



Annual Report

2 0 0 1

volume (000)

7595

7545

7520

7495

7470



February - March

April - May

June - July



Capital régional et
coopératif Desjardins

Mission

- To contribute to Quebec's economic development and to further the growth of the resource regions.
- To inject venture capital into cooperatives and companies and offer expertise to stimulate their start-up, growth and influence.
- To provide shareholders with a rate of return that encourages reinvestment.

Vision

Capital régional et coopératif Desjardins will be Quebecers' preferred investment vehicle for promoting sustainable economic development across Quebec.

Highlights of the 2001 Fiscal Year

- June 21, 2001:** Adoption by the Quebec National Assembly of the Act constituting Capital régional et coopératif Desjardins (*S.Q. 2001, c. 36*).
- July 1, 2001:** Effective date of the Act constituting Capital régional et coopératif Desjardins.
- October 4, 2001:** First meeting of the Board of Directors and confirmation of the appointment of Mr. Luc Chabot to the position of President and General Manager.
- October 12, 2001:** Issuance by the Commission des valeurs mobilières du Québec of the receipt for the prospectus concerning the common share distribution totalling \$300 million.
- October 30, 2001:** Official launch of the first share issue of Capital régional et coopératif Desjardins.
- November 5, 2001:** Start of share distribution of Capital régional et coopératif Desjardins in 806 Desjardins caisses.
- December 31, 2001:** Closure of the initial phase of the share issue, resulting in the raising of nearly \$80 million from more than 35,000 investors.

Message from the Chairman of the Board



Capital régional et coopératif Desjardins was created at the initiative of the Mouvement des caisses Desjardins and came into being on July 1, 2001, when the Act of constitution, adopted by the Quebec National Assembly on June 21, 2001, took effect.

This new company took only a few months to organize itself and become a major player on the Quebec venture capital scene. As of December 31, 2001, Capital régional et coopératif Desjardins had raised nearly \$80 million from more than 35,000 investors.

Culmination of a visionary project

Present everywhere in Quebec, the Mouvement Desjardins had long nurtured the idea of creating a venture capital company accessible to the investing public. In this regard, I wish to single out Mr. Alban D'Amours, President and Chief Executive Officer of the Mouvement des caisses Desjardins, for his vision, commitment and determination throughout the process that led to the creation of Capital régional et coopératif Desjardins in 2001 as a unique and innovative investment vehicle.

Subsidies provided

Setting up a venture capital investment company of this size represents a real challenge and requires substantial administrative and financial resources. Our company enjoys a special privilege in that it benefits from non-refundable start-up subsidies totalling \$10 million coming, in equal amounts, from the Quebec government and the Mouvement des caisses Desjardins.

Appointment of the President and General Manager

To assume the administrative leadership and to pilot the growth strategy of Capital régional et coopératif Desjardins, we have called upon highly experienced manager Mr. Luc Chabot. A member of the Quebec Order of Chartered Accountants, Mr. Chabot was the founding partner of the financial services sector at Price Waterhouse. In the last twenty-five years, he has held a number of general and financial management positions, acquiring solid experience in both the public and private sectors in various areas of activity. To succeed in leading our company's destiny, he can count on the expertise, experience and unflinching support of the Investissement Desjardins management team, to whom the administration of this new fund has been entrusted.

Ethics Committee

For the investors to feel fully confident, the Board of Directors has adopted a code of ethics and created an Ethics Committee composed of independent directors. The main object of this committee is to make sure that all those managing the operations of Capital régional et coopératif Desjardins avoid any form of conflict of interest and constantly maintain the highest standards of ethics and confidentiality while fulfilling their mandates.

Vision

Capital régional et coopératif Desjardins will quickly become a key player in the Quebec venture capital industry, acting as a leading partner in companies, cooperatives and other rallying projects that help create value for its shareholders and promote Quebec's economic development. Its dynamic, entrepreneurial and innovative approach will undeniably give a distinct advantage to the companies and cooperatives it works with, permitting its partners to become industry leaders. Mobilizing and working closely with vital forces in all business sectors, its aim will be to build on its partnerships, encourage sustained economic activity and provide its shareholders with superior financial returns.

Acknowledgements

In conclusion, I would like to thank the members of the Board of Directors whose solid business experience, diverse expertise and deep knowledge of Quebec's various regions are being used to keep a conscientious watch over shareholder interests while helping to fulfill the corporation's mission and vision. My thanks also go to the Government of Quebec and the Mouvement des caisses Desjardins for their generous and valued contributions. I am particularly grateful to the Quebec government for hearing Desjardins's call and giving Quebec taxpayers the fiscal advantages required to assure the success of Capital régional et coopératif Desjardins.

Bruno Riverin
Chairman of the Board



Message from the President and General Manager



Apart from the speed with which we set our organization up, the finest accomplishment of Capital régional et coopératif Desjardins in 2001 is certainly the success of the initial phase of its share issue.

In less than two months, nearly \$80 million was entrusted to Capital régional et coopératif Desjardins by more than 35,000 Quebec saver-investors who took stakes in the development of dynamic, promising Quebec companies and cooperatives. Even more revealing is the fact that the majority of investors who took part in this first public issue acquired \$2,500 worth of shares, the maximum amount an individual is allowed to invest annually in our corporation.

A valuable tax credit

A 50% tax credit for all amounts invested, granted by the Quebec government, coupled with a required seven-year minimum holding period, clearly bring distinctive elements to our corporation's shares. The tax credit alone represents a compound annual rate of return of about 9% for shareholders over the mandatory holding period, assuming that the value of shares does not fluctuate during such a period.

An innovative investment vehicle

The purchase of shares of Capital régional et coopératif Desjardins fits with the investment strategy of taxpayers who have already maximized their RRSP contributions and are looking for additional ways to reduce their tax burdens.

An experienced manager

Capital régional et coopératif Desjardins has entrusted the management of its operations and its investment portfolio to Investissement Desjardins, one of Quebec's most important venture capital firms.

Although any decision to invest or divest is taken by Capital régional et coopératif Desjardins, the professionals from Investissement Desjardins are responsible for analysing investment requests and issuing recommendations related to investing and divesting as well as carrying out transactions and managing the investment portfolio.

Because it has a network of regional offices, Investissement Desjardins enables Capital régional et coopératif Desjardins to invest everywhere in Quebec in dynamic companies and cooperatives involved in promising projects. Moreover, this network is expected to grow as new offices open between now and the end of 2002. With its network of regional offices strategically located across the province, Investissement Desjardins will be the gateway for Quebec entrepreneurs who wish to present their business plan to Capital régional et coopératif Desjardins.

Outlook for 2002

We are encouraged by the success of the initial phase of our public share offering. We are convinced that the second phase of the subscription campaign currently underway in the Desjardins caisse network will bring the corporation's capital stock up to \$300 million by next December 31. In the longer term, Capital régional et coopératif Desjardins plans to raise a total of \$1.5 billion by 2010 to achieve its mission.

In terms of investments, four transactions totalling \$1.5 million were already completed as of last March 28. Many more investments will be added to these, contributing to the growth of Quebec companies and cooperatives as well as increasing the value of shares of Capital régional et coopératif Desjardins.

Luc Chabot

President and General Manager

Stock Ownership

Up to now, more than 35,000 individuals have acquired shares in Capital régional et coopératif Desjardins through the Desjardins caisse network. These investors have made an investment that gives them the benefit of an advantageous tax credit while contributing to Quebec's economic development.

Tax credit

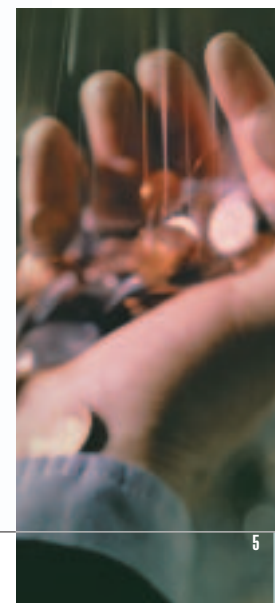
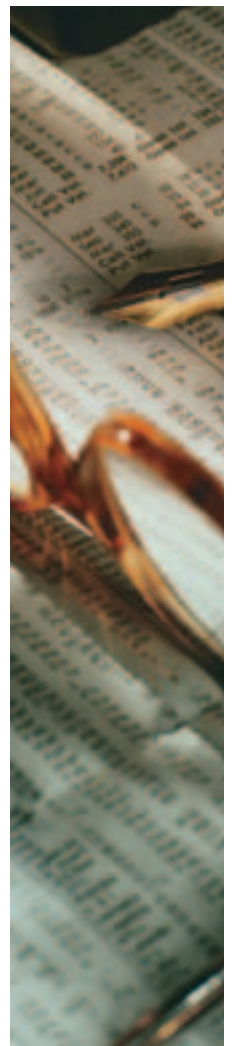
The purchase of shares of Capital régional et coopératif Desjardins provides the right to a tax credit that enables taxpayers to reduce their taxes in Quebec by an amount equal to 50% of the amount invested, up to a sum of \$1,250. The tax credit may be applied only in the year the shares were purchased. The amounts invested are not eligible under any deferred taxation plan (RSSP, RRIF, LIRA or LIF).

Subscription

The minimum amount for the first subscription for each calendar year is \$500. Any subsequent subscription during the same year must be in multiples of \$100. The maximum annual purchase is \$2,500. The number of available shares of Capital régional et coopératif Desjardins is limited. Total distribution may not exceed \$150 million per calendar year.

Holding period

Shares of Capital régional et coopératif Desjardins must be kept by the shareholder for at least seven years. Since this is venture capital, the return is not guaranteed. Shares of Capital régional et coopératif Desjardins cannot be transferred to any other person. They can be bought back in whole or in part during the seven-year minimum holding period according to the conditions and terms set out in the detailed prospectus. The buy-back price of the shares is fixed twice a year, at six-month intervals.



Investment

Creating value

We are aware that much more than capital is required to build prosperous companies and cooperatives. In collaboration with Investissement Desjardins portfolio managers, Capital régional et coopératif Desjardins offers partner companies and cooperatives the tools and resources they need to strengthen their competitive advantages.

Investissement Desjardins has achieved distinction as a manager through its broad knowledge of venture capital and its deep roots in the business community. This company's solid financial and operational expertise helps provide assistance to entrepreneurs in the formulation of their business strategies, in the recruitment of managers and directors, and in the development of strategic relationships with business and financial partners. These services enable businesses to become market leaders by helping them generate the maximum added value from their activities.

Investment criteria

Capital régional et coopératif Desjardins has established rigorous selection criteria that companies or cooperatives in search of capital must meet before any financial support can be provided to them. Eligible companies and cooperatives must:

- Show competent, dynamic, effective and entrepreneurial management.
- Possess a visionary, experienced and committed management team that seeks to become associated with a financial partner.
- Work in a market that offers worthwhile opportunities.
- Demonstrate growth potential.
- Offer a product or service that enjoys a favourable competitive position in its market or that presents export possibilities.
- Show a potential for profitability.
- Offer the corporation the opportunity to convert its investment into cash.

Quebec companies and cooperatives with a structured and realistic business plan can find in Capital régional et coopératif Desjardins a business partner and a source of added value that will bring their projects to fruition.

Type of projects

Capital régional et coopératif Desjardins associates itself with companies and cooperatives which have start-up, expansion, modernization or merger projects, or which have plans to strengthen their financial structure. The Investissement Desjardins team is responsible for analysing investment requests submitted to Capital régional et coopératif Desjardins and recommending whether they should be accepted.

Diversified expertise

Capital régional et coopératif Desjardins invests in the form of capital stock, debentures, profit-sharing loans or cooperative shares of companies and cooperatives in nearly every sector of the Quebec economy.

More than money, the managers of Capital régional et coopératif Desjardins offer a specialized and personalized partnership at every stage of a business growth. The depth of its expertise enables it to play a leading role in Quebec's development.



Investment philosophy

In a spirit of partnership, Capital régional et coopératif Desjardins may invest in eligible companies and cooperatives in collaboration with Investissement Desjardins. It can also join with other funds that share its investment philosophy. Investment operations in partnership with other organizations considerably increase Capital régional et coopératif Desjardins' leverage to invest in projects that can bring development to all regions of Quebec.

To maximize the diversification of its investments and to minimize the risks faced by its shareholders, no investment made by Capital régional et coopératif Desjardins can exceed 5% of the total value of its assets.

Capital régional et coopératif Desjardins works actively to make sure that the companies and cooperatives it invests in can grow and prosper for many years to come. The company will normally carry its investments from 5 to 8 years.

Investment policy

By 2006, the share of investments by Capital régional et coopératif Desjardins in eligible Quebec companies and cooperatives must represent 60% of its average net assets of the previous fiscal year. In accordance with the Act, eligible entities must have assets of less than \$50 million or equity not exceeding \$20 million. These asset and equity limits do not apply to eligible cooperatives.

A portion representing 35% of this 60% minimum, in other words an amount equal to at least 21% of average net assets in the previous fiscal year, must be invested in Quebec cooperatives or in companies established in the resource regions of Quebec, namely: Abitibi-Témiscamingue, Bas-Saint-Laurent, Côte-Nord, Gaspésie-Îles-de-la-Madeleine, Mauricie, Nord-du-Québec and Saguenay-Lac-Saint-Jean.

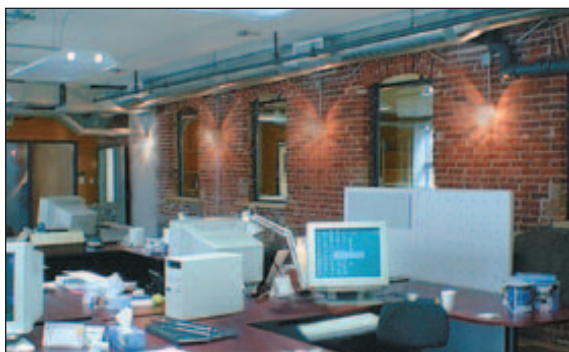
The remaining net assets, representing a maximum of 40%, will be invested to provide Capital régional et coopératif Desjardins with a fair balance between the optimal return on the portfolio and an acceptable level of risk for the total asset base of the company, taking into consideration the inherent risks of the investment portfolio.

Management of operations

To manage its operations and investment portfolio, Capital régional et coopératif Desjardins is committed to paying Investissement Desjardins annual management fees equivalent to 3% of the average annual net value of its assets. Shareholder registry and share transfers have been entrusted to Desjardins Trust.

Recent investments

Only a few weeks after the closing of the initial phase of its first share issue, Capital régional et coopératif Desjardins had already completed its first investments in companies operating in different sectors and regions. In each case, the strictest investment criteria were observed and the most rigorous evaluations were carried out.



Les logiciels Dynagram inc.

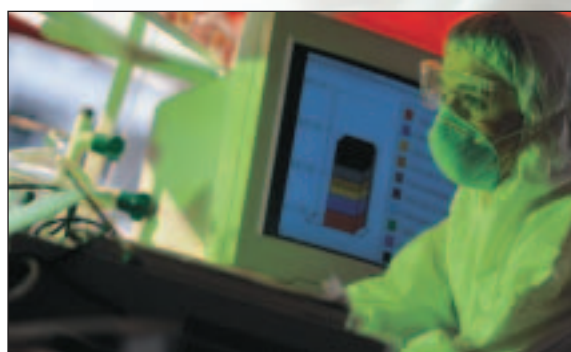
Specialized in the development of digital solutions for the printing industry, Dynagram offers software for document management and publishing at the prepress stage. The company's solutions are functional and compatible with various systems already available on the market, including those developed by competitors. Located in Quebec City, Dynagram is managed by a dynamic team of professionals who have an acute understanding of the printing market. Part of the sums invested by Capital régional et coopératif Desjardins assisted Dynagram in acquiring a competing American product line.

Investment (continued)



Aegera Therapeutics inc.

Based in the Montréal area, Aegera Therapeutics is a biotechnology company whose primary therapeutic focus is in apoptosis control: killing cancer cells by inducing apoptosis, rescuing neurons from cell death, and implanting stem cells to restore function. The investment made by Capital régional et coopératif Desjardins will help Aegera to position itself amongst the world leaders of its sphere of activities and also increase the pace of the development of its first therapeutic product including the start of human clinical trials.



IPS Thérapeutique inc.

A Sherbrooke-based clinical research company specializing in toxicology, IPS Thérapeutique makes use of a technology that relies on biological tests and trials to evaluate the electrical properties of human cardiac cells. The company has established research protocols related to a series of five tests which help evaluate the cardiotoxicity of new molecules used as medication in the pre-regulatory stage of toxicological studies.



Nature 3M inc.

A company based in Saguenay–Lac-Saint-Jean, Nature 3M is active in the fur industry. Its main activities involve the purchase, sale and processing of fur for export and for the manufacturing of accessories.

The Board of Directors of Capital régional et coopératif Desjardins

as of March 1st, 2002

Capital régional et coopératif Desjardins is under the authority of a Board of Directors that supervises all of its activities. This Board is comprised of the following members:

- 1 **Bruno Riverin** (2)
Chairman of the Company's Board of Directors,
President and Chief Executive Officer
Investissement Desjardins Inc.
- 2 **Yves Lavoie** (2)
Vice-Chairman of the Company's Board of Directors,
Corporate Director
- 3 **Gilbert Beaulieu**
Secretary of the Company's Board of Directors,
General Manager
Caisse populaire de Vaudreuil
- 4 **Luc Chabot** (2)
President and General Manager of the Company
- 5 **Carole Voyzelle** (2)
President and General Manager
Parc Technologique Québec métropolitain
- 6 **Lorrain Barrette** (1)
President
Caisse populaire de la M.R.C. de Rouyn-Noranda,
Corporate Director
- 7 **Raynald Bisson**
General Manager
Caisse populaire Desjardins de Saint-Césaire
- 8 **Évangéliste Bourdages** (3)
President and General Manager
Groupe Ohméga Inc.
- 9 **Pierre Brossard**
Senior Vice-President, Institutional Affairs and Executive
Assistant to the Mouvement Desjardins President
Fédération des caisses Desjardins du Québec
- 10 **Pierre Gauvreau** (2)
General Manager
Coopérative fédérée de Québec
- 11 **Luc Labelle** (3)
President and General Manager
Conseil de la coopération du Québec
- 12 **Olivier Lavoie** (1)
Teacher
Séminaire Marie-Reine du Clergé
- 13 **Denise Verreault** (1) (3)
President
Groupe maritime Verreault Inc.



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(1) Member of the Audit Committee

(2) Member of the Executive Committee and of the Purchase by Agreement Committee

(3) Member of the Ethics Committee



Management's Discussion and Analysis

A number of financial events have marked the 2001 fiscal year. The most significant elements affecting cash flow, earnings and the financial position include:



Cash flow

- The initial phase of the first call for public savings enabled Capital régional et coopératif Desjardins to raise \$79,054,500 in the fiscal year ended December 31, 2001.
- Some 35,357 shareholders subscribed an average of \$2,236 each.
- As of December 31, 2001, an amount of \$70,545,000 from the initial phase of the first call for public savings by Capital régional et coopératif Desjardins was invested in short-term deposits. The balance of the net proceeds of the first share issue was in transit as of December 31, 2001, and was invested in the early days of 2002.

Earnings

- Revenues, derived essentially from subscription dues paid by shareholders when opening their accounts, totalled \$1,608,032 for the fiscal year ended December 31, 2001.
- Expenses reached \$1,564,390 for the 2001 fiscal year as a whole. Expenses, consisting essentially of costs linked to the company's current activities, include costs associated with promotion, advertising and communications as well as spending related to administration and professional fees.
- Capital régional et coopératif Desjardins will benefit from non-refundable start-up subsidies totalling \$10 million derived in equal amounts from the Quebec government and the Mouvement des caisses Desjardins.
- Organization and start-up costs for the 2001 fiscal year totalled \$3,574,211. These costs relate to legal, accounting and computer services, the costs of printing prospectuses and various forms, training authorized employees of the Desjardins caisses, and marketing the company's shares, as well as developing and implementing the business plan and administrative services for shareholders. These costs are covered by the start-up subsidies.

Financial position

- At the end of the first fiscal year, the book value of shares of Capital régional et coopératif Desjardins remained unchanged from its initial \$10 subscription price.



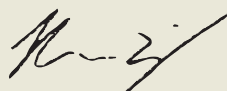
Management's Responsibility for Financial Information

The financial statements of Capital régional et coopératif Desjardins have been prepared by management, which is responsible for their preparation and presentation, including important estimates and judgements. This responsibility also includes selecting appropriate accounting policies.

The Board of Directors carries out its responsibility with respect to the financial statements through the Audit Committee, which is composed only of non-employee directors of Capital régional et coopératif Desjardins. The Audit Committee meets with management and the company's auditors, reviews the company's financial statements and recommends their approval by the Board of Directors. In order to discharge its responsibilities, management maintains an internal control system that has been designed to provide reasonable assurance that the assets are safeguarded and that transactions are accounted for correctly and on a timely basis, that they have been duly approved and that they allow for the preparation of reliable financial statements.

These financial statements, which have been audited by the chartered accounting firm of Raymond Chabot Grant Thornton, General Partnership, present the financial information available as at December 31, 2001 and have been prepared in accordance with Canadian generally accepted accounting principles.

The financial information presented elsewhere in this report is consistent with the financial statements of Capital régional et coopératif Desjardins that have been approved by the Board of Directors.



Gérard Tardif, CMA
Chief Financial Officer

Montreal, February 21, 2002

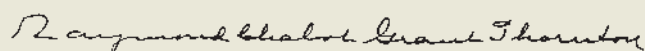
Auditors' Report

To the Shareholders of Capital régional et coopératif Desjardins

We have audited the balance sheet of Capital régional et coopératif Desjardins as at December 31, 2001 and the statements of earnings, retained earnings and cash flows for the initial period then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Raymond Chabot Grant Thornton
General Partnership
Chartered Accountants

Montreal, February 21, 2002

Capital régional et coopératif Desjardins

Earnings

Retained Earnings

Initial period ended December 31, 2001

	\$
EARNINGS	
Revenue	
Membership dues	1,536,928
Interest on term deposits	71,104
	<u>1,608,032</u>
Expenses	
Operating	998,845
Shareholder services	450,545
Tax on capital	115,000
	<u>1,564,390</u>
Operating income	<u>43,642</u>
Organization and start-up costs	3,430,211
Non-refundable subsidies (Note 5)	3,430,211
	<u>–</u>
Earnings before income taxes	43,642
Current income taxes (Note 6)	21,028
Net earnings	<u>22,614</u>
RETAINED EARNINGS	
Balance, beginning of period	–
Net earnings	22,614
Common share issue expenses, net of non-refundable subsidies in the amount of \$144,000	<u>–</u>
Balance, end of period	<u>22,614</u>

The accompanying notes are an integral part of the financial statements.

Capital régional et coopératif Desjardins

Cash Flows

Initial period ended December 31, 2001

	\$
OPERATING ACTIVITIES	
Net earnings	22,614
Non-cash item	
Changes in assets and liabilities (Note 7)	(8,526,695)
Cash flows from operating activities	(8,504,081)
INVESTING ACTIVITIES	
Term deposits and cash flows from investing activities	(70,545,000)
FINANCING ACTIVITIES	
Common share issue and cash flows from financing activities	79,054,500
Net increase in cash and cash, end of period	5,419

The accompanying notes are an integral part of the financial statements.

Capital régional et coopératif Desjardins

Balance Sheet

December 31, 2001

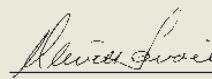
	\$
ASSETS	
Term deposits, 2.08% to 2.36%, maturing in February and March 2002	70,545,000
Accounts receivable (Note 8)	20,483,935
Cash	5,419
	<u>91,034,354</u>
LIABILITIES	
Deferred non-refundable subsidies (Note 5)	6,425,789
Income taxes payable	21,028
Accounts payable and accrued liabilities (Note 9)	5,510,423
	<u>11,957,240</u>
NET ASSETS	<u>79,077,114</u>
SHAREHOLDERS' EQUITY	
Capital stock (Note 10)	79,054,500
Retained earnings	22,614
	<u>79,077,114</u>
Number of common shares outstanding	<u>7,905,450</u>
Net assets per common share	<u>10.00</u>

The accompanying notes are an integral part of the financial statements.

On behalf of the Board,



 Director



 Director

Capital régional et coopératif Desjardins

Notes to Financial Statements

December 31, 2001

1 - GOVERNING STATUTES, MISSION, ADMINISTRATION AND INVESTMENTS

Governing statutes and mission

Capital régional et coopératif Desjardins is constituted by an Act of the Québec National Assembly (S.Q. 2001 - c. 36) and is deemed to have been incorporated by the filing of statutes on July 1, 2001. The company commenced its activities on November 5, 2001 and is a legal person with share capital whose mission is to:

- raise venture capital for the benefit of Quebec resource regions (Abitibi-Témiscamingue, Bas-Saint-Laurent, Côte-Nord, Gaspésie-Îles-de-la-Madeleine, Mauricie, Nord-du-Québec and Saguenay-Lac-Saint-Jean) and the cooperative sector;
- promote economic development in the resource regions through investments in eligible entities operating in those regions;
- support the cooperative movement throughout Quebec by investing in eligible cooperatives;
- support eligible entities in their start-up phase and in their development;
- stimulate the Quebec economy through investments in all parts of the territory of Quebec.

Administration

The affairs of the company are administered by a Board of Directors composed of thirteen members, as follows:

- eight persons appointed by the President of the Mouvement des caisses Desjardins;
- two persons elected by the General Meeting of shareholders of the company;
- two persons appointed by the above-mentioned ten members selected from a group of persons that they deem to be representative of eligible entities as described in the Act;
- the President and General Manager of the company.

Investments

The company may invest in eligible entities, with or without a guarantee or security. Eligible entities include eligible cooperatives and partnerships or a legal person actively operating an enterprise, the majority of whose employees are residents in Quebec and with less than \$50,000,000 of assets and net equity of not more than \$20,000,000.

During each fiscal year, from the fiscal year beginning on January 1, 2006, the portion of the company's investments in eligible entities, which does not entail any security or hypothec, must represent on average at least 60% of the average net assets of the company's for the preceding year. Furthermore, a part representing at least 35% of that percentage must be invested in entities situated in resource regions of Quebec or in eligible cooperatives.

2 - ACCOUNTING POLICIES

Accounting estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the company may undertake in the future. Actual results may differ from these estimates.

Membership dues

Membership dues are recorded at the time of a shareholder's initial subscription and on the closure of that shareholder's account.

Capital régional et coopératif Desjardins

Notes to Financial Statements

December 31, 2001

2 - ACCOUNTING POLICIES (Continued)

Financial instruments

The fair value of term deposits, accounts receivable, cash, accounts payable and accrued liabilities approximates their carrying amount given that they will mature shortly.

3 - INFORMATION INCLUDED IN THE STATEMENT OF EARNINGS

	\$
Non-refundable subsidies	
Mouvement des caisses Desjardins	1,715,105
Ministère de l'Industrie et du Commerce du Québec	1,715,106

4 - CREDIT RISK

Credit risk relates to the possibility that the counterparty to the transaction does not meet its obligations. The company reduces this risk by dealing solely with the Caisse centrale Desjardins, an entity that is a member of the Mouvement des caisses Desjardins.

5 - NON-REFUNDABLE SUBSIDIES

To accelerate the company's start-up, the Ministère de l'Industrie et du Commerce du Québec and the Mouvement des caisses Desjardins granted the company, in equal shares, non-refundable subsidies totalling \$10,000,000. These subsidies are payable in two equal instalments with the first instalment due since December 15, 2001 and the balance due on June 15, 2002. These subsidies make it possible for the company to pay its organization and start-up costs. As at December 31, 2001, \$3,574,211 of these subsidies had been used, of which \$3,430,211 has been recorded in earnings for the year and \$144,000 in retained earnings. The balance of \$6,425,789 has been deferred and presented in liabilities on the balance sheet.

6 - INCOME TAXES

For purposes of calculating taxable income in Quebec, the company is authorized to deduct, for a given taxation year, an amount that is not more than its taxable income for the year. Accordingly the company's income will be exempt from Quebec income tax. Moreover, federal income taxes include the large corporations tax.

7 - INFORMATION INCLUDED IN THE STATEMENT OF CASH FLOWS

The changes in assets and liabilities are detailed as follows:

	\$
Accounts receivable	(14,058,146)
Income taxes payable	21,028
Accounts payable and accrued liabilities	5,510,423
	<u>(8,526,695)</u>

Capital régional et coopératif Desjardins

Notes to Financial Statements

December 31, 2001

8 - ACCOUNTS RECEIVABLE

	\$
Subscriptions and membership dues receivable	10,271,850
Non-refundable subsidies receivable	
Mouvement des caisses Desjardins	5,000,000
Ministère de l'Industrie et du Commerce du Québec	5,000,000
Interest receivable on term deposits	71,104
Sales taxes receivable	140,981
	<u>20,483,935</u>

9 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	\$
Member entities of the Mouvement des caisses Desjardins	5,149,955
Other	360,468
	<u>5,510,423</u>

10 - CAPITAL STOCK

Authorized

The company is authorized to issue common shares and fractions of common shares, participating, voting, with the right to elect two representatives to the Board of Directors, without par value, so that its capital increases by a maximum of \$150,000,000 annually, to a maximum of \$1,500,000,000 redeemable subject to certain conditions provided under the Act.

	\$
Issued and fully paid during the year	
7,905,450 common shares	<u>79,054,500</u>

On October 10, 2001, the company issued one common share for a cash consideration of \$10 and subsequently issued 7,905,449 common shares for a cash consideration of \$79,054,490 to 35,357 shareholders.

Redemption criteria

The company is bound to redeem all or part of common shares or fractional common shares in the following circumstances:

- at the request of a person who acquired it from the company at least 7 years prior to redemption;
- at the request of a person to whom it has been devolved by succession;
- at the request of the person who acquired it from the company, if the person applies to the company therefore in writing within 30 days after subscribing it;
- at the request of a person who acquired it from the company if that person is declared to have a severe and permanent mental or physical disability which makes this person incapable of pursuing his or her work.

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

The redemption price of the shares and fractions of shares will be set twice a year, at dates that are six months apart, by the company's Board of Directors on the basis of the company's value as determined by valuation experts, under the responsibility of an external accounting firm, in accordance with Canadian generally accepted accounting principles. The common share issue price is \$10 and is fixed until the first valuation date, June 30, 2002.

Capital régional et coopératif Desjardins

Notes to Financial Statements

December 31, 2001

11 - RELATED PARTY TRANSACTIONS

Capital régional et coopératif Desjardins is a member entity of the Mouvement des caisses Desjardins. In the normal course of its operations, the company carried out transactions with other member entities of the Mouvement des caisses Desjardins. All of these transactions are measured at the exchange amount:

	\$
Earnings	
Caisse centrale Desjardins	
Interest on term deposits	71,104
Investissement Desjardins Inc.	
Expenses paid ^(a)	978,471
Fédération des caisses Desjardins du Québec	
Expenses paid ^(a)	2,095,529
Mouvement des caisses Desjardins	
Non-refundable subsidy	1,715,105
Desjardins Trust Inc.	
Expenses paid ^(a)	1,216,967
Shareholder service fees	302,314
Retained earnings	
Mouvement des caisses Desjardins	
Non-refundable subsidy	72,000
Balance Sheet	
Caisse centrale Desjardins	
Term deposits	70,545,000
Accounts receivable	71,104
Cash	5,419
Fédération des caisses Desjardins du Québec	
Accounts receivable	5,000,000
Accounts payable and accrued liabilities	2,252,694
Mouvement des caisses Desjardins	
Deferred non-refundable subsidy	3,212,895
Investissement Desjardins Inc.	
Accounts payable and accrued liabilities	1,264,034
Desjardins Trust Inc.	
Accounts receivable	10,271,850
Accounts payable and accrued liabilities	1,633,227

^(a)These expenses are allocated among the various expense items shown on the statements of earnings and retained earnings.

12 - COMMITMENTS

The company has entrusted the management of its operations, including management of its portfolio to Investissement Desjardins Inc., a member entity of the Mouvement des caisses Desjardins, in accordance with strategies and objectives approved by the Board of Directors. The management contract signed by Investissement Desjardins Inc. and the company is in effect for an initial ten-year period, unless the parties agree to terminate it by mutual agreement. Thereafter, it shall be automatically renewed for a five-year period unless either party decides to terminate the contract by giving notice of at least 18 months.

Under this contract, the company is required to pay an annual management fee equal to 3% of the company's annual average net asset value. This percentage is reduced to 2.5% from the fiscal year following that in which the company's net asset value reaches \$750,000,000. Investissement Desjardins Inc. will start invoicing management fees as of January 1, 2002.

The company has appointed Desjardins Trust Inc., a Mouvement des caisses Desjardins corporation, to act as its registrar and transfer agent with respect to shareholder transactions. The term of this contract is three years and two months as of November 1, 2001 and it is renewable annually under the same terms and conditions unless either party gives written notice to the contrary, 180 days before the end of a year.

Information

1st Annual General Meeting of Capital régional et coopératif Desjardins

Centre des congrès de Québec
(Québec City convention centre)
Room 200 ABC
Friday, April 19, 2002, at 4 p.m.

Investor Relations

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Tel.: 1 888 522-3222

Registrar and Transfer Agent Desjardins Trust

1, Complexe Desjardins
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Montréal, Québec H5B 1E4

Auditors

Raymond Chabot Grant Thornton
General Partnership
Chartered Accountants

Financial Institutions

Caisse centrale Desjardins
Caisse populaire Place Desjardins

Sales of Shares in Capital régional et coopératif Desjardins

Desjardins caisse network

Manager

Investissement Desjardins Inc.
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Entrepreneurs looking for venture capital may contact:

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Eight other locations will be opened before the end of 2002 for better coverage of Quebec's territory.



This first Annual Report of Capital régional et coopératif Desjardins was produced under the direction of the Vice-President, Corporate Affairs, and the Vice-President, Finance and Administration, of Investissement Desjardins Inc.

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This Annual Report is also available on the Desjardins Web site: www.desjardins.com
Des exemplaires de la version française de ce rapport annuel sont disponibles sur demande.



*Offering our
shareholders*



a rate of return



*that will encourage
reinvestment.*



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