:

- The bond portfolio recorded an increase in value of \$45.4 million, as key rates shed 122 basis points, mainly during the first six months of 2020, in response to the impact of the global health crisis.
- Following a major setback in the first half of 2020, stock markets have since returned to their pre-COVID-19 levels, driven mainly by certain sectors that have fared better, technology in particular. The low volatility equity funds held by CRCD did not fully benefit from the stock market rally in the second half of 2020. The fiscal year ended with impairments of \$19.2 million in global and Canadian equity funds and \$3.1 million in real estate funds, with that sector continuing to feel pressure. The market-neutral equity strategy funds performed as expected in turbulent times with a gain of \$0.8 million.

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. Furthermore, CRCD seeks to match the average maturity of the bond portfolio with the average maturity of expected cash outflows, thereby limiting the long-term effect of changes in bond rates on CRCD's results.

### SUBSCRIPTION

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 cost of 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.

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 or exchange. 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 2020 or 2019.

As at December 31, 2020, CRCD had \$2,272.8 million in share capital for 140,110,229 common shares outstanding.

During the year, CRCD raised \$139.8 million in Class A “Issuance” shares, including the \$0.3 million balance from the 2019 issue and substantially all of the authorized amount of the 2020 issue, or \$139.5 million. The \$0.5 million balance for the 2020 issue was sold in January 2021.

The exchange registration period for the 2020 taxation year took place in the fall of 2020 and acceptance of applications was completed and recognized in January 2021. The authorized amount of \$100 million was fully sold.

In fiscal 2020, redemptions of common shares totalled \$221.9 million (\$81.7 million in 2019). This increase was driven by the pandemic environment which generated considerable uncertainty in the markets and triggered an upswing in redemptions, mainly from March through May.

As at December 31, 2020, the balance of shares eligible for redemption totalled \$1,002.0 million. During fiscal 2021, additional shares valued at approximately \$84.6 million will also become eligible for redemption bringing total potential redemptions to approximately \$1,087 million. This amount will be reduced by \$100 million for exchange requests accepted in January 2021 and the amount of shares that may be redeemed in fiscal 2021.

As at December 31, 2020, shareholders numbered 109,286 compared with 109,364 as at December 31, 2019.

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 \$)	2020	2019
Management fees	21,321	19,007
Other operating expenses	5,160	5,548
Shareholder services	11,270	11,089
	<b>37,751</b>	<b>35,644</b>

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 DC management fees equivalent to a maximum rate of 1.75% (1.75% for the year ended December 31, 2019) 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. The increase in management fees is consistent with the increase in CRCD’s average value of assets under management and arose mainly from greater economies of scale in 2019 due to timing differences in growth-related expenses.

There was no significant change in other operating expenses and shareholder services between the two fiscal years. The main expense under shareholder services is the compensation paid by CRCD to the caisses for all shareholder advisory services, determined annually based on CRCD’s net assets and the degree to which share subscription and redemption transactions are automated.

Income taxes amounted to \$2.5 million in fiscal 2020, up from the previous year (\$2.0 million in 2019). 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

In fiscal 2020, cash outflows from share issues net of redemptions amounted to \$82.1 million (net cash inflows of \$58.4 million in 2019). The increase between the two years was due mainly to the higher volume of share redemptions during fiscal 2020, and the first six months, in particular. Operating activities combined with fees for the development of an intangible asset generated net cash inflows of \$57.0 million (net cash outflows of \$52.8 million in 2019).

Cash outflows for Investments impacting the Québec economy amounted to \$174.8 million for fiscal 2020 (\$263.8 million in 2019). The Other investments portfolio generated net cash inflows of \$74.5 million, compared with net cash inflows of \$108.8 million for fiscal 2019.

As at December 31, 2020, cash and cash equivalents totalled \$21.6 million (\$46.8 million as at December 31, 2019).

CRCD had an authorized line of credit of \$250 million as at December 31, 2020. This line of credit was drawn down during fiscal 2020 but was undrawn as at December 31, 2020 (undrawn in fiscal 2019).

In the event that cash requirements exceed expectations, as occurred due to a higher than expected volume of share redemptions during the year, this line of credit is used on a temporary basis to meet 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.

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 from those shareholders who make such a request.

## 5.2 CRCD's mission, vision, strategic priorities and strategies

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

### MISSION

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

*Energize our entrepreneurship. Prioritize Québec ownership. Grow our collective wealth and make it last for generations to come. By building bridges to the future, we're working together to energize our 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;
- Achieve other priorities specific to DC and relevant to CRCD: to grow visibility, acquire, retain and develop talent, and maintain CRCD's risk/return and capitalization balance;
- Achieve specific CRCD priorities: increase CRCD's capitalization and visibility and improve digital shareholder experience.

While the uncertain economic environment caused by the health crisis disrupted growth and development activities during the first six months of 2020, we saw a gradual return to normal during the second half of the fiscal year. We have our feet on the ground to continue supporting our partner companies and sustain the growth of SMEs and cooperatives across all regions of Québec.

### 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, 2020, having invested 65% (64% as at December 31, 2019) of its average net assets in eligible Québec companies. This percentage for fiscal years beginning after December 31, 2020 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, 2020 and 2019, all of those rules were met.

## 5.3 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 one directorship vacant:



**Bernard Bolduc**  
BBA FINANCE

President of the Board of CRCD and President, Altrum Inc.



**Marlène Deveaux**  
BA, MA, ASC

Vice-president of the Board of CRCD and President and Chief Executive Officer, Revêtement sur métaux 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, AdmA, PIFin.

General Manager, Caisse Desjardins de Gatineau



**Lucie Demers**  
CPA, CGA, CBV

Corporate Director



**Muriel McGrath**  
BA, ICD.D

President, MC2 Consilium inc.



**Anne-Marie Renaud**  
BSc, ICD.D, CEC, ACC

Corporate Director and Executive Coach



**Louis Roy**  
BBA, MBA, DAE

Director of Business Intelligence, Revenu Québec



**Jean-Guy Sénécal**  
FCPA, FCA, BBA

Corporate Director



**Louis-Régis Tremblay**  
ENG, ICD.D.

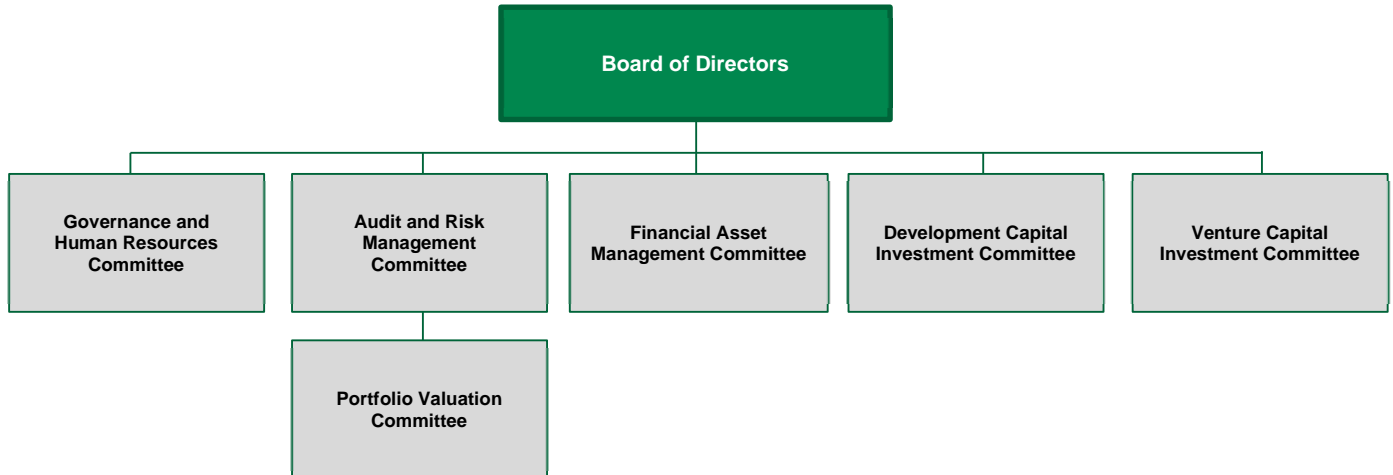
Management Consultant and Corporate Director

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, shareholder relations 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 directors and committee members, the Board and its Chair, the committees and their chairs, the Desjardins Group Relations Director and the Manager. Furthermore, the Committee ensures that a succession plan is in place for the Desjardins Group Relations Director.

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, recommending to the Board changes to the Risk Management Policy, and more specifically monitors all operational and regulatory risks. It is informed of market risks related to interest rates, foreign currencies and stock markets, which are monitored by the Financial Asset Management Committee.

### 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 also responsible for recommending to the Board the appointment of portfolio advisors. 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 and liquidity risk. 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, and credit and counterparty risk related to Investments impacting the Québec economy. They are informed of the strategic risk associated with the investment eligibility requirements set out in CRCD's constituting act, 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 2020.

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)	18	6	4	4	3	25	9	
<b>Directors and external committee members active as at the date of this MD&amp;A</b>								
Charles Auger	17/18						9/9	30,000
Marc Barbeau	17/18	1/1		4/4		23/25		52,251
Bernard Bolduc	17/18	5/5	1/1			5/5		67,085
Éric Charron	16/18			4/4				26,000
Lucie Demers	17/18		4/4		3/3			35,861
Marlène Deveaux	18/18	4/4				5/5		27,872
Linda Labbé	18/18	6/6	4/4	4/4	1/1			48,750
Muriel McGrath	18/18	4/4					9/9	40,582
Anne-Marie Renaud	12/13					24/25		30,159
Louis Roy	18/18						9/9	30,000
Jean-Guy Sénécal	13/13		3/3		2/2			32,074
Louis-Réqis Tremblay	18/18			4/4		25/25		40,440
Sophie Fortin*						8/8		7,487
Sébastien Mailhot*					3/3			9,600
George Rossi*					3/3			9,600
Michel Rouleau*						25/25		22,000
Normand Tremblay*							9/9	12,550
Paul Vokaty*							5/5	7,303
<b>Directors and external committee members no longer in office as at the date of this MD&amp;A</b>								
Mario Lavallée*				4/4				11,000
Michel Martineau*					1/1			2,700
Marcel Ostiguy	5/5			1/1				6,180
Nathalie Pilon	11/11		2/2	2/2				20,622
<b>TOTAL COMPENSATION</b>								<b>570,116</b>

\* 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.

As at the date of this MD&A, the Chair of the Board of Directors and the Desjardins Group Relations Director receive an annual retainer of \$70,000 and \$50,000 respectively. They receive no other compensation as a director, chair, member or contact person of a committee.

## 5.4 Risk management

### POLICIES AND PRACTICES

Sound risk management practices are critical to the success of CRCD. The integrated risk management policy adopted by CRCD provides 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 11, 2021.

### MARKET RISKS

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

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

#### Interest rate risk

Interest rate fluctuations have an impact on the market value of fixed-income securities and real estate funds held in the portfolio for which fair value is determined based on market conditions. The fair value of these assets as at December 31, 2020 was \$975.7 million (\$965.1 million as at December 31, 2019). 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 \$31.5 million (\$46.0 million as at December 31, 2019) are not valued based on changes in interest rates, given their short maturities.

Bonds with a fair value of \$526.8 million (\$536.0 million as at December 31, 2019) are directly affected by changes in interest rates. A 1% increase in interest rates would have resulted in a \$37.7 million decrease in net earnings, representing a 1.7% decrease in CRCD's share price as at December 31, 2020 (\$37.1 million for 1.7% as at December 31, 2019). Similarly, a 1% decrease in interest rates would have had the opposite effect, resulting in a \$41.1 million increase in net earnings, representing a 1.9% increase in the share price (\$40.2 million for 1.8% as at December 31, 2019). 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 \$111.7 million (\$112.1 million as at December 31, 2019) 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 \$243.8 million (\$243.9 million as at December 31, 2019), are not sensitive to changes in interest rate. Conversely, the other loans and advances and preferred shares included in the portfolio, totalling a fair value of \$305.7 million (\$271.0 million as at December 31, 2019), are sensitive to changes in interest rates. As a result, for those interest-rate-sensitive loans and advances and preferred shares, a 1% increase in interest rates would have resulted in a \$4.8 million decrease in net earnings, representing a 0.2% decrease in CRCD's share price (\$4.8 million for 0.2% as at December 31, 2019). A 1% decrease in interest rates would have had the opposite effect, resulting in a \$5.0 million increase in net earnings, representing a 0.2% increase in CRCD's share price (\$5.0 million for 0.2% as at December 31, 2019).

#### 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, 2020, global and Canadian equity funds, valued at \$184.2 million (\$236.9 million as at December 31, 2019), 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 \$18.4 million increase or decrease in net earnings, representing a 0.8% increase or decrease in CRCD's share price.

Market-neutral equity funds, valued at \$63.0 million as at December 31, 2020 (\$60.9 million as at December 31, 2019), are less exposed to stock market fluctuations as they minimize market risks. 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 \$19.4 million (\$23.9 million as at December 31, 2019). Accordingly, for these investments, a 10% increase or decrease in the quoted market prices of listed equities would have resulted in a \$1.9 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 \$102.9 million or 4.5% of net assets as at December 31, 2020, compared with \$80.4 million or 3.5% of net assets as at December 31, 2019.

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 \$10 million line of credit has been granted to CRCD for its foreign exchange contract transactions. As at December 31, 2020, CRCD held foreign exchange contracts under which it will be required to deliver US\$69.6 million (US\$51.7 million as at December 31, 2019), at the rate of CAD/USD 1.2820 (CAD/USD 1.3142 as at December 31, 2019), as well as foreign exchange contracts under which it will be required to deliver €7.6 million (€8.6 million as at December 31, 2019) at the rate of CAD/EUR 1.5667 (CAD/EUR 1.4666 as at December 31, 2019) on March 31, 2021. As at December 31, 2020, CRCD had nil collateral on its foreign exchange contracts (nil at December 31, 2019).

As at December 31, 2020, the net exposure of CRCD's Investments impacting the Québec economy portfolio and accounts receivable to foreign currencies was thus limited to \$2.6 million (\$0.9 million as at December 31, 2019). 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 \$111.5 million (\$205.5 million as at December 31, 2019). Accordingly, a 10% decrease (increase) in value of the Canadian dollar relative to all other foreign currencies would have resulted in a \$11.2 million increase (decrease) in net earnings, representing a 0.5% 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. As at December 31, 2020, the impacts generated by the COVID-19 pandemic are only partially reflected in credit risk for investments impacting the Québec economy and funds committed but not disbursed. In fact, as risk ratings are updated on the basis of the annual financial statements of our partner companies, the overall effects of the pandemic on risk ratings will be reflected during fiscal 2021.

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 movement in the Investments impacting the Québec economy portfolio, ranked by risk (fair value amounts):

Rating	As at December 31, 2020		As at December 31, 2019	
	(in thousands of \$)	(as a %)	(in thousands of \$)	(as a %)
1 to 6.5 Low to acceptable risk	1,188,307	91.5	1,180,364	94.5
7 to 9 At risk	71,664	5.5	51,724	4.1
10 High risk and insolvent	38,360	3.0	17,879	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, 2020		As at December 31, 2019	
	(in thousands of \$)	(as a %)	(in thousands of \$)	(as a %)
1 to 6.5 Low to acceptable risk	225,945	94.9	234,455	98.9
7 to 9 At risk	5,815	2.4	2,554	1.1
10 High risk and insolvent	6,466	2.7	-	-

For the bond portfolio, which represented 57.4% of the fair value of the Other investments portfolio (54.0% as at December 31, 2019), credit risk is managed by diversification across numerous issuers with credit ratings as follows:

Rating <sup>(1)</sup>	As at December 31, 2020		As at December 31, 2019	
	(in thousands of \$)		(in thousands of \$)	
AAA	184,694		226,045	
AA	198,429		176,336	
A	90,467		80,991	
BBB	53,196		52,660	

<sup>(1)</sup> 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 Fédération des caisses Desjardins du Québec.

## CONCENTRATION RISKS

Concentration risks arise from the possibility that a significant portion of the Investments impacting the Québec economy portfolio or the Other investments portfolio might become concentrated in a single entity, region or financial product, which could render CRCD vulnerable to any financial difficulties experienced by such entity, 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, 2020		As at December 31, 2019	
	% of portfolio	% of net assets	% of portfolio	% of net assets
Investments impacting the Québec economy <sup>(1)</sup>	35.6	24.1	33.5	21.6
Other investments <sup>(2)</sup>	38.7	15.6	44.8	19.2

<sup>(1)</sup> CRCD's interest in the ecosystem funds accounted for 67% (64% as at December 31, 2019) of the five largest Investments impacting the Québec economy.

<sup>(2)</sup> Government issuers and issues guaranteed by government entities represented 51% (47% as at December 31, 2019) 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, 2020, the Investments impacting the Québec economy portfolio represented 57.8% of net assets (55.1% as at December 31, 2019).

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, 2020, the Other investments portfolio includes a portion of foreign securities resulting primarily from its interest in global equity funds and comprises 89.5% of Canadian securities (79.4% as at December 31, 2019). Other investments portfolio performance therefore depends heavily on economic conditions in Canada. As at December 31, 2020, the Other investments portfolio represented 40.7% of net assets (43.2% as at December 31, 2019).

### 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, 2020, bond securities represented 23.2% of net assets (23.2% as at December 31, 2019).

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.

Given the significant balance of 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 the 2020 issue period, this initiative provided greater availability of capital for Investments impacting the Québec economy by reducing cash requirements related to share redemptions. See the Subscription section for more information.

This initiative was well received by shareholders as the amounts authorized for the 2018, 2019 and 2020 exchanges have been fully subscribed. The pandemic environment in the first half of 2020 resulted in an increase in requests for redemptions of shares. The credit facilities put in place several years ago were therefore drawn down in the first half of 2020 (undrawn in fiscal 2019) in order to provide greater cash management flexibility to maintain the amounts available for commitments to Investments impacting the Québec economy.

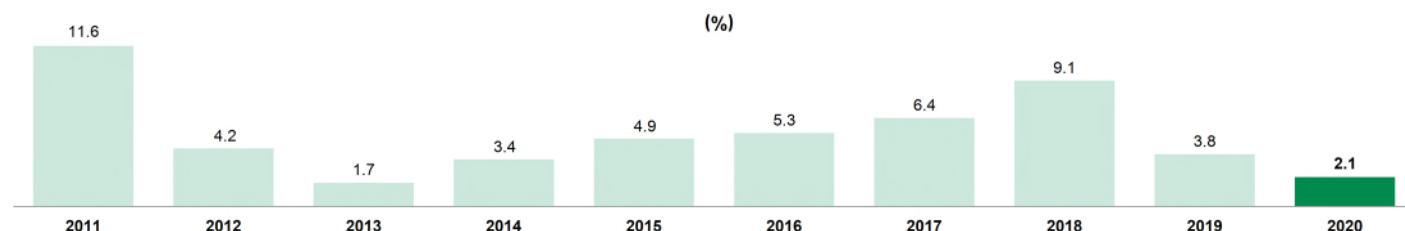
CRCD, through its balanced financial strategy and integrated risk management, has the necessary sources of funding to cover its financial obligations and pursue its mission among Québec businesses.

## 6.0 Past performance

This section presents the 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.

### 6.1 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.



### 6.2 Compounded return of the common share as at December 31, 2020

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
5.0%	4.8%	5.2%	4.8%	1.8%

## 7.0 Portfolio summary

### 7.1 Core investment profiles

As at December 31, 2020, 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
<b>INVESTMENTS IMPACTING THE QUÉBEC ECONOMY *</b>	
Debt	19.4
Equity	30.7
External funds	1.9
Venture capital	5.0
Other asset items held by ecosystem funds	0.8
<b>Total – Investments impacting the Québec economy</b>	<b>57.8</b>
<b>OTHER INVESTMENTS</b>	
Cash and money market instruments	1.7
Bonds	23.2
Global equity funds	5.2
Canadian equity funds	2.9
Real estate funds	4.9
Market neutral equity funds	2.8
<b>Total – Other investments</b>	<b>40.7</b>

\* Including foreign exchange contracts

Net assets comprise 98.5% investment profiles and 1.5% other asset items.

## 7.2 Main investments held

As at December 31, 2020, on a fair value basis, the issuers of the 25 main investments held by CRCD were as follows:

Issuers as at December 31, 2020	% of net assets
Investments impacting the Québec economy – 14 issuers*	32.5
Government of Canada	4.8
Canada Housing Trust	3.2
Desjardins IBrix Low Volatility Global Equity Fund (I-Class Units)	2.8
Bentall Kennedy Prime Canadian Property Fund	2.5
Desjardins Global Dividend Fund (I-Class Units)	2.4
Fiera Properties CORE Fund	2.4
Province of Ontario	2.2
Hydro-Québec	2.0
CC&L market neutral funds	1.8
Province of Saskatchewan	1.5
Fidelity Canadian Low Volatility Equity Institutional Trust	1.5

**\* The 14 issuers which collectively represented 32.5% of CRCD's net assets are:**

9349-6347 Québec inc. (Habitations Trigone)  
 Agropur Coopérative  
 Avjet Holding Inc.  
 Capital Croissance PME II s.e.c.  
 Desjardins - Innovatech S.E.C.  
 Desjardins Capital PME s.e.c.  
 Exo-s Inc.  
 Groupe ameublement E-Solutions inc.  
 Groupe Filgo inc.  
 Groupe Solotech inc.  
 Gecko Alliance Group Inc.  
 Fournier Industries Group Inc.  
 Norbec Group Inc.  
 Sollio Cooperative Group (prev. La Coop fédérée)

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

February 11, 2021

## 8.0 Management's report

February 11, 2021

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

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

The financial statements present the financial information available as at February 11, 2021. 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, 2020 and 2019**  
(in thousands of Canadian dollars)



## Independent auditor's report

To the Shareholders of Capital régional et coopératif Desjardins

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### 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, 2020 and 2019, 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, 2020 and 2019;
- 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 significant accounting policies and other explanatory information.

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### 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.

PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.  
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T: +1 514 205 5000, F: +1 514 876 1502



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## **Other information**

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

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.

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## **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 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.

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## **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 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 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 LLP<sup>1</sup>**

Montréal, Quebec  
February 11, 2021

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<sup>1</sup> 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, 2020 \$	As at December 31, 2019 \$
<b>ASSETS</b>			
Investments impacting the Québec economy	7	1,298,331	1,249,967
Other investments	8	917,914	992,746
Intangibles assets	10	7,222	4,466
Income taxes recoverable	19	31,083	32,486
Accounts receivable	11	28,910	32,699
Cash	12	7,003	6,961
		<b>2,290,463</b>	<b>2,319,325</b>
<b>LIABILITIES</b>			
Financial liabilities	13	4,645	2,252
Income taxes payables	19	4,234	168
Accounts payable	14	8,786	8,439
		<b>17,665</b>	<b>10,859</b>
<b>NET ASSETS</b>	16	<b>2,272,798</b>	<b>2,308,466</b>
<b>NUMBER OF COMMON SHARES OUTSTANDING</b>		<b>140,110,229</b>	<b>144,849,327</b>
<b>NET ASSET VALUE PER COMMON SHARE</b>		<b>16.22</b>	<b>15.94</b>

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

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

(signed) Bernard Bolduc, B.B.A. Finance, Director

(signed) Jean-Guy Sénécal, FCPA, FCA, B.B.A., Director

## 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	2020 \$	2019 \$
<b>REVENUE</b>			
Interest	7	25,122	26,083
Dividends and distributions		22,656	28,766
Administrative charges		455	361
		<b>48,233</b>	55,210
<b>GAINS (LOSSES) ON INVESTMENTS</b>			
Realized		77,606	35,512
Unrealized		(39,135)	28,191
		<b>38,471</b>	63,703
<b>TOTAL REVENUE AND GAINS ON INVESTMENTS</b>			
		<b>86,704</b>	118,913
<b>EXPENSES</b>			
Management fees		21,321	19,007
Other operating expenses	18	5,160	5,548
Shareholder services	18	11,270	11,089
		<b>37,751</b>	35,644
<b>EARNINGS BEFORE INCOME TAXES</b>			
		<b>48,953</b>	83,269
Income taxes	19	2,524	1,967
<b>NET EARNINGS FOR THE YEAR</b>			
		<b>46,429</b>	81,302
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES</b>			
		<b>137,788,362</b>	140,340,554
<b>NET EARNINGS PER COMMON SHARE</b>			
		<b>0.34</b>	0.58

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

	Share capital (note 16)						Retained earnings	Net assets
	"Issuance" Shares <sup>(1)</sup>		"Exchange" Shares <sup>(1)</sup>		Total			
((in thousands of Canadian dollars))	Number	\$	Number	\$	Number	\$	\$	\$
<b>BALANCE – DECEMBER 31, 2019</b>	<b>131,551,585</b>	<b>1,529,277</b>	<b>13,297,742</b>	<b>199,445</b>	<b>144,849,327</b>	<b>1,728,722</b>	<b>579,744</b>	<b>2,308,466</b>
Net earnings for the year	-	-	-	-	-	-	46,429	46,429
<b>Share capital transactions<sup>(2)</sup></b>								
Issuance of common shares	9,278,358	139,842	-	-	9,278,358	139,842	-	139,842
Redemption of common shares	(13,988,260)	(145,842)	(29,196)	(435)	(14,017,456)	(146,277)	(75,662)	(221,939)
Exchange of common shares	5,984	59	(5,984)	(92)	-	(33)	33	-
<b>BALANCE – DECEMBER 31, 2020</b>	<b>126,847,667</b>	<b>1,523,336</b>	<b>13,262,562</b>	<b>198,918</b>	<b>140,110,229</b>	<b>1,722,254</b>	<b>550,544</b>	<b>2,272,798</b>
<b>BALANCE – DECEMBER 31, 2018</b>	<b>141,391,214</b>	<b>1,577,431</b>	<b>-</b>	<b>-</b>	<b>141,391,214</b>	<b>1,577,431</b>	<b>591,373</b>	<b>2,168,804</b>
Net earnings for the year	-	-	-	-	-	-	81,302	81,302
<b>Share capital transactions<sup>(2)</sup></b>								
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)	-
<b>BALANCE – DECEMBER 31, 2019</b>	<b>131,551,585</b>	<b>1,529,277</b>	<b>13,297,742</b>	<b>199,445</b>	<b>144,849,327</b>	<b>1,728,722</b>	<b>579,744</b>	<b>2,308,466</b>

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

<sup>(2)</sup> 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)	2020 \$	2019 \$
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		
Net earnings for the year	46,429	81,302
Non-cash items:		
Losses (gains) on investments	(38,471)	(63,703)
Amortization of premiums and discounts on other investments	(1,178)	(734)
Amortization of intangibles assets	1,390	365
Deferred taxes	4,066	(2,569)
Capitalized interest and other non-cash items	(5,537)	(1,253)
Changes in operating assets and liabilities:		
Income taxes recoverable	1,403	(6,009)
Income taxes payable	-	(12,360)
Accounts receivable	181	(612)
Accounts payable	160	2,424
Acquisition of investments impacting the Québec economy	(174,806)	(263,841)
Proceeds from disposals of investments impacting the Québec economy	152,942	109,136
Acquisition of other investments	(935,230)	(1,010,281)
Proceeds on disposal of other investments	1,009,716	1,119,110
	<b>61,065</b>	<b>(49,025)</b>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Acquisition of intangibles assets	(4,146)	(3,808)
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		
Issuance of common shares	139,842	140,017
Redemption of common shares	(221,939)	(81,657)
	<b>(82,097)</b>	<b>58,360</b>
<b>Net change in cash and cash equivalents during the year</b>	<b>(25,178)</b>	<b>5,527</b>
Cash and cash equivalents – Beginning of year	46,780	41,253
<b>CASH AND CASH EQUIVALENTS – END OF YEAR</b>	<b>21,602</b>	<b>46,780</b>
<b>Supplemental information about cash flows from operating activities</b>		
Interest received	18,115	24,105
Dividends and distributions received	22,140	28,642
Income taxes recovered (paid)	2,945	(22,905)

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.

Amendments to the governance of CRCD will come into force at the next annual general meeting as provided for in *Bill 41*, assented to by the Québec National Assembly on March 17, 2020.

### Investments

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

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

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

CRCD's eligible investments, as defined in the Act, must represent on average at least 65% (64% as at December 31, 2019) of CRCD's average net assets for the preceding year.

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

## Note 1 – Governing statute, administration and investments (*continued*)

### Investments (*continued*)

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. As at December 31, 2020 and 2019, the targets are met.

## 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 11, 2021.

### Basis of measurement

These financial statements have been prepared on a fair value basis, except with respect to cash, accounts receivable, accounts payable, Bank overdraft 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.
- Bank overdraft and 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.
- Guarantees and suretyships are classified at fair value through profit or loss and any resulting gain (loss) is recognized in the separate statements of comprehensive income under "Gains (losses) on investments".

## 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)

### b) Fair value measurement (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.

#### Guarantees and suretyships

When it is likely that CRCDC will be required to make a payment under a guarantee or a suretyship it has provided, a loss equal to the estimated amount payable is recognized as a liability.

#### Note

The note receivable is related to an investment impacting the Québec economy and is recognized at fair value, which is the amount that CRCDC 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 CRCDC 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:

Intangible assets	Method	Period
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*)

### c) Intangible assets (*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).

### 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.

#### 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.

## Note 3 – Significant accounting policies (*continued*)

### f) Revenue recognition (*continued*)

#### 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 4 – Significant judgments, estimates and assumptions (continued)**

### **COVID-19 — significant judgments, estimates and assumptions**

The evolution of the COVID-19 pandemic and economic recovery remains uncertain and continue to introduce uncertainty into the assumptions used. While the valuation techniques used by CRCD to determine the fair value of investments impacting the Québec economy that are not traded in an active market have remained largely unchanged, the unobservable inputs used as at December 31, 2020 have been adjusted for the potential impacts of COVID-19 based on information and data available at that date.

The duration and magnitude of the economic impact of the pandemic on the future results of portfolio companies cannot be determined with certainty. There is a risk that the assumptions used and forecasts made by CRCD in determining the fair value of investments impacting the Québec economy which are not traded in an active market may differ from actual results, which could cause increased volatility in the fair value of financial instruments and net assets over the next semesters.

## **Note 5 – Accounting standards issued but not yet adopted**

No accounting standards issued by the IASB and not yet effective as at December 31, 2020 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](http://www.capitalregional.com) and on SEDAR at [www.sedar.com](http://www.sedar.com). The Schedule does not form an integral part of the financial statements.

	As at December 31, 2020		
	Cost \$	Unrealized gain (loss) \$	Fair value \$
<b>Unsecured</b>			
Common shares	365,070	33,014	398,084
Preferred shares	312,033	66,994	379,027
Fund units	254,357	93,455	347,812
Loans and advances	154,473	(1,289)	153,184
Note <sup>(1)</sup>	2,990	(72)	2,918
<b>Secured</b>			
Loans and advances	19,132	(1,826)	17,306
<b>Total</b>	<b>1,108,055</b>	<b>190,276</b>	<b>1,298,331</b>

	As at December 31, 2019		
	Cost \$	Unrealized gain (loss) \$	Fair value \$
<b>Unsecured</b>			
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 <sup>(1)</sup>	2,461	297	2,758
<b>Secured</b>			
Loans and advances	13,478	(1,587)	11,891
<b>Total</b>	<b>1,014,864</b>	<b>235,103</b>	<b>1,249,967</b>

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

Investments impacting the Québec economy include investments valued at fair value in U.S. dollars for an amount of \$72.8 million (\$48.5 million as at December 31, 2019) and in euros for an amount of \$11.8 million (\$12.6 million as at December 31, 2019).

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 8.0% (8.7% as at December 31, 2019). The interest rate is fixed for substantially all interest-bearing loans and advances. For the year ended December 31, 2020, interest income recognized at the contractual rate amounted to \$13.1 million (\$10.2 million for the year ended December 31, 2019). Substantially all of the change in the fair value of loans and advances resulted from changes in the rates charged on these types of product and to a lesser extent, changes in credit risk.

Loans and advances have an annual residual maturity of 4.3 years (4.0 years as at December 31, 2019) and the fair market value of the current portion maturing in less than one year is \$13.4 million (\$32.5 million as at December 31, 2019).

## Note 7 – Investments impacting the Québec economy (continued)

### Allocation of investments and funds committed by segment

Investments and funds committed are allocated by segment as follows:

Segment	As at December 31, 2020				
	Manufacturing \$	Services \$	Technological innovations \$	Funds \$	Total \$
Investments at cost	584,520	214,474	51,714	257,347	1,108,055
Unrealized gain (loss)	79,896	21,757	(4,760)	93,383	190,276
Fair value	664,416	236,231	46,954	350,730	1,298,331
Funds committed but not disbursed <sup>(1)</sup>	13,242	11,050	4,965	202,512	231,769
Guarantees and suretyships <sup>(2)</sup>	224	6,233	-	-	6,457
<b>Total</b>	<b>677,882</b>	<b>253,514</b>	<b>51,919</b>	<b>553,242</b>	<b>1,536,557</b>

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

<sup>(1)</sup> Funds committed but not disbursed are not included in assets.

<sup>(2)</sup> Under section 22 of its constituting act, when CRCD makes an investment in the form of a guarantee or a suretyship, it must establish and maintain for the term of the this investment a reserve equivalent to not less than 50% of its value. This reserve is funded from the Other investments.

### Guarantees and suretyships

As at December 31, 2020, CRCD had provided guarantees totalling \$6.5 million (nil as at December 31, 2019) in respect of loans to companies in which CRCD has invested. Such guarantees may be enforced only in the event that a company fails to meet its contractual obligations. The term of these guarantees is two to three years.

As at December 31, 2020, no amount has been recognized in liabilities as a provision for losses arising from any such guarantees.

## 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:

2021 \$	2022 \$	2023 \$	2024 \$	2025 and thereafter \$	Total \$
153,917	24,247	16,377	3,695	33,533	231,769

### 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, 2020		As at December 31, 2019	
	Number	Fair value \$	Number	Fair value \$
<b>Subsidiaries</b>				
Partner companies	7	216,875	9	254,725
<b>Associates</b>				
Partner companies	27	287,097	28	296,890
Funds	11	326,660	11	319,537

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, 2020 and 2019 for associates. The voting rights are equivalent to the proportion of interests held except for two subsidiaries as at December 31, 2020 (two subsidiaries and an associate as at December 31, 2019). During the year ended December 2020 and 2019, CRCD did not receive any significant dividend from a subsidiary.

As at December 31, 2020 the interests in the funds were made up of units and the holding percentage varied from 13% to 95% (13% to 100% as at December 31, 2019).



## 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](http://www.capitalregional.com) and on SEDAR at [www.sedar.com](http://www.sedar.com). The Statement does not form an integral part of the financial statements.

	As at December 31, 2020		
	Cost \$	Unrealized gain (loss) \$	Fair value \$
<b>Bonds</b>			
Federal or guaranteed	179,829	4,865	184,694
Provincial, municipal or guaranteed	203,529	14,369	217,898
Financial institutions	48,335	3,647	51,982
Companies	66,091	6,121	72,212
	<b>497,784</b>	<b>29,002</b>	<b>526,786</b>
Money market instruments <sup>(1)</sup>	31,508	-	31,508
Foreign exchange contracts <sup>(2)</sup>	-	719	719
Canadian equity funds	60,777	5,813	66,590
Global equity funds	113,463	4,150	117,613
Real estate funds	110,778	957	111,735
Market neutral equity funds	62,247	716	62,963
<b>Total</b>	<b>876,557</b>	<b>41,357</b>	<b>917,914</b>

	As at December 31, 2019		
	Cost \$	Unrealized gain (loss) \$	Fair value \$
<b>Bonds</b>			
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
	<b>528,319</b>	<b>7,713</b>	<b>536,032</b>
Money market instruments <sup>(1)</sup>	46,037	-	46,037
Foreign exchange contracts <sup>(2)</sup>	-	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
<b>Total</b>	<b>957,081</b>	<b>35,665</b>	<b>992,746</b>

## Note 8 – Other investments (continued)

### Breakdown of bonds by maturity date

	As at December 31, 2020			
	Under 1 year \$	1 to 5 years \$	Over 5 years \$	Total \$
Cost	3,003	13,977	480,804	497,784
Par value	3,000	13,774	496,197	512,971
Fair value	3,011	14,766	509,009	526,786
Average nominal rate <sup>(3)</sup>	1.31%	2.43%	1.98%	1.99%
Average effective rate	0.94%	2.11%	2.01%	2.00%

	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 <sup>(3)</sup>	1.83%	3.20%	2.36%	2.36%
Average effective rate	1.93%	3.32%	2.48%	2.48%

<sup>(1)</sup> As at December 31, 2020, money market instruments consisted of Treasury bills, commercial paper, and bankers' acceptances, compared with Treasury bills, commercial paper, bankers' acceptances and bearer deposit notes as at December 31, 2019.

<sup>(2)</sup> Foreign exchange contracts to sell US\$69.6 million (US\$51.7 million as at December 31, 2019) and €7.6 million (€8.6 million as at December 31, 2019) have three-month maturities.

<sup>(3)</sup> Substantially all bonds bear are fixed-interest rate issues.

Other investments include investments which represent foreign currency exposure with a fair value of \$111.5 million (\$205.5 million as at December 31, 2019).

For the year ended December 31, 2020, interest income from bonds recognized at the effective rate amounted to \$11.5 million (\$15.8 million for the year ended December 31, 2019).

### 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:

2021 \$	2022 \$	2023 \$	2024 \$	2025 and thereafter \$	Total \$
-	2,000	-	-	-	2,000

## 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, 2020			
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial Assets</b>				
Investments impacting the Québec economy	19,396	-	1,278,935	1,298,331
Other investments	642,389	163,790	111,735	917,914
Amounts receivable on disposal of investments impacting the Québec economy	-	-	19,423	19,423
<b>Total financial assets</b>	<b>661,785</b>	<b>163,790</b>	<b>1,410,093</b>	<b>2,235,668</b>
<b>Financial liabilities</b>	-	-	4,645	4,645

	As at December 31, 2019			
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial Assets</b>				
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
<b>Total financial assets</b>	<b>722,800</b>	<b>181,761</b>	<b>1,361,183</b>	<b>2,265,744</b>
<b>Financial liabilities</b>	-	-	2,252	2,252

Transfers between hierarchy levels of financial instruments measured at fair value are made at the reporting date. No transfers between hierarchy levels took place during the year ended December 31, 2020 (one transfer during the year ended December 31, 2019).

## 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, 2020			
	Investments impacting the Québec economy \$	Other investments \$	Amounts receivable on disposal of investments impacting the Québec economy \$	Financial liabilities \$
<b>Fair value as at December 31, 2019</b>	<b>1,226,090</b>	<b>112,062</b>	<b>23,031</b>	<b>(2,252)</b>
Realized gains (losses)	61,242	-	13,376	(2,393)
Unrealized gains (losses)	(39,636)	(3,060)	-	-
Acquisitions/issuances	187,991	2,733	1,336	-
Disposals/repayments	(156,752)	-	(18,320)	-
<b>Fair value as at December 31, 2020</b>	<b>1,278,935</b>	<b>111,735</b>	<b>19,423</b>	<b>(4,645)</b>
Unrealized gains (losses) in comprehensive income on investments and financial liabilities as at December 31, 2020	(37,086)	(3,060)	-	-

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

## Note 9 – Fair value of financial instruments (continued)

### Level 3 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, 2020			
	Fair value \$	Main valuation techniques	Unobservable inputs	Input value range (weighted average)
<b>Investments impacting the Québec economy</b>				
Loans and advances	92,660	Discounted cash flows	Required return	7.0% to 13.7% (8.3%)
Non-participating shares	216,613	Discounted cash flows	Required return	4.1% to 12.3% (6.2%)
Participating controlling shares	201,584	Capitalized cash flows	Capitalization rate	9.1% to 13.1% (11.1%)
			% of representative cash flows <sup>(1)</sup>	8.7% to 14.7% (11.6%)
	23,696	Recent transactions and bids	Paid/bid price	-
			39,018	Restated net assets
Participating non-controlling shares	180,882	Capitalized cash flows	Capitalization rate	(2)
			% of representative cash flows <sup>(1)</sup>	8.5% to 21.2% (10.2%)
	53,281	Recent transactions and bids	Paid/bid price	7.3% to 43.1% (17.7%)
			89,560	Restated net assets
	30,911	Other <sup>(3)</sup>	-	-
Note	2,918	Restated net assets	Fund's net assets	(4)
Fund units	347,812	Restated net assets	Fund's net assets	(2)
	<b>1,278,935</b>			
<b>Other investments – Real estate fund</b>	111,735	Restated net assets	Fund's net assets	(2)
<b>Amounts receivable on disposal of investments impacting the Québec economy</b>	19,423	Discounted cash flows	Required return	0.3% to 9.0% (8.2%)
<b>Financial liabilities</b>	<b>(4,645)</b>	Miscellaneous	-	

## Note 9 – Fair value of financial instruments (continued)

### Level 3 financial instruments (continued)

	As at December 31, 2019			
	Fair value \$	Main valuation techniques	Unobservable inputs	Input value range (weighted average)
<b>Investments impacting the Québec economy</b>				
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 <sup>(1)</sup>	9.2% to 26.9% (13.0%)
	82,085	Recent transactions and bids	Paid/bid price	-
	39,206	Restated net assets	Entity's net assets	
Participating non-controlling shares	138,520	Capitalized cash flows	Capitalization rate	(2)
			% of representative cash flows <sup>(1)</sup>	8.5% to 19.0% (10.5%)
	99,257	Recent transactions and bids	Paid/bid price	3.5% to 25.9% (14.2%)
	69,621	Restated net assets	Entity's net assets	(2)
	15,985	Other <sup>(3)</sup>	-	-
Note	2,758	Restated net assets	Fund's net assets	(4)
Fund units	324,595	Restated net assets	Fund's net assets	(2)
	1,226,090			
<b>Other investments – Real estate fund</b>	112,062	Restated net assets	Fund's net assets	(2)
<b>Amounts receivable on disposal of investments impacting the Québec economy</b>	23,031	Discounted cash flows	Required return	0.5% to 10.0% (4.1%)
<b>Financial liabilities</b>	(2,252)	Miscellaneous	-	

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

<sup>(2)</sup> 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.

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

<sup>(4)</sup> 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, 2020 \$	As at December 31, 2019 \$
Participating controlling shares	+/- 0.3 %	+/- 0.2 %
Participating non-controlling shares	+/- 0.4 %	+/- 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.

#### 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.

## Note 9 – Fair value of financial instruments (continued)

### Sensitivity of fair value to unobservable inputs (continued)

#### 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 (\$)
<b>Cost</b>	
As at December 31, 2018	1,096
Acquisition	3,808
As at December 31, 2019	4,904
Acquisition	<b>4,146</b>
<b>As at December 31, 2020</b>	<b>9,050</b>
<b>Accumulated depreciation</b>	
As at December 31, 2018	(73)
Depreciation	(365)
As at December 31, 2019	(438)
Depreciation	<b>(1,390)</b>
<b>As at December 31, 2020</b>	<b>(1,828)</b>
<b>Net carrying amount</b>	
<b>As at December 31, 2020</b>	<b>7,222</b>
As at December 31, 2019	4,466



## Note 11 – Accounts receivable

	As at December 31, 2020 \$	As at December 31, 2019 \$
Interest, dividends and distributions receivable on investments	8,942	8,729
Amounts receivable on disposal of investments impacting the Québec economy	19,423	23,031
Other	545	939
<b>Total</b>	<b>28,910</b>	<b>32,699</b>

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 \$18.2 million (\$19.3 million as at December 31, 2019).

Based on the information available as at the reporting date and the assumptions made as to the timing of collection, CRCDC expects to collect accounts receivable with a fair value of \$9.7 million (\$13.5 million as at December 31, 2019) no later than 12 months after the reporting date.

## Note 12 – Cash and cash equivalents

	As at December 31, 2020 \$	As at December 31, 2019 \$
Cash	7,003	6,961
Money market instruments	14,599	39,819
<b>Total</b>	<b>21,602</b>	<b>46,780</b>

## Note 13 – Financial liabilities

Financial liabilities are amounts that CRCDC 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, 2020, financial liabilities with a fair value of \$4.6 million were related to investments impacting the Québec economy measured in U.S. dollars (\$2.3 million as at December 31, 2019).

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, CRCDC 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, 2020 \$	As at December 31, 2019 \$
Trade payables and accrued liabilities	6,524	6,364
Amounts payable on acquisitions of other investments	187	-
Other	2,075	2,075
<b>Total</b>	<b>8,786</b>	<b>8,439</b>

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 \$250 million as at December 31, 2020 (\$200 million as at December 31, 2019) with the Fédération des caisses Desjardins du Québec (FCDQ), bearing interest at the operating credit rate of FCDQ plus 0.5% (0.5% as at December 31, 2019) and renewable annually. This line of credit was drawn down in the amount of \$128.2 million during the year ended December 31, 2020 (undrawn in fiscal 2019). As at December 31, 2020 and 2019, no amount was drawn down on this credit line.

## 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 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, which lasts 12 months, begins on March 1 of each year.

### Issued

The net assets of CRCD as at December 31, 2020 totalled \$2,272.8 million broken down by issue as follows:

Issue	*Balance \$M			Eligible for redemption
	“Issuance” Shares	“Exchange” Shares	Total	
2001 to 2013	1,002.0	-	1,002.0	Today
2014	84.6	-	84.6	2021
2015	199.2	-	199.2	2022
2016	168.0	-	168.0	2023
2017	158.0	-	158.0	2024
2018	154.2	109.8	264.0	2025
2019	141.5	105.3	246.8	2026
2020	150.2	-	150.2	2027
<b>Net assets</b>	<b>2,057.7</b>	<b>215.1</b>	<b>2,272.8</b>	

\* Calculated as net asset value per share as at December 31, 2020.

## 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. The pandemic environment in the first six months of 2020 resulted in an increase of redemptions of CRCD's shares requests. Given its Other investments portfolio, CRCD has the necessary liquidity to fund share redemptions and make investments to support portfolio companies. To provide greater cash management flexibility, the credit facilities put in place several years ago were drawn down.

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

	2020 \$	2019 \$
<b>Other operating expenses</b>		
IT expenses	3,154	2,967
Professional services fees	672	450
Compensation of members of the Board of Directors and its committees	570	598
Audit fees	234	180
Custodial and trustee fees	121	152
Marketing	22	763
Other expenses	387	438
<b>Total</b>	<b>5,160</b>	<b>5,548</b>
<b>Shareholder services</b>		
Trustee fees (registration)	2,201	2,243
Reporting to shareholders	349	424
Share distribution fees	5,188	5,273
IT expenses	3,183	2,804
Other expenses	349	345
<b>Total</b>	<b>11,270</b>	<b>11,089</b>

## Note 19 – Income taxes

### Income tax expense (recovery)

Income tax expense is detailed as follows:

	2020		2019	
	Statement of Comprehensive Income \$	Statement of Changes in Net Assets \$	Statement of Comprehensive Income \$	Statement of Changes in Net Assets \$
Current (recovered)	(1,542)	-	4,536	-
Deferred	4,066	-	(2,569)	-
<b>Total</b>	<b>2,524</b>	<b>-</b>	<b>1,967</b>	<b>-</b>

### Reconciliation of the income tax rate

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

	2020 \$	2019 \$
Income taxes at the combined basic tax rate of 39.5% (39.6% in 2019)	19,336	32,975
Permanent differences between earnings before income taxes and taxable income and other items		
Realized and unrealized losses (gains) on investments	(10,440)	(23,983)
Non-taxable dividends	(4,818)	(6,062)
Other	(1,554)	(963)
<b>Total</b>	<b>2,524</b>	<b>1,967</b>

### Income tax balance

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

	As at December 31, 2020 \$	As at December 31, 2019 \$
<b>Assets</b>		
Refundable tax on hand	30,996	26,019
Income taxes recoverable	87	6,467
<b>Total</b>	<b>31,083</b>	<b>32,486</b>
<b>Liabilities</b>		
Deferred taxes – Share issue expenses and Share distribution fees	3,697	3,385
Deferred taxes – Amounts receivable on disposal of investments impacting the Québec economy	(7,025)	(2,818)
Deferred taxes – Other	(906)	(735)
<b>Total</b>	<b>(4,234)</b>	<b>(168)</b>

CRCD expects to recover \$7.0 million (\$9.9 million as at December 31, 2019) 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 and has been extended for one year until December 31, 2021. Under this agreement, management fees amount to a maximum rate of 1.75% (1.75% for the fiscal year ended December 31, 2019) 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 \$11.8 million (\$12.0 million for the year ended 31, 2019) was made for the year ended December 31, 2020. 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. The agreement, which was in effect from July 1, 2016 to December 31, 2020, has been extended by one year to December 31, 2021.
- CRCD has entrusted Desjardins Trust Inc. with custody services for its assets. The custody and administration agreement that was effective on May 1, 2009 until December 31, 2020 has been extended for one year until December 31, 2021.
- CRCD has appointed FCDQ to oversee the distribution of its shares through the Desjardins caisse network. This agreement that was effective from July 1, 2016 until December 31, 2020 has been extended for one year until December 31, 2021. 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, 2020			As at December 31, 2019		
	DC \$	Other related parties <sup>(1)</sup> \$	Total \$	DC \$	Other related parties <sup>(1)</sup> \$	Total \$
<b>Balance Sheets</b>						
<b>Assets</b>						
Other investments	-	719	719	-	830	830
Intangible assets	-	7,222	7,222	-	4,466	4,466
Accounts receivables	-	-	-	-	2	2
Cash	-	7,094	7,094	-	7,079	7,079
<b>Liabilities</b>						
Accounts payable	907	5,526	6,433	2,022	5,510	7,532
	2020			2019		
	DC \$	Other related parties <sup>(1)</sup> \$	Total \$	DC \$	Other related parties <sup>(1)</sup> \$	Total \$
<b>Statements of Comprehensive Income</b>						
Revenue						
Interest	-	-	-	-	6	6
Gains (losses) on investments	-	(471)	(471)	-	3,543	3,543
Expenses						
Management fees	21,321	-	21,321	19,007	-	19,007
Other operating expenses	-	2,902	2,902	-	2,655	2,655
Shareholder services	-	10,572	10,572	-	10,319	10,319

<sup>(1)</sup> 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, 2020, compensation of key management personnel comprised solely short-term benefits in the amount of \$484,000 (\$500,000 for the year ended December 31, 2019).

## **Capital régional et coopératif Desjardins**

Audited schedule of cost of investments impacting  
the Québec economy  
**As at December 31, 2020**



## Independent auditor's report

To the Shareholders of Capital régional et coopératif Desjardins

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### Our opinion

In our opinion, the accompanying schedule of cost of investments impacting the Québec economy (the Schedule) of Capital régional et coopératif Desjardins (CRCD) as at December 31, 2020 is prepared, in all material respects, in accordance with the dispositions of Article 18 of the Regulation respecting Development Capital Investment Fund Continuous Disclosure.

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### 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.

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### Emphasis of matter – basis of accounting

We draw attention to the note to the Schedule, which describes the basis of accounting. The Schedule is prepared in order to comply with the dispositions of section 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.

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### 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 section 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.

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In preparing the Schedule, management is responsible for assessing 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.

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### **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 the 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 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 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 CRCD 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.

**\\s\PricewaterhouseCoopers LLP<sup>1</sup>**

Montréal, Quebec  
February 11, 2021

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<sup>1</sup> CPA auditor, CA, public accountancy permit No. A111799

**Audited schedule of cost of investments impacting the Québec economy  
As at December 31, 2020**

(in thousands of dollars)

	Initial investment year	Industry segment	Unsecured investments		Secured investments		Total \$	Guarantees and Suretyships \$
			Common and Preferredshares and funds units	Loans, advances and notes	Loans, advances and notes			
			\$	\$	\$			
<b>Abitibi-Témiscamingue</b>								
9212-9402 Québec inc.(Construction Francis Roy inc.)	2019	S	-	1,100	-	1,100	-	
Groupe financier Pentagone inc.	2019	S	-	850	-	850	-	
Manufacture Adria inc. (Adria Power Systems)	2020	M	-	500	-	500	-	
Ressources minières Radisson inc.	2019	M	105	-	-	105	-	
Trim Line de l'Abitibi inc.	2009	S	125	-	-	125	-	
<b>Total Abitibi-Témiscamingue</b>			<b>230</b>	<b>2,450</b>	<b>-</b>	<b>2,680</b>	<b>-</b>	
<b>Bas-Saint-Laurent</b>								
2862-2272 Québec inc. (Quincaillerie Home Hardware Rimouski)	2018	S	-	101	-	101	-	
A.G.M. Construction inc.	2020	S	-	200	-	200	-	
Domaine Élie-Raphaël inc.	2018	S	-	521	-	521	-	
<b>Total Bas-Saint-Laurent</b>			<b>-</b>	<b>822</b>	<b>-</b>	<b>822</b>	<b>-</b>	
<b>Capitale-Nationale</b>								
9038-6418 Québec inc. (Etaltech)	2019	S	-	200	-	200	-	
AxesNetwork Solutions inc.	2019	TI	-	-	1,666	1,666	-	
Boutique Le Pentagone inc.	2008	S	2,951	-	-	2,951	-	
Congébec Logistique II inc.	2015	S	-	-	4,849	4,849	-	
Construction St-Pierre Roseberry inc.	2020	S	-	300	-	300	-	
Flash Romeo inc. (Voilà)	2019	TI	-	660	-	660	-	
Gecko Alliance Group inc.	2016	M	14,773	6,758	-	21,531	-	
Groupe conseil NOVO SST inc.	2013	S	750	-	-	750	-	
Ingéniarts Technologies inc.	2020	M	-	2,773	-	2,773	-	
Jobillico inc.	2015	S	1,020	4,504	-	5,524	-	
Laserax inc.	2020	M	-	1,033	-	1,033	-	
Latéral Innovations inc.	2019	M	-	263	-	263	-	
MVT GEO-Solutions inc.	2020	S	-	203	-	203	-	
Nuutok Entreprise inc.	2019	TI	-	879	-	879	-	
Qohash inc.	2019	TI	2,278	-	-	2,278	-	
TB4 inc.	2019	S	-	312	-	312	-	
<b>Total Capitale-Nationale</b>			<b>21,772</b>	<b>17,885</b>	<b>6,515</b>	<b>46,172</b>	<b>-</b>	
<b>Centre-du-Québec</b>								
Avjet Holding inc.	2009	S	3,732	-	-	3,732	-	
CBR Laser inc.	2012	M	-	7,472	-	7,472	-	
Citadelle, Maple Syrup producer's Cooperative	2016	M	7,500	-	-	7,500	-	
Farinart inc.	2010	M	924	170	-	1,094	-	
Fruit d'or inc.	2018	M	20,000	-	-	20,000	-	
Groupe Anderson inc.	2007	M	3,740	-	-	3,740	-	
<b>Total Centre-du-Québec</b>			<b>35,896</b>	<b>7,642</b>	<b>-</b>	<b>43,538</b>	<b>-</b>	
<b>Chaudière - Appalaches</b>								
9148-7579 Québec inc. (Les filtres J.L. Grenier)	2020	M	-	385	-	385	-	
9375-3226 Québec inc. (OK Pneus La Malbaie)	2020	S	-	500	-	500	-	
Amisco Industries Ltd.	2018	M	17,220	-	-	17,220	-	
CareMedic System inc.	2020	TI	-	217	-	217	-	
Cycles Lambert inc.	2018	S	-	-	3,574	3,574	-	
Fertilec ltd.	2019	M	-	500	-	500	-	
Fournier Industries Group inc.	2013	M	17,000	-	-	17,000	-	
Grondin et Nadeau inc.	2019	S	-	526	-	526	-	
Groupe Filgo inc.	2012	S	11,458	-	-	11,458	-	
Hortau inc.	2010	M	2,617	-	-	2,617	-	
Industries Radisson inc. (Les)	2019	M	-	425	-	425	-	
Liberty Spring inc.	2019	M	22,500	5,700	-	28,200	-	
Marquis Book Printing inc.	2007	M	2,811	900	-	3,711	-	
<b>Total Chaudière - Appalaches</b>			<b>73,606</b>	<b>9,153</b>	<b>3,574</b>	<b>86,333</b>	<b>-</b>	

**Audited schedule of cost of investments impacting the Québec economy  
As at December 31, 2020**

(in thousands of dollars)

	Initial investment year	Industry segment	Unsecured investments		Secured investments		Total \$	Guarantees and Suretyships \$
			Common and Preferredshares and funds units	Loans, advances and notes	Loans, advances and notes			
			\$	\$	\$			
<b>Eastern Townships</b>								
Bestar inc.	2020	M	25,626	10,200	-	35,826	-	
Centre de rénovation Stanstead inc.	2020	S	-	500	-	500	-	
Clôtures Orford inc.	2019	S	-	401	-	401	-	
Coopérative funéraire de l'Estrie	2006	S	-	199	-	199	-	
Cuisines modernes de l'Estrie inc.	2020	S	-	360	-	360	-	
Demtroys Technology inc.	2019	M	-	422	-	422	-	
Emballages Façotek inc.	2020	M	-	500	-	500	-	
Exo-s-inc.	2012	M	20,572	-	-	20,572	-	
Imprimerie Préci-Grafik inc.	2009	M	1,500	550	265	2,315	-	
Kemestrie inc.	2010	TI	527	-	-	527	-	
Leadfox technologie inc.	2019	TI	-	1,436	-	1,436	-	
Sherlenn hydraulique et Produits industriels inc.	2020	S	-	300	-	300	-	
Technic-Eau Drillings inc.	2017	M	15,463	2,179	-	17,642	-	
The Sustainable Development Enterprises Energy Solutions & Associates inc.	2019	M	500	-	-	500	-	
<b>Total Eastern Townships</b>			<b>64,188</b>	<b>17,047</b>	<b>265</b>	<b>81,500</b>	<b>-</b>	
<b>Gaspésie-Îles-de-la-Madeleine</b>								
Les Entreprises Leblanc 3 inc.	2018	S	-	512	-	512	-	
<b>Total Gaspésie-Îles-de-la-Madeleine</b>			<b>-</b>	<b>512</b>	<b>-</b>	<b>512</b>	<b>-</b>	
<b>Lanaudière</b>								
Groupe Composites VCI inc.	2007	M	2,250	203	-	2,453	-	
<b>Total Lanaudière</b>			<b>2,250</b>	<b>203</b>	<b>-</b>	<b>2,453</b>	<b>-</b>	
<b>Laval</b>								
DBM Technologies inc.	2020	M	23,696	-	-	23,696	-	
Delta Ressources Limited	2020	M	140	-	-	140	-	
Ionodes inc.	2019	TI	-	760	-	760	-	
<b>Total Laval</b>			<b>23,836</b>	<b>760</b>	<b>-</b>	<b>24,596</b>	<b>-</b>	
<b>Mauricie</b>								
Classement Luc Beaudoin inc.	2013	S	-	277	-	277	-	
Équipements St-Arnaud inc. (Les)	2020	S	-	500	-	500	-	
Innovations Voltflex inc.	2006	M	17	-	-	17	-	
<b>Total Mauricie</b>			<b>17</b>	<b>777</b>	<b>-</b>	<b>794</b>	<b>-</b>	
<b>Montérégie</b>								
9349-6347 Québec inc. (Habitations Trigone)	2019	S	-	32,195	-	32,195	-	
A. & D. Prévost inc.	2011	M	5,589	-	-	5,589	-	
A.T.L.A.S. Aéronautique inc.	2010	M	6,232	-	-	6,232	-	
Agropur Coopérative	2014	M	74,947	-	-	74,947	-	
Atis Group inc.	2015	M	34,231	1,741	817	36,789	-	
Ben-Mor Cables inc.	2009	M	-	1,082	-	1,082	-	
C.A.T. North America inc. (ex. 9523383 Canada inc.)	2016	S	8,224	-	-	8,224	-	
Collaboration Québec, coopérative de solidarité en ingénierie et construction (A.E.F.)	2020	S	250	-	-	250	-	
Dose Juices inc.	2019	M	1,000	750	-	1,750	-	
Groupe Jafaco Gestion inc.	2019	M	-	9,195	-	9,195	-	
Investissement Groupe Champlain RPA, S.E.C	2020	S	7,787	-	-	7,787	-	
Norbec Group inc.	2017	M	7,450	800	-	8,250	-	
Novo Poultry inc.	2017	M	-	2,326	-	2,326	-	
NSE Automatech inc.	2013	M	2,639	-	-	2,639	-	
Nutri Group inc.	2018	M	15,000	-	-	15,000	-	
Résidence La Verrière (2005) inc.	2020	S	-	900	-	900	-	
Spectra Premium Industries inc.	2006	M	2,589	-	-	2,589	-	
Unicel Architectural Corp.	2017	M	-	3,000	-	3,000	-	
Valtech Fabrication inc.	2017	M	14,146	3,577	-	17,723	-	
<b>Total Montérégie</b>			<b>180,084</b>	<b>55,566</b>	<b>817</b>	<b>236,467</b>	<b>-</b>	

**Audited schedule of cost of investments impacting the Québec economy**  
**As at December 31, 2020**

(in thousands of dollars)

	Initial investment year	Industry segment	Unsecured investments		Secured investments		Total \$	Guarantees and Suretyships \$
			Common and Preferredshares and funds units	Loans, advances and notes	Loans, advances and notes			
<b>Montréal</b>								
10337803 Canada inc. (Arbell Electronics inc. )	2019	S	-	-	1,607	-	1,607	-
360 Agency inc.	2016	S	12,692	500	-	-	13,192	-
9337-4791 Québec inc (Motorleaf)	2018	TI	866	-	-	-	866	-
9493662 Canada inc (Ananda Devices)	2019	TI	1,000	-	-	-	1,000	-
9813063 Canada inc. (My Intelligent Machines (MIMs))	2019	TI	-	926	-	-	926	-
Agriculture Concentric inc.	2018	M	2,469	-	1,269	-	3,738	-
Alaya Care inc.	2019	TI	1,030	-	-	-	1,030	-
Alithya Group inc.	2015	S	22,217	-	-	-	22,217	-
Azimet Exploration inc.	2019	M	174	-	-	-	174	-
Brainbox AI inc.	2020	TI	-	4,123	-	-	4,123	-
C2RO Cloud Robotics inc.	2020	TI	250	-	-	-	250	-
Courchesne, Larose Itée	2015	M	-	3,828	-	-	3,828	-
Deeplite inc.	2020	TI	-	250	-	-	250	-
Emballages Deltapac inc. (Les)	2005	M	7	-	-	-	7	-
Emovi inc.	2018	M	1,078	-	-	-	1,078	-
Entreprise Nexmoov inc.	2018	TI	2,074	-	-	-	2,074	-
Fluent.ai inc.	2019	TI	-	1,409	-	-	1,409	-
Groupe Solotech inc.	2013	S	30,332	-	-	-	30,332	-
Haleo Preventive Health Solutions inc.	2019	TI	-	259	-	-	259	-
Imagia Cybernetics Inc.	2019	TI	1,447	-	-	-	1,447	-
Keatext inc.	2018	TI	-	1,460	-	-	1,460	-
MedHelper inc.	2020	TI	-	294	-	-	294	-
Moka Technologies Financières inc. (ex: Mylo)	2017	TI	4,075	1,028	-	-	5,103	-
NeuroServo inc.	2020	M	-	160	-	-	160	-
Ni2 inc.	2017	TI	5,084	-	1,116	-	6,200	-
o3d inc.	2019	TI	-	266	-	-	266	-
Optina Diagnostics inc.	2018	TI	2,868	-	-	-	2,868	-
Phildan inc.	2015	M	8,250	2,949	-	-	11,199	-
Potloc inc.	2018	TI	4,146	-	-	-	4,146	-
Prevu3D inc.	2020	TI	750	-	-	-	750	-
Rekruti Solutions inc.	2018	TI	-	544	-	-	544	-
Résidences pour aînés Immo 1ere inc.	2019	S	788	-	-	-	788	-
SJM Group inc.	2019	M	16,250	10,515	-	-	26,765	-
Sofdesk inc.	2019	TI	1,000	-	-	-	1,000	-
Sollio Groupe Coopératif (ex: La Coop fédérée)	2005	M	95,000	-	-	-	95,000	-
Stratuscent inc.	2020	TI	-	250	-	-	250	-
Technologies Heyday Inc.	2019	TI	500	1,043	-	-	1,543	-
Tekalia Aéronautik (2010) inc.	2019	S	3,069	-	-	-	3,069	-
Télécon inc.	2011	S	45,441	-	-	-	45,441	6,233
Thorasys Thoracic Medical Systems inc.	2018	TI	585	288	-	-	873	-
Wrk Technologies inc.	2020	TI	-	2,000	-	-	2,000	-
<b>Total Montréal</b>			<b>263,442</b>	<b>32,092</b>	<b>3,992</b>	<b>-</b>	<b>299,526</b>	<b>6,233</b>
<b>Nord-du-Québec</b>								
Genius Metals inc.	2020	M	100	-	-	-	100	-
Harfang Exploration inc.	2019	M	240	-	-	-	240	-
Kintavar Exploration inc.	2020	M	120	-	-	-	120	-
Maple Gold Mines Ltd	2018	M	75	-	-	-	75	-
Sirios Resources inc.	2019	M	300	-	-	-	300	-
Stelmine Canada Ltd.	2019	M	98	-	-	-	98	-
Vior inc.	2020	M	100	-	-	-	100	-
<b>Total Nord-du-Québec</b>			<b>1,033</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,033</b>	<b>-</b>
<b>Outaouais</b>								
Agrisoma Biosciences inc.	2018	M	-	-	3,462	-	3,462	224
Construction Michel Lacroix inc. / Michel Lacroix Construction inc.	2019	S	-	425	-	-	425	-
Signalisation Prosign Québec inc.	2019	S	-	209	-	-	209	-
<b>Total Outaouais</b>			<b>-</b>	<b>634</b>	<b>3,462</b>	<b>-</b>	<b>4,096</b>	<b>224</b>

**Audited schedule of cost of investments impacting the Québec economy  
As at December 31, 2020**

(in thousands of dollars)

	Initial investment year	Industry segment	Unsecured investments		Secured investments		Total \$	Guarantees and Suretyships \$
			Common and Preferredshares and funds units	Loans, advances and notes	Loans, advances and notes			
			\$	\$	\$			
<b>Outside of Canada</b>								
Pharmaxis Ltd.	2010	TI	2,360	-	-	2,360	-	
<b>Total Outside of Canada</b>			<b>2,360</b>	<b>-</b>	<b>-</b>	<b>2,360</b>	<b>-</b>	
<b>Saguenay-Lac-Saint-Jean</b>								
11077422 Canada inc. (Congèlerie l'Héritier)	2019	M	-	1,000	-	1,000	-	
9366-5099 Québec inc. (Voie maltée Laurier)	2018	S	-	-	507	507	-	
Groupe Canmec inc.	2004	M	7,014	-	-	7,014	-	
L.S.M. Son & Lumières inc.	2019	S	-	527	-	527	-	
Nature ALU inc.	2019	M	-	1,045	-	1,045	-	
Osblock inc.	2020	M	-	379	-	379	-	
Produits sanitaires Lépine inc. (Les)	2010	M	1,375	-	-	1,375	-	
S.E.C. Lokia Sélection Sherbrooke	2019	S	-	5,698	-	5,698	-	
Senneco inc.	2013	S	-	281	-	281	-	
<b>Total Saguenay-Lac-Saint-Jean</b>			<b>8,389</b>	<b>8,930</b>	<b>507</b>	<b>17,826</b>	<b>-</b>	
<b>Funds</b>								
Capital croissance PME s.e.c.	2010	F	-	-	-	-	-	
Capital croissance PME II s.e.c.	2014	F	56,009	-	-	56,009	-	
DC Immo 1ère S.E.C.	2019	F	6,936	-	-	6,936	-	
Desjardins - Innovatech S.E.C.	2005	F	30,857	2,990	-	33,847	-	
Desjardins Capital PME s.e.c.	2018	F	99,776	-	-	99,776	-	
Desjardins Capital Transatlantique, L.P.	2018	F	11,726	-	-	11,726	-	
FIER Partenaires, s.e.c.	2005	F	448	-	-	448	-	
Fonds de transfert d'entreprise du Québec, s.e.c.	2011	F	3,367	-	-	3,367	-	
Fonds d'investissement MSBI, s.e.c.	2004	F	3,261	-	-	3,261	-	
Fonds d'investissement pour la relève agricole (FIRA)	2011	F	11,088	-	-	11,088	-	
Fonds Ecofuel I, S.E.C.	2018	F	1,019	-	-	1,019	-	
Luge Investment Fund 1, L.P.	2018	F	1,425	-	-	1,425	-	
Novacap Industries III, L.P.	2007	F	96	-	-	96	-	
Novacap Technologies III, L.P.	2007	F	-	-	-	-	-	
RVOMTL17 Limited Partnership	2017	F	2,947	-	-	2,947	-	
Siparex Transatlantique - Fonds Professionnel de Capital Investissement	2018	F	2,476	-	-	2,476	-	
Société en commandite Essor et Coopération	2013	F	22,926	-	-	22,926	-	
<b>Total Funds</b>			<b>254,357</b>	<b>2,990</b>	<b>-</b>	<b>257,347</b>	<b>-</b>	
<b>Total cost</b>			<b>931,460</b>	<b>157,463</b>	<b>19,132</b>	<b>1,108,055</b>	<b>6,457</b>	

**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, 2020.

## **Capital régional et coopératif Desjardins**

Statement of other investments  
**As at December 31, 2020**

**Statement of other investments (unaudited)**  
**As at December 31, 2020**

(in thousands of dollars)

Description	Par value \$	Cost \$	Fair Value \$
<b>Bonds (57.3%)</b>			
<b>Federal and guaranteed bonds (20.1%)</b>			
Canada Housing Trust	12-15-2025, 1.95%	3,550	3,779
	09-15-2026, 1.90%	33,100	32,504
	06-15-2027, 2.35%	1,480	1,612
	03-15-2028, 2.35%	11,800	12,641
	12-15-2028, 2.65%	4,250	4,790
	09-15-2029, 2.10%	12,000	12,141
Government of Canada	03-01-2026, 0.25%	23,350	23,142
	06-01-2027, 1.00%	21,029	21,090
	06-01-2028, 2.00%	150	166
	12-01-2030, 0.50%	57,500	56,663
	06-01-2041, 4.00%	1,344	1,961
	12-01-2045, 3.50%	2,000	2,877
	12-01-2048, 2.75%	1,000	1,328
	12-01-2050, 0.50%	397	416
PSP Capital	06-15-2026, 0.90%	4,723	4,719
<b>Total federal and guaranteed bonds</b>		<b>177,673</b>	<b>179,829</b>
<b>Provincial, municipal or guaranteed bonds (23.6%)</b>			
City of Montreal	09-01-2029, 2.30%	3,500	3,499
	09-01-2030, 1.75%	2,000	1,993
City of Toronto	12-02-2030, 1.60%	500	500
	09-24-2039, 2.60%	200	199
Hydro-Québec	08-15-2028, 1.65%	9,500	8,384
	02-15-2029, 1.93%	18,000	15,405
	02-15-2030, 2.07%	23,000	19,062
Omers Finance Trust	05-14-2029, 2.60%	800	799
Ontario Hydro	10-15-2021, 0.28%	1,000	998
Ontario Teachers' Finance Trust	10-19-2027, 2.10%	5,000	4,987
OPB Finance Trust	10-25-2026, 2.98%	3,330	3,329
Province of Alberta	06-01-2026, 2.20%	1,500	1,498
	06-01-2027, 2.55%	4,400	4,334
	06-01-2030, 2.05%	6,650	6,477
	12-01-2043, 3.45%	235	277
	06-01-2050, 3.10%	1,400	1,554
Province of Manitoba	06-02-2027, 2.60%	10,000	9,773
	06-02-2028, 3.00%	10,400	10,273
	06-02-2030, 2.05%	5,000	4,997
	09-05-2046, 2.85%	1,250	1,229
Province of New Brunswick	08-14-2027, 2.35%	2,500	2,422
	06-03-2030, 2.50%	1,775	1,404
Province of Newfoundland and Labrador	06-02-2029, 2.85%	3,000	3,127
	10-17-2050, 2.65%	1,500	1,483
Province of Nova Scotia	06-01-2027, 2.10%	3,500	3,408
	09-01-2030, 2.00%	3,000	2,983
Province of Ontario	12-02-2028, 1.70%	28,000	24,482
	12-02-2030, 1.35%	10,000	9,992
	06-02-2040, 2.43%	9,450	5,916
	12-02-2051, 1.90%	1,970	1,926



**Statement of other investments (unaudited)**  
**As at December 31, 2020**

(in thousands of dollars)

Description	Par value \$	Cost \$	Fair Value \$	
<b>Provincial, municipal or guaranteed bonds (cont.)</b>				
Province of Québec	09-01-2026, 2.50%	9,400	9,281	10,282
	12-01-2028, 2.04%	6,100	5,196	5,531
Province of Saskatchewan	06-02-2026, 2.55%	7,985	8,037	8,705
	12-02-2028, 3.05%	6,500	6,683	7,434
	06-02-2030, 2.20%	16,215	16,098	17,432
	12-02-2046, 2.75%	750	724	833
Translink	07-03-2030, 1.60%	800	800	815
		220,110	203,529	217,898
<b>Total provincial, municipal or guaranteed bonds</b>				
<b>Financial institutions bonds (5.7%)</b>				
Allied Properties Real Estate Investment Trust	11-21-2029, 3.12%	150	150	157
Bank of Montreal	12-09-2026, 2.70%	7,000	6,824	7,693
BCI QuadReal Realty	04-24-2030, 1.75%	114	114	115
bclMC Realty	12-31-2026, 3.00%	600	600	662
Brookfield Properties Partners	11-15-2026, 3.93%	174	174	180
Canadian Imperial Bank of Commerce	04-17-2025, 2.00%	916	915	955
Canadian Tire Real Estate Investment Trust	03-01-2026, 3.29%	750	743	812
	10-06-2030, 2.37%	187	187	188
Choice Properties Real Estate Investment Trust	03-21-2027, 2.85%	726	726	775
	03-11-2029, 3.53%	1,910	1,910	2,119
	12-04-2029, 2.98%	348	348	370
	09-04-2049, 3.83%	29	29	30
CI Financial	06-27-2027, 3.90%	350	342	375
Crombie Real Estate Investment Trust	04-21-2027, 3.92%	273	273	304
Fairfax Financial Holdings	09-06-2027, 4.25%	1,900	1,876	2,072
First Capital Realty	04-12-2027, 3.75%	800	800	859
Granite Real Estate Investment Trust	09-18-2030, 2.38%	795	795	805
Great-West Lifeco	11-28-2027, 3.34%	500	496	565
	01-08-2050, 2.98%	32	32	33
HCN Canadian Holdings-1 LP	11-15-2026, 2.95%	180	180	190
IGM Financial	10-26-2026, 3.44%	600	592	665
Intact Financial Corporation	03-07-2027, 2.85%	1,600	1,600	1,733
	09-16-2030, 1.93%	790	790	796
	06-16-2050, 2.95%	18	18	18
John Deere Financial	10-16-2026, 2.58%	740	740	802
	09-08-2027, 1.34%	2,405	2,405	2,425
OMERS Realty	07-04-2027, 3.24%	2,500	2,489	2,817
Riocan Real Estate Investment Trust	01-10-2027, 2.36%	379	379	386
Royal Bank of Canada	05-01-2025, 1.94%	1,333	1,333	1,389
	06-30-2025, 2.09%	825	825	854
	01-28-2027, 2.33%	2,430	2,430	2,590
Scotiabank	12-02-2026, 2.62%	5,500	5,552	6,013
	11-01-2027, 1.40%	5,000	4,982	5,026
SmartCentres Real Estate Investment Trust	09-21-2027, 3.83%	500	490	554
	09-20-2029, 3.53%	430	430	466
Sunlife Financial	10-01-2030, 2.06%	628	627	634
Toronto Dominion Bank	03-13-2025, 1.94%	1,000	1,000	1,042
	01-26-2027, 3.06%	3,640	3,639	3,973
	04-22-2030, 3.11%	500	500	540
		48,552	48,335	51,982
<b>Total financial institutions bonds</b>				

**Statement of other investments (unaudited)**  
**As at December 31, 2020**

(in thousands of dollars)

Description	Par value \$	Cost \$	Fair Value \$	
<b>Corporate bonds (7.9%)</b>				
407 International	02-04-2027, 2.43%	1,650	1,572	1,780
	09-07-2049, 2.84%	668	667	703
Aéroports de Montréal	10-21-2049, 3.03%	60	60	66
Alectra	02-17-2027, 2.49%	1,000	959	1,084
Algonquin Power & Utilities	10-29-2028, 4.60%	2,900	2,899	3,441
AltaLink	02-28-2026, 2.75%	360	356	392
	06-11-2030, 1.51%	1,000	1,000	1,003
Bell Canada	06-16-2027, 1.65%	991	991	1,002
	06-10-2029, 2.90%	500	472	542
	02-14-2030, 2.50%	7,476	7,463	7,826
	03-30-2050, 3.50%	484	484	509
BMW Canada	06-15-2021, 1.83%	2,000	2,005	2,013
Brookfield Asset Management	12-16-2026, 3.80%	2,950	2,842	3,312
Brookfield Infrastructure Partners	07-09-2029, 3.41%	1,650	1,650	1,810
	06-01-2032, 2.86%	69	69	71
Brookfield Renewable Energy Partners	05-05-2049, 4.29%	870	869	1,057
	02-13-2050, 3.33%	419	419	433
Bruce Power	03-21-2030, 4.00%	524	524	605
Canadian Utilities	03-07-2049, 2.96%	595	595	642
Capital Power Corporation	07-01-2032, 3.15%	798	798	818
Enbridge	09-27-2027, 5.38%	1,700	1,700	1,797
	04-12-2028, 6.63%	750	750	855
	11-22-2028, 3.52%	800	800	903
	05-09-2029, 2.37%	500	498	539
	07-03-2029, 2.99%	1,899	1,898	2,047
	01-01-2030, 2.90%	326	326	364
Enbridge Gas Distribution	06-11-2025, 3.31%	2,000	2,004	2,217
Énergir	02-16-2027, 2.10%	338	338	358
Epcor Utilities	11-19-2049, 2.90%	151	151	162
FortisAlberta	03-21-2046, 3.34%	50	49	57
FortisBC Energy	01-08-2026, 2.58%	975	957	1,051
	01-13-2050, 2.54%	19	19	19
Greater Toronto Airports Authority	01-03-2029, 2.73%	1,180	1,172	1,303
	04-17-2039, 2.75%	507	506	531
Husky Energy	12-07-2027, 3.50%	1,588	1,568	1,617
Hydro One	11-26-2025, 2.77%	3,150	3,123	3,426
	11-28-2029, 2.16%	2,300	2,243	2,440
	08-28-2049, 2.71%	630	629	654
Loblaw Companies Ltd	09-11-2028, 4.49%	900	915	1,086
	02-07-2030, 2.28%	605	605	626
Lower Mattagami Energy	10-21-2026, 2.31%	1,300	1,276	1,398
Metro	02-28-2050, 3.41%	162	162	170
NAV Canada	02-28-2030, 2.06%	482	482	506
	03-29-2051, 2.92%	12	12	13
North West Redwater Partnership	03-01-2027, 2.80%	2,543	2,475	2,727
Ontario Power Generation	03-22-2026, 1.17%	430	430	434
	01-08-2030, 3.22%	152	152	172
Pembina Pipeline	05-11-2026, 3.71%	1,150	1,167	1,273
	03-15-2027, 4.24%	2,300	2,332	2,617
	01-03-2029, 3.62%	807	831	892
	10-03-2048, 4.54%	200	212	224
	11-28-2049, 4.67%	7	7	8

**Statement of other investments (unaudited)**  
**As at December 31, 2020**

(in thousands of dollars)

Description		Par value \$	Cost \$	Fair Value \$
<b>Corporate bonds (cont.)</b>				
Reliance	01-15-2026, 3.75%	370	369	405
	10-01-2027, 2.68%	618	618	648
Rogers Communications	02-01-2029, 3.25%	1,000	992	1,109
Shaw Communications	12-01-2026, 3.80%	500	492	562
	09-09-2030, 2.90%	915	913	972
	06-29-2049, 4.25%	25	25	28
Suncor Energy Inc.	02-24-2029, 3.10%	500	469	539
	01-09-2030, 5.00%	80	80	98
TELUS	11-27-2027, 2.35%	250	249	263
Toromont Industries	07-27-2027, 3.84%	750	750	839
Toronto Hydro	09-11-2029, 2.43%	380	380	414
TransCanada PipeLines	02-05-2027, 3.80%	700	699	787
	01-03-2048, 4.18%	286	295	319
Transcanada Trust	05-18-2027, 4.65%	1,000	917	1,027
Union Gas	06-17-2025, 3.19%	1,000	998	1,103
	08-22-2027, 2.88%	1,000	977	1,111
Vancouver Airport Authority	06-20-2030, 1.76%	385	385	393
<b>Total corporate bonds</b>		<b>66,636</b>	<b>66,091</b>	<b>72,212</b>
<b>Total bonds</b>		<b>512,971</b>	<b>497,784</b>	<b>526,786</b>
<b>Money market instruments (3.4%)</b>				
Alectra	01-18-2021, 0.27%	2,000	2,000	2,000
AltaLink	01-29-2021, 0.27%	2,000	2,000	2,000
Bank of Montreal	05-25-2021, 0.30%	2,000	1,998	1,998
Énergir	02-01-2021, 0.26%	1,000	1,000	1,000
Greater Toronto Airports Authority	02-09-2021, 0.28%	2,000	1,999	1,999
Province of Ontario	01-20-2021, 0.16%	1,000	1,000	1,000
	03-03-2021, 0.18%	1,000	1,000	1,000
	03-17-2021, 0.18%	4,500	4,496	4,496
Province of Quebec	01-29-2021, 0.16%	2,500	2,500	2,500
	03-19-2021, 0.17%	3,000	2,999	2,999
Province of Québec	01-15-2021, 0.17%	500	500	500
Royal Bank of Canada	01-04-2021, 0.23%	1,602	1,602	1,602
	05-06-2021, 0.42%	573	572	572
Scotiabank	11-19-2021, 0.35%	2,000	1,994	1,994
Société de Transport de Montréal	04-20-2021, 0.28%	2,000	1,998	1,998
TMX Group	01-11-2021, 0.25%	1,000	1,000	1,000
	01-28-2021, 0.23%	1,000	1,000	1,000
Toyota Credit Canada	01-19-2021, 0.41%	1,850	1,850	1,850
<b>Total money market instruments</b>		<b>31,525</b>	<b>31,508</b>	<b>31,508</b>

**Statement of other investments (unaudited)**  
**As at December 31, 2020**

(in thousands of dollars)

Description	Par value \$	Cost \$	Fair Value \$
<b>Foreign exchange contracts (0.1%)</b>			
Fédération des caisses Desjardins du Québec	03-31-2021, 1.28198 CAD/USD 69,600	0	651
	03-31-2021, 1.56670 CAD/€ <u>7,564</u>	<u>0</u>	<u>68</u>
<b>Total foreign exchange contracts</b>		<u>0</u>	<u>719</u>
	<b>Number of units</b>		
<b>Canadian Equity Funds (7.3%)</b>			
BMO Low Volatility Equity ETF	1,205	31,107	32,616
Fidelity Canadian Low Volatility Equity Institutional Trust	<u>2,237</u>	<u>29,670</u>	<u>33,974</u>
<b>Total canadian equity funds</b>		<u>60,777</u>	<u>66,590</u>
<b>Global Equity Funds (12.8%)</b>			
Desjardins Global Dividend Fund	2,659	53,081	54,111
Desjardins IBrix Low Volatility Global Equity Fund	<u>5,055</u>	<u>60,382</u>	<u>63,502</u>
<b>Total global equity funds</b>		<u>113,463</u>	<u>117,613</u>
<b>Market Neutral Equity Funds (6.9%)</b>			
CC&L Q Market Neutral Fund	192	40,489	41,461
DGIA Canadian Equity Market Neutral Fund	<u>2,072</u>	<u>21,758</u>	<u>21,502</u>
<b>Total market neutral equity funds</b>		<u>62,247</u>	<u>62,963</u>
<b>Real Estate Funds (12.2%)</b>			
Bentall Kennedy Prime Canadian Property Fund	7,135	57,201	57,624
Fiera Properties CORE Fund	<u>45</u>	<u>53,577</u>	<u>54,111</u>
<b>Total real estate funds</b>		<u>110,778</u>	<u>111,735</u>
<b>Total other investments (100.0%)</b>		<u><b>876,557</b></u>	<u><b>917,914</b></u>

## **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, 2020**

**Index of the Company's share in investments made by specialized funds and partner funds, at cost (unaudited)  
As at December 31, 2020**

(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 \$	
2020-12-31 <b>Capital croissance PME s.e.c.</b>	<b>50.00</b>				
<b>Abitibi-Témiscamingue</b>					
Cartier Resources inc.		22	-	-	22
<b>Total Abitibi-Témiscamingue</b>		22	-	-	22
<b>Capitale-Nationale</b>					
Radio-Onde inc.		750	-	-	750
<b>Total Capitale-Nationale</b>		750	-	-	750
<b>Centre-du-Québec</b>					
2543-6205 Québec inc. (Groupe MBI)		-	-	89	89
2681871 Canada inc. (Voyages Escapades Victoriaville)		-	56	-	56
<b>Total Centre-du-Québec</b>		-	56	89	145
<b>Chaudière - Appalaches</b>					
Entreprises de services BCE Pharma inc. (Les)		-	-	77	77
Fenêtres Sélection inc.		-	10	-	10
Humaco Acoustique inc.		-	19	-	19
Productions Horticoles Demers (Les)		250	-	-	250
Serres Demers inc. (Les)		-	-	271	271
<b>Total Chaudière - Appalaches</b>		250	29	348	627
<b>Côte-Nord</b>					
9160-7671 Québec inc. (Pétroles MB)		600	-	-	600
Carrosserie Baie-Comeau inc.		-	-	29	29
Construction Leclerc et Pelletier inc.		-	-	11	11
<b>Total Côte-Nord</b>		600	-	40	640
<b>Eastern Townships</b>					
Innotex inc.		-	48	-	48
Potesch Screw Piles inc.		-	501	-	501
S.E.2 inc.		125	-	-	125
<b>Total Eastern Townships</b>		125	549	-	674
<b>Funds</b>					
Fonds Prêt à Entreprendre, s.e.c.		223	-	-	223
<b>Total Funds</b>		223	-	-	223
<b>Laval</b>					
8376905 Canada inc. (Paramédic)		-	156	-	156
<b>Total Laval</b>		-	156	-	156
<b>Mauricie</b>					
Ateliers de l'électro-ménager R. Vallée inc.		75	-	43	118
<b>Total Mauricie</b>		75	-	43	118

**Index of the Company's share in investments made by specialized funds and partner funds, at cost (unaudited)  
As at December 31, 2020**

(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 \$	
2020-12-31 <b>Capital croissance PME s.e.c. (cont.)</b>	<b>50.00</b>				
<b>Montérégie</b>					
Ben-Mor Cables inc.		-	-	463	463
Comax, coopérative agricole		300	-	-	300
Industries M.R. inc. (Les)		-	-	15	15
<b>Total Montérégie</b>		<b>300</b>	<b>-</b>	<b>478</b>	<b>778</b>
<b>Montréal</b>					
CTA de Negotium		-	347	-	347
DEK Canada inc.		518	119	-	637
Ge-ber Transport inc.		-	-	11	11
LVL Studio inc.		625	-	797	1,422
<b>Total Montréal</b>		<b>1,143</b>	<b>466</b>	<b>808</b>	<b>2,417</b>
<b>Nord-du-Québec</b>					
Midland Exploration inc.		32	-	-	32
Némaska Lithium inc.		9	-	-	9
<b>Total Nord-du-Québec</b>		<b>41</b>	<b>-</b>	<b>-</b>	<b>41</b>
<b>Saguenay-Lac-Saint-Jean</b>					
4145275 Canada inc. (Chlorophylle)		200	-	138	338
9244-7770 Québec inc. (La Voie Maltée)		-	-	21	21
Garage Georges Beaudoin inc.		-	-	5	5
Location A.L.R. inc.		-	-	207	207
Sécuor inc.		-	12	-	12
Sports Guy Dumas inc.		27	-	-	27
<b>Total Saguenay-Lac-Saint-Jean</b>		<b>227</b>	<b>12</b>	<b>371</b>	<b>610</b>
		<b>3,756</b>	<b>1,268</b>	<b>2,177</b>	<b>7,201</b>
Funds committed but not disbursed					105
<b>Total Capital croissance PME s.e.c.</b>					<b>7,306</b>

**Index of the Company's share in investments made by specialized funds and partner funds, at cost (unaudited)  
As at December 31, 2020**

(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 \$		
2020-12-31 <b>Capital croissance PME II s.e.c.</b>	<b>50.00</b>					
<b>Abitibi-Témiscamingue</b>						
9063-7547 Québec inc. (Usinage Laquerre)		800	98	-		898
9222-0201 Québec inc. (Location Dumco)		-	64	-		64
Ace services mécaniques inc.		-	39	-		39
Autobus Maheux Itée (Les)		-	671	-		671
Cartier Resources inc.		87	-	-		87
Centre de camping et propane d'Amos		-	230	-		230
Construction Gaston Proulx et Frères inc.		-	30	52		82
Corporation aurifère Monarques		144	-	-		144
Falco Resources Ltd.		141	-	-		141
Gestion Martin Dandurand inc.		-	18	-		18
Hôtel des Eskers inc.		-	165	-		165
Maison des Viandes inc.		-	95	-		95
Osisko Mining inc.		35	-	-		35
Probe Metals inc.		78	-	-		78
Ressources minières Radisson inc.		73	-	-		73
Yorbeau Ressources inc.		53	-	-		53
<b>Total Abitibi-Témiscamingue</b>		<b>1,411</b>	<b>1,410</b>	<b>52</b>		<b>2,873</b>
<b>Bas-Saint-Laurent</b>						
9091-4532 Québec inc. (Cotech)		-	313	-		313
9188-1441 Québec inc. (Caravane Rimouski)		-	62	-		62
Bouffard Sanitaire inc.		-	-	326		326
Gestion AFM-Séma inc.		1,926	174	-		2,100
Gestion Brasa inc.		-	117	925		1,042
Groupe PVP inc.		250	81	-		331
Les Finesses d'Alsace inc.		-	75	-		75
Location Jesna inc.		-	207	156		363
Produits métalliques Pouliot Machinerie inc.		-	-	473		473
Service Diron inc.		-	58	-		58
<b>Total Bas-Saint-Laurent</b>		<b>2,176</b>	<b>1,087</b>	<b>1,880</b>		<b>5,143</b>
<b>Capitale-Nationale</b>						
9166-4789 Québec inc. (RE/MAX Référence 2000)		-	-	279		279
9265-1934 Québec inc. (Centurion Fondation)		-	-	108		108
9295-4874 Québec inc. (Naterro - Santé, pharma et cie)		42	-	-		42
9306-5779 Québec inc. (Ventilation CDR inc.)		-	179	-		179
9348-0648 Québec inc. (Gestion C.C. Blouin inc.)		-	-	164		164
Capilex-Beauté Ltd		-	-	86		86
DMB Distribution alimentaire inc.		1,303	121	-		1,424
Groupe Restos Plaisirs inc. (Le)		-	1,256	-		1,256
Lasertech industries inc.		-	91	-		91
Matériaux Blanchet inc.		-	-	142		142
Panthera Dental inc.		188	-	-		188
Pol R Entreprises inc.		2,713	-	-		2,713
R. Bouffard & Fils inc.		-	-	322		322
Ruchers Promiel inc. (Les)		-	259	-		259
Vitrierie Lepage (1995) inc.		123	-	-		123
<b>Total Capitale-Nationale</b>		<b>4,369</b>	<b>1,906</b>	<b>1,101</b>		<b>7,376</b>



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		Common and Preferred shares and funds units	Loans and advances \$	Loans and advances \$	
2020-12-31 <b>Capital croissance PME II s.e.c. (cont.)</b>	<b>50.00</b>				
<b>Centre-du-Québec</b>					
9138-4529 Québec inc. (GG Telecom)		1,800	-	-	1,800
9324-9605 Québec inc. (Précolaire Vision)		83	-	-	83
Advantag Canada inc.		-	76	219	295
Davinci Compass inc.		-	-	153	153
Distribution Pro-Excellence		-	290	-	290
Fromagerie L'Ancêtre inc.		-	67	-	67
Korok Group inc. (ex. Sipromac II inc.)		-	-	141	141
Lacal Technologie inc.		-	195	-	195
Produits Mobilicab Canada inc.		-	-	1,546	1,546
<b>Total Centre-du-Québec</b>		<b>1,883</b>	<b>628</b>	<b>2,059</b>	<b>4,570</b>
<b>Chaudière - Appalaches</b>					
Emballages E.B. Itée (Les)		-	321	-	321
Gestion Maître C inc.		1,523	-	-	1,523
Groupe Audaz inc.		-	155	-	155
Humaco Acoustique inc.		-	227	-	227
Industries et équipements Laliberté (Les)		-	245	-	245
Lou-Tec Group inc.		-	86	-	86
Productions Horticoles Demers (Les)		188	672	-	860
Résidence intermédiaire Fortier inc.		-	66	-	66
Techno-Moules P.L.C. inc.		-	-	33	33
Transport St-Agapit inc.		-	-	338	338
<b>Total Chaudière - Appalaches</b>		<b>1,711</b>	<b>1,772</b>	<b>371</b>	<b>3,854</b>
<b>Côte-Nord</b>					
9074-9664 Québec inc. (Portes et fenêtres Vaillancourt)		-	-	62	62
9160-7671 Québec inc. (Pétroles MB)		-	105	-	105
Construction Leclerc et Pelletier inc.		-	-	125	125
<b>Total Côte-Nord</b>		<b>-</b>	<b>105</b>	<b>187</b>	<b>292</b>
<b>Eastern Townships</b>					
9316-3251 Québec inc. (Éco-Pak inc.)		-	-	255	255
Attraction inc.		-	236	-	236
Avizo Experts-Conseils inc.		-	335	-	335
Innotex inc.		-	108	-	108
Khrome Product - Transport (KPT) inc.		-	298	-	298
Nautic & Art inc.		-	-	422	422
Potesch Screw Piles inc.		375	493	-	868
S.E.2 inc.		125	-	-	125
Sherlic inc.		350	-	-	350
<b>Total Eastern Townships</b>		<b>850</b>	<b>1,470</b>	<b>677</b>	<b>2,997</b>
<b>Gaspésie-Îles-de-la-Madeleine</b>					
9044-7152 Qc inc. (Solution infomédia) (ex. Navigue.com)		-	264	-	264
9088-6086 Québec inc. (Subaru New Richmond)		-	-	158	158
Construction L.F.G. inc.		-	-	1,250	1,250
Entreprises Larebel inc. (Les)		-	99	-	99
Hôtel Baker Ltd.		88	-	-	88
<b>Total Gaspésie-Îles-de-la-Madeleine</b>		<b>88</b>	<b>363</b>	<b>1,408</b>	<b>1,859</b>

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2020-12-31 <b>Capital croissance PME II s.e.c. (cont.)</b>	<b>50.00</b>				
<b>Lanaudière</b>					
Cryos Technologies Inc.		842	442	-	1,284
La Fromagerie Champêtre inc.		911	-	-	911
Nouveau Monde Graphite inc.		134	-	-	134
Produits de Métal Pointech inc.		-	-	217	217
<b>Total Lanaudière</b>		<b>1,887</b>	<b>442</b>	<b>217</b>	<b>2,546</b>
<b>Laurentians</b>					
Distribution Multi Online inc.		-	536	-	536
Jean-Jacques Campeau inc.		2,000	320	-	2,320
Technoflex International inc.		350	132	-	482
<b>Total Laurentians</b>		<b>2,350</b>	<b>988</b>	<b>-</b>	<b>3,338</b>
<b>Laval</b>					
8376905 Canada inc. (Paramédic)		-	298	-	298
Norseco inc.		-	179	-	179
Numesh inc.		-	1,277	-	1,277
<b>Total Laval</b>		<b>-</b>	<b>1,754</b>	<b>-</b>	<b>1,754</b>
<b>Mauricie</b>					
Ateliers de l'électro-ménager R. Vallée inc.		-	-	42	42
Maison Jamy inc.		-	20	79	99
Premont Foods Inc.		-	238	-	238
Somnus Société de gestion inc.		-	-	56	56
<b>Total Mauricie</b>		<b>-</b>	<b>258</b>	<b>177</b>	<b>435</b>
<b>Montérégie</b>					
9020-5758 Québec inc. (AVRIL)		-	838	-	838
9286-9890 Québec inc. (Groupe Surmesure)		-	298	-	298
Acam Transport inc.		-	-	1,449	1,449
Alarme S.P.P. inc.		-	-	67	67
Autobus Bibeau inc.		-	-	143	143
Autobus Dufresne inc.		-	75	-	75
Cloisons Corflex inc. (Les)		-	525	-	525
Constructions 3P inc.		-	447	-	447
Éclairages Électroniques C.B.M. inc. (Les)		-	138	27	165
Groupe Bertrand Éditeurs inc.		-	-	88	88
Groupe Grégor inc.		-	-	730	730
Groupe Thomas Marine inc.		-	-	477	477
Habitations Deschênes et Pépin inc. (Les)		-	350	-	350
Helios Group inc.		1,500	495	-	1,995
Industries B. Rainville inc.		-	-	89	89
Placements F.I. inc.		-	357	-	357
Pro Action Diesel inc.		-	-	149	149
Rotoplast inc.		-	430	-	430
W. Côté & fils ltée		-	-	696	696
<b>Total Montérégie</b>		<b>1,500</b>	<b>3,953</b>	<b>3,915</b>	<b>9,368</b>

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2020-12-31 <b>Capital croissance PME II s.e.c. (cont.)</b>	<b>50.00</b>				
<b>Montréal</b>					
11309692 Canada inc. (Circle6 Solutions)		270	-	-	270
3236013 Canada inc. (Planète Mobile)		-	-	338	338
9230-2629 Québec inc. (Groupe Résidence des bâtisseurs)		-	-	3,189	3,189
9272-6751 Québec inc. (Studio de Yoga Wanderlust)		-	67	-	67
9303-6408 Québec inc. (Atelier d'usinage de précision Innova)		-	-	122	122
Azîmut Exploration inc.		64	-	-	64
CDREM Group inc.		-	380	-	380
Éditions Info Presse inc.		-	172	-	172
Faspac Plastiks inc.		-	375	-	375
G. & S. Fer-Aluminium inc.		-	306	-	306
Gorski Group Ltd.		-	-	411	411
Groupe Bugatti inc. (Le)		-	-	1,373	1,373
Groupe Shemie inc.		-	-	923	923
JSS Medical Research inc.		2,000	391	-	2,391
M.C. Crystal inc.		-	-	102	102
Masdel inc.		725	797	-	1,522
Multiforme Métal inc.		-	-	450	450
OBOX (9210-2920 Québec inc.)		-	266	-	266
Pershimex Resources Corporation		50	-	-	50
Reftech international inc.		-	-	152	152
Sphère Média inc.(ex. Datsit sphère inc.)		1,000	1,184	-	2,184
<b>Total Montréal</b>		<b>4,109</b>	<b>3,938</b>	<b>7,060</b>	<b>15,107</b>
<b>Nord-du-Québec</b>					
9223-3196 Québec inc. (Rona)		-	-	163	163
9249-2206 Québec inc. (Construction Baie-James inc.)		-	57	-	57
Dios Exploration inc.		103	-	-	103
GeoMegA Resources inc.		147	-	-	147
Harfang Exploration inc.		71	-	-	71
Kintavar Exploration inc.		156	-	-	156
Midland Exploration inc.		76	-	-	76
Sirios Resources inc.		144	-	-	144
Sphinx Ressources Ltd		50	-	-	50
Stelmine Canada ltd.		101	-	-	101
Tarku Resources Ltd		47	-	-	47
Vior inc. (ex. Société d'exploration minière Vior inc.)		32	-	-	32
X-Terra Resources inc.		112	-	-	112
<b>Total Nord-du-Québec</b>		<b>1,039</b>	<b>57</b>	<b>163</b>	<b>1,259</b>

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2020-12-31 <b>Capital croissance PME II s.e.c. (cont.)</b>	<b>50.00</b>				
<b>Saguenay-Lac-Saint-Jean</b>					
130395 Canada Inc. (Nordex Inc.)		1,875	-	-	1,875
2526-0100 Qc inc. (Terrassement J. Fortin)		-	-	440	440
2956-7062 Québec (NAPA La Baie)		-	26	-	26
4145275 Canada inc. (Chlorophylle)		-	13	-	13
9182-6032 Québec inc. (La Bonne Patate)		-	-	56	56
9216-3146 Québec inc. (Micro Brasserie du Saguenay)		-	-	64	64
9280-3162 Québec inc. (Transport Réal Villeneuve inc.)		-	187	-	187
9328-9486 Québec inc. (Groupe Démex-Centrem)		390	59	-	449
9348-0739 Québec inc. (Voie Maltée Usine)		-	-	135	135
9365-4606 Québec inc. (Voie Maltée Holding)		825	-	-	825
Cervo-Polygaz inc.		-	-	90	90
Clinique médicale privée Opti-Soins inc.		-	427	-	427
Communications Télésignal inc.		338	-	-	338
Déménagements Tremblay Express ltée (Les)		250	-	100	350
Équipements industriels Barsatech inc.		-	-	197	197
Équipements Villeneuve inc.		-	122	-	122
Gestion R. et G.G. inc.		2,000	-	-	2,000
Groupe E.D.S. inc.		-	19	-	19
Imprimeurs Associés ICLT-Commerciale inc. (Les)		-	88	-	88
Industries G.R.C. inc. (Les)		-	-	33	33
Mermax inc.		-	-	74	74
Métatube (1993) inc.		-	112	-	112
Pavillon des Mille Fleurs inc.		-	-	2,167	2,167
Restaurant La Cuisine inc.		-	110	-	110
Sécuor inc.		-	79	57	136
Télénet Informatique inc.		500	-	74	574
<b>Total Saguenay-Lac-Saint-Jean</b>		<b>6,178</b>	<b>1,242</b>	<b>3,487</b>	<b>10,907</b>
		<b>29,551</b>	<b>21,373</b>	<b>22,754</b>	<b>73,678</b>
Funds committed but not disbursed					57
<b>Total Capital croissance PME II s.e.c.</b>					<b>73,735</b>

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		Common and Preferred shares and funds units	Loans and advances \$	Loans and advances \$	
2020-12-31 <b>Desjardins Capital PME s.e.c.</b>	<b>39.84</b>				
<b>Abitibi-Témiscamingue</b>					
11360345 Canada inc.		-	-	292	292
2732-2304 Québec inc. (Location Dion)		-	478	-	478
Abitibi Geophysics inc.		-	312	-	312
Atelier Rivard inc.		-	-	130	130
Draperies Réginald inc		-	199	-	199
Galarnau Entrepreneur Général inc.		-	-	797	797
Groupe minier Cmac-Thyssen inc.		1,540	2,142	-	3,682
Héli Technik inc.		-	179	-	179
Papeterie Commerciale de Val-d'Or inc.		-	159	-	159
Perseus Services-Conseils inc.		-	81	-	81
Transport Jolatem inc.		-	398	-	398
<b>Total Abitibi-Témiscamingue</b>		<b>1,540</b>	<b>3,948</b>	<b>1,219</b>	<b>6,707</b>
<b>Bas-Saint-Laurent</b>					
3326403 Canada inc. (Méridien Maritime)		-	-	792	792
9024-0177 Québec inc. (Transport Stéphane Ross)		-	-	168	168
9416-8804 Québec inc.		-	-	199	199
Bois CFM inc.		-	-	630	630
Gestion AJ (2003) inc.		-	-	406	406
Gestion Groupe Bouffard inc.		1,195	-	-	1,195
Gestion Rima 2013 inc.		-	-	224	224
La Maison du Lac Témiscouata inc.		-	106	-	106
Les Conteneurs Verts inc.		-	-	393	393
Les Finesses d'Alsace inc.		-	44	-	44
Plastica Morneau 2014 inc.		-	-	84	84
Produits métalliques A.T. inc. (Les)		-	370	-	370
Services à domicile de la région de Matane (Les)		-	-	274	274
St. Laurent Distillery		-	40	-	40
Transport Gérard Hallé inc.		-	156	-	156
<b>Total Bas-Saint-Laurent</b>		<b>1,195</b>	<b>716</b>	<b>3,170</b>	<b>5,081</b>
<b>Capitale-Nationale</b>					
Action SST inc.		119	-	343	462
Can-Explore inc.		-	414	-	414
Capilex-Beauté ltd		-	433	-	433
Centre hydraulique GMB inc.		-	124	-	124
Ciao Technologies inc.		-	361	-	361
Clinique d'Expertises Médicales du Québec		-	-	274	274
DMB Distribution alimentaire inc.		-	194	-	194
Élite Management SST inc.		153	-	73	226
Granite D.R.C. inc.		637	-	-	637
Groupe Restos Plaisirs inc. (Le)		-	1,260	-	1,260
Matériaux Blanchet inc.		-	-	882	882
Métafab (1996) inc		-	359	-	359
Oricom internet inc.		192	246	-	438
Piscines Soucy inc.		-	219	-	219
Produits Pâtisserie Michaud inc.		-	122	-	122
Pronature inc.		-	359	-	359
Solugaz inc.		-	1,698	-	1,698
<b>Total Capitale-Nationale</b>		<b>1,101</b>	<b>5,789</b>	<b>1,572</b>	<b>8,462</b>

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2020-12-31 <b>Desjardins Capital PME s.e.c. (cont.)</b>	<b>39.84</b>				
<b>Centre-du-Québec</b>					
C.M.P Mayer Fire Equipment inc.		-	-	289	289
Ferblanterie Gilles Laliberté inc.		-	247	-	247
Hydraulique Vigneault inc.		-	468	-	468
Korok Group inc. (ex. Sipromac II inc.)		847	273	-	1,120
Métal Pless inc.		-	3,984	-	3,984
Transport Dessaults inc.		-	-	312	312
<b>Total Centre-du-Québec</b>		<b>847</b>	<b>4,972</b>	<b>601</b>	<b>6,420</b>
<b>Chaudière - Appalaches</b>					
AEF Global inc.		-	199	-	199
Ancia Personnel inc.		-	220	-	220
C.I.F. Métal Itée		1,678	-	-	1,678
Camille Blais & Fils Ltd		-	299	-	299
Canada Motor Import inc.		-	-	677	677
Fonderie Poitras Ltd		880	897	-	1,777
Garage Gilmyr inc.		-	80	545	625
Gestion ABC Adstock inc.		-	-	821	821
Humaco Construction inc.		-	478	-	478
J.L. Leclerc et fils inc.		1,255	-	-	1,255
Lavoie & Pleau inc.		-	219	-	219
Litières Ripbec inc. (Les)		-	155	-	155
Madli inc.		-	199	-	199
Métal Méroc inc.		-	-	154	154
Plate 2000 inc.		-	-	254	254
Sablère A.D. Roy inc.		-	-	474	474
Textiles Gauvin inc. (Les)		-	200	-	200
Versaprofiles Products inc. (9244-6699 Québec inc.)		1,394	-	-	1,394
<b>Total Chaudière - Appalaches</b>		<b>5,207</b>	<b>2,946</b>	<b>2,925</b>	<b>11,078</b>
<b>Côte-Nord</b>					
9389-1596 Québec inc. (Clinique d'audioprothésiste)		-	-	159	159
Pêcheries LD inc.		-	144	-	144
<b>Total Côte-Nord</b>		<b>-</b>	<b>144</b>	<b>159</b>	<b>303</b>
<b>Eastern Townships</b>					
9045-7631 Québec inc. (Clément Le Gourmand)		-	-	252	252
AB Tech Services Polytechniques inc.		-	973	-	973
Cible-Solutions d'affaires inc.		-	-	204	204
<b>Total Eastern Townships</b>		<b>-</b>	<b>973</b>	<b>456</b>	<b>1,429</b>
<b>Gaspésie-Îles-de-la-Madeleine</b>					
9193-6575 Québec inc. (Pit Caribou)		-	-	675	675
9368-8828 Québec inc. (Danis Renaud Pêcheur de Homard)		-	139	-	139
<b>Total Gaspésie-Îles-de-la-Madeleine</b>		<b>-</b>	<b>139</b>	<b>675</b>	<b>814</b>

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2020-12-31 <b>Desjardins Capital PME s.e.c. (cont.)</b>	<b>39.84</b>				
<b>Lanaudière</b>					
2635-8762 Québec inc. (Express Mondor)		-	836	-	836
9293-8927 Québec inc. (Intermarché St-Roch-de-L'Achigan)		-	-	299	299
EEGT inc.		-	-	283	283
Paul Arbec inc.		-	3,612	-	3,612
PEL International Furniture Ltd.		-	313	-	313
<b>Total Lanaudière</b>		-	4,761	582	5,343
<b>Laurentians</b>					
9364-6297 Québec inc (Médifice Investissements)		-	3,253	-	3,253
Centre de location G.M. inc.		-	1,291	731	2,022
Flo-Fab inc.		-	279	-	279
FRE Composites inc.		-	-	835	835
<b>Total Laurentians</b>		-	4,823	1,566	6,389
<b>Laval</b>					
Construction Jadco inc		-	-	798	798
DBM Technologies inc.		3,984	-	-	3,984
L. Nardella Associates Ltd.		637	1,432	-	2,069
Plantes d'intérieur Véronneau inc. (les)		-	398	-	398
<b>Total Laval</b>		4,621	1,830	798	7,249
<b>Mauricie</b>					
Construction et location Jenik inc.		-	-	338	338
RGF Électrique inc.		-	417	-	417
Solutions Genyk inc.		-	1,155	-	1,155
Systèmes hydrauliques T.L.G. inc. (Les)		139	-	-	139
Transport Chainé inc.		398	-	-	398
<b>Total Mauricie</b>		537	1,572	338	2,447
<b>Montérégie</b>					
3894207 Canada inc. (Barbies TM)		-	404	-	404
9020-5758 Québec inc. (AVRIL)		-	1,661	-	1,661
9219-3267 Québec inc. (WeCook Meals) (ex. Nutrition FITPLUS)		1,394	419	-	1,813
9378-5962 Québec inc. (Keg Farnham)		239	566	-	805
Alain Royer Consultant inc.		588	-	-	588
Asselin Mécanique Industrielle inc.		-	676	-	676
Atelier d'usinage Richelieu inc.		-	498	-	498
Bigo inc.		-	191	-	191
Câbles Ben-Mor inc. (Les)		-	-	1,163	1,163
Éveil des Sens inc.		-	191	-	191
Gestion Galiléo inc.		308	-	-	308
Groupe Satori inc.		-	1,252	-	1,252
H2O Traitements Industriels Inc.		-	155	-	155
Helios Group inc.		-	-	1,225	1,225
Hugo Corporation inc.		-	-	797	797
<b>Total Montérégie</b>		2,529	6,013	3,185	11,727

**Index of the Company's share in investments made by specialized funds and partner funds, at cost (unaudited)  
As at December 31, 2020**

(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 \$	
2020-12-31 <b>Desjardins Capital PME s.e.c. (cont.)</b>	<b>39.84</b>				
<b>Montréal</b>					
3236013 Canada inc. (Planète Mobile)		-	-	478	478
7198795 Canada inc. (Au Noir)		-	-	707	707
9115-7115 Québec inc. (Résidence des Bâisseurs, Sept-Îles)		-	-	842	842
Azur Group inc.		598	-	-	598
Carrosseries de Lasalle A.M. inc. (Les)		-	343	-	343
DEK Canada inc.		-	100	-	100
Dentistree Solutions inc.		92	-	-	92
First Choice brands inc.		-	398	-	398
Gastronomia Aliments Fins inc.		717	1,309	-	2,026
Gorski Group Ltd.		-	-	595	595
Groupe Canva inc.		1,195	1,665	-	2,860
Groupe Shemie inc.		-	-	2,142	2,142
GTI Canada inc.		-	-	279	279
In-RGY Global Consulting Inc.		881	480	-	1,361
IP4B inc.		-	252	-	252
Malicis Consultation inc.		-	598	-	598
Momentis Systems Inc.		-	416	-	416
Multiforme Métal inc.		-	-	84	84
Neomed Institute		-	-	538	538
Orthogone Technologies inc.		-	1,527	-	1,527
Pénéga Communication inc.		-	192	-	192
Reftech International Maintenance inc.		-	-	347	347
Résidences pour aînés Immo 1ere inc.		3,784	-	-	3,784
Substance Stratégies Numériques inc.		-	365	-	365
XcCommerce inc.		874	797	-	1,671
<b>Total Montréal</b>		<b>8,141</b>	<b>8,442</b>	<b>6,012</b>	<b>22,595</b>
<b>Outaouais</b>					
7510420 Canada inc.		-	438	-	438
Affichage National inc.		-	-	293	293
Rampes Mirik inc. (Les)		219	-	-	219
<b>Total Outaouais</b>		<b>219</b>	<b>438</b>	<b>293</b>	<b>950</b>
<b>Saguenay-Lac-Saint-Jean</b>					
2331-8884 Québec inc. (Advantage Logistic Group)		239	-	-	239
2724600 Canada ltée (Industries Soudex)		-	80	-	80
6348017 Canada inc. (Dynamic Concept)		-	-	314	314
9292-2913 Québec inc. (Deliwok)		-	384	-	384
Boucherie St-Hilaire (2017) inc.		-	309	-	309
Clinique médicale privée Opti-Soins inc.		-	240	-	240
Communications Télésignal inc.		-	294	-	294
Groupe MYK inc.		-	-	439	439
Groupe Ongermeige inc.		-	148	-	148
Panorama Helicopters Ltd.		-	-	190	190
Perron Télécom (9244-5113 Québec inc.)		48	259	-	307
Service électronique professionnel (S.E.P.) inc.		-	71	-	71
Société en commandite Lokia Trois-Rivières		-	-	2,412	2,412
STC Manufacturier inc.		-	120	-	120
Theka Industries inc.		-	797	-	797
<b>Total Saguenay-Lac-Saint-Jean</b>		<b>287</b>	<b>2,702</b>	<b>3,355</b>	<b>6,344</b>
		<b>26,224</b>	<b>50,208</b>	<b>26,906</b>	<b>103,338</b>
Funds committed but not disbursed					8,211
<b>Total Desjardins Capital PME s.e.c.</b>					<b>111,549</b>



**Index of the Company's share in investments made by specialized funds and partner funds, at cost (unaudited)  
As at Decembre 31, 2020**

(in thousands of dollars)

Information from Annual Financial Report dated	Equity Interest of the Company %	Unsecured investments		Secured investments	Total \$
		Preferred shares and funds units \$	Loans and advances \$	Loans and advances \$	
2020-12-31 <b>Desjardins Capital Transatlantique, L.P.</b>	<b>60.67</b>				
<b>Montréal</b>					
Groupe Solotech inc.		1,041	-	-	1,041
In-RGY Global Consulting inc.		486	264	-	750
<b>Total Montréal</b>		<b>1,527</b>	<b>264</b>	<b>-</b>	<b>1,791</b>
<b>Outside of Canada</b>					
Apside Advance		1,430	428	-	1,858
Rondot Group		885	-	-	885
Texelis Fintex		779	-	-	779
Texelis MobiliteX		-	1,716	-	1,716
Xtech Control		1,324	-	-	1,324
Xtech Invest		-	1,430	-	1,430
<b>Total Outside of Canada</b>		<b>4,418</b>	<b>3,574</b>	<b>-</b>	<b>7,992</b>
		<b>5,945</b>	<b>3,838</b>	<b>-</b>	<b>9,783</b>
Funds committed but not disbursed					-
<b>Total Desjardins Capital Transatlantique, L.P.</b>					<b>9,783</b>

**Index of the Company's share in investments made by specialized funds and partner funds, at cost (unaudited)  
As at December 31, 2020**

(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 \$	
2020-12-31 <b>Desjardins – Innovatech S.E.C.</b>	<b>54.49</b>				
7525443 Canada inc. (Nowa inc.) (ex. Inflatrolix)		400	-	-	400
9088-9148 Québec inc. (Usinage SM)		-	159	-	159
9360-4742 Québec inc. (LONGPREBP Béton préfabriqué)		-	94	-	94
9493662 Canada inc. (Ananda Devices)		153	-	-	153
9813063 Canada inc. (My Intelligent Machines (MIMs))		-	157	-	157
9972242 Canada inc. (Entosystème)		-	293	-	293
A3 Surfaces inc.		-	288	-	288
Agriculture Concentric inc.		2,866	-	-	2,866
Airex Énergie inc.		1,585	-	403	1,988
Alaya Care inc.		136	-	-	136
Albert Perron inc.		470	-	-	470
AppMed inc.		-	151	-	151
AxesNetwork Solutions inc.		1,933	916	-	2,849
Biocéan Canada inc.		272	54	-	326
CmLabs Simulations inc.		817	-	282	1,099
Dymedso inc.		-	150	-	150
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.		1,629	-	-	1,629
Fond-vers inc.		-	54	-	54
Global LVL inc.		191	-	-	191
Greybox Solutions inc.		-	152	-	152
Groupe Icible inc.		-	96	-	96
Hortau inc.		368	-	-	368
Imagia Cybernetics Inc.		2,725	-	-	2,725
Imeka Solutions inc.		-	227	-	227
Inno-3B inc.		-	657	-	657
Innomalt inc.		-	351	-	351
Interactive Validated Solutions 88 Inc.		1,143	-	150	1,293
Ionodes inc.		316	-	-	316
Kinesiq inc.		-	-	150	150
Kube Innovation inc.		-	151	-	151
Laboratoire M2 inc.		817	-	-	817
Laserax inc.		1,880	602	-	2,482
Leadfox technologie inc.		-	247	-	247
LeddarTech inc.		714	1,330	-	2,044
Mobilus Technologies inc.		-	113	-	113
Nippon Dragon Resources inc.		178	-	-	178
o3d inc.		-	82	-	82

**Index of the Company's share in investments made by specialized funds and partner funds, at cost (unaudited)  
As at December 31, 2020**

(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 \$	
2020-12-31 <b>Desjardins – Innovatech S.E.C. (cont.)</b>	<b>54.49</b>				
Optina Diagnostics inc.		148	-	-	148
OYO Fab inc.		-	159	-	159
OxyNov inc.		611	-	305	916
Produits forestiers LAMCO inc.		311	-	-	311
Propulsa Innovations inc.		-	71	-	71
Rekruti Solutions inc.		-	290	-	290
Société de gestion de projets Ecotierra inc.		296	-	-	296
Technologies Intelia inc.		235	603	-	838
Thorasys Thoracic Medical Systems inc.		316	-	-	316
Umanx inc.		-	545	-	545
VIMAC Early Stage Fund L.P.		91	-	-	91
Voltra Technologie - Réseau Synapse inc.		-	92	-	92
		21,718	8,766	1,290	31,774
Funds committed but not disbursed					1,438
<b>Total Desjardins - Innovatech S.E.C.</b>					<b>33,212</b>

**Index of the Company's share in investments made by specialized funds and partner funds, at cost (unaudited)  
As at December 31, 2020**

(in thousands of dollars)

Information from Annual Financial Report dated	Equity Interest of the Company %	Unsecured investments		Secured investments	Total \$
		Preferred shares and funds units \$	Loans and advances \$	Loans and advances \$	
2020-12-31 <b>Société en commandite Essor et Coopération</b>	<b>94.55</b>				
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		177	-	-	177
Citadelle, Maple Syrup producer's Cooperative		4,018	-	-	4,018
Club coopératif de consommation d'Amos		859	-	-	859
Conformit coopérative		-	586	-	586
Coop Agri-Énergie Warwick		355	-	-	355
Coopérative Actionnaire Les Paramédics d'Urgence Bois-Francis		378	334	-	712
Coopérative de quilleurs et quilleuses Le Dallo de Chicoutimi		68	-	-	68
Coopérative des horticulteurs de Québec (La)		520	17	-	537
Coopérative des travailleurs actionnaires de Xpertdoc Technologies		405	385	-	790
Coopérative forestière de Petit Paris		-	608	-	608
Coopérative forestière Ferland-Boilleau		-	399	-	399
Coopérative Radio Web Média des Sources		75	-	-	75
Coopérative Vision-Éducation		650	-	-	650
École Plein Soleil (Association coopérative)		946	-	-	946
Fédération des coopératives funéraires du Québec		1,864	-	-	1,864
Horisol, coopérative de travailleurs		425	-	-	425
Journal de Lévis, coopérative de solidarité (Le)		-	170	-	170
La Coop Avantis		1,377	-	-	1,377
Québec Federation of Forestry Cooperatives		246	-	-	246
Sollio Groupe Coopératif (ex. La Coop Fédérée)		4,728	-	-	4,728
Uniag Coopérative (ex. La Coop Unifrontières)		429	-	-	429
		<u>22,658</u>	<u>2,499</u>	<u>-</u>	<u>25,157</u>
Funds committed but not disbursed					<u>6,202</u>
<b>Total Société en commandite Essor et Coopération</b>					<b><u>31,359</u></b>

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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