2014 Report to Shareholders

Three months ended March 31, 2014

C.A. Bancorp Inc. Reports First Quarter 2014 Financial Results

C.A. Bancorp Inc. (C.A. Bancorp or the Company) announces its financial results for the three months ended March 31, 2014. C.A. Bancorp is listed on the Toronto Stock Exchange (TSX) under the symbol “BKP”.

This management`s discussion and analysis (MD&A) relates to the Company’s first International Financial Reporting Standards ("IFRS") condensed interim financial statements for part of the period to be covered by the Company`s first IFRS annual financial statements. IFRS 1, First-time Adoption of International Financial Reporting Standards, has been applied. The Company’s condensed interim financial statements comply with International Accounting Standard ("IAS") 34, Interim Financial Reporting. The Company`s interim financial statements do not include all of the information required for annual financial statements. The comparative financial statements included in the Company`s interim financial statements have been restated to comply with IFRS.

Prior to January 1, 2014, the Company prepared its financial statements using Canadian generally accepted accounting principles (“GAAP” or “Canadian GAAP”) as adopted by the Chartered Professional Accountants of Canada (“CPA Canada”) under Part V of the CPA Canada Handbook - Accounting, and applied Accounting Guideline 18 – Investment Companies (AcG-18). In accordance with AcG-18, the Company accounted for all of its investments at fair value. Until March 8, 2013, the Company applied the liquidation basis of accounting. Liquidation accounting is considered appropriate when, among other things, liquidation of a company is probable and net realizable values of assets are reasonably determinable. Commencing March 8, 2013 and upon a change of control of the Company, the Company began seeking new investment opportunities. The Company discontinued the liquidation basis of accounting on such date and adopted AcG-18. With the transition to IFRS effective January 1, 2014, AcG-18 has been discontinued.

FINANCIAL HIGHLIGHTS FOR THE THREE MONTHS ENDED MARCH 31, 2014

- Revenues of $0.3 million compared to $0.4 million for the same period in 2013;
- Net gain from results of investments of $0.5 million compared to $0.1 million for the same period in 2013; and
- Net earnings of $0.4 million or $0.03 per share compared to a net loss of $(0.3) million or $(0.03) per share for the same period in 2013.

FINANCIAL POSITION AS AT MARCH 31, 2014

- Cash of $41.6 million or $3.39 per share;
- Investments in private entities valued at $3.8 million or $0.31 per share; and
- Net book value of $45.7 million or $3.73 per share.[1]

[1] Net book value per share is a non-IFRS financial measure and is calculated as total shareholders' equity under IFRS divided by the number of common shares outstanding at period-end. See the cautionary statement regarding use of non-IFRS financial measures on page 4 of this MD&A.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This MD&A dated May 12, 2014 is presented to (i) provide readers with material information and a discussion and analysis of the operating results of the Company for the three months ended March 31, 2014; and (ii) enable readers to assess material changes in the financial position of the Company as at March 31, 2014, compared with the corresponding periods in prior years. This MD&A should be read in conjunction with the Company's unaudited condensed interim financial statements and the notes thereto for the three months ended March 31, 2014. These documents and additional information relating to the Company, including the Company's 2013 Annual Information Form (AIF) can be accessed under the Company's profile on SEDAR at www.sedar.com.

All dollar amounts in this MD&A are expressed in Canadian thousands of dollars (except per share amounts or unless otherwise indicated) and have been primarily derived from the Company's condensed financial statements prepared in accordance with IFRS.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains information that is forward-looking and is subject to risks and uncertainties. Forward-looking information includes information concerning the Company's future financial performance, business strategy, plans, goals, and objectives. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "will", "expect", "intend", "plan", "estimate", "anticipate", "believe" or "continue", similar words or the negative thereof. These statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. There can be no assurance that the plans, intentions or expectations upon which these forward-looking statements are based will occur. Factors which could cause actual results to differ materially from those set forth in the forward-looking statements include (but are not limited to): risks associated with general economic conditions, the nature and limited number of the Company's investments; the Company's dependence on management of portfolio companies; the concentration of the Company's investments; the Company's dependence on key personnel, external management and contractors; leverage of the businesses in which the Company invests; the market for the Company's securities and volatility of trading price; the trading price of the Company's shares relative to the net book value (net asset value); risks affecting the Company's investments; the need for the Company to make follow-on investments in portfolio companies; investments by the Company in private issuers and illiquid securities; joint investments with third parties; conflicts of interest; no guaranteed returns; use of investment proceeds, success of the Company's growth and investment strategies; ability to raise any required capital to implement corporate objectives; the availability of any required regulatory, shareholder or other approvals; the potential loss of investment in shares; the management of the future prospects of the Company; the ability to identify and execute suitable investment opportunities; remaining eligibility and continued qualification for current accounting treatments; shifts in target exit dates and investment rates of return for investments in private entities; and other risks detailed from time to time in the Company's continuous disclosure documents. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. Unless otherwise stated, all forward-looking statements speak only as of the date of this MD&A. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

CAUTIONARY STATEMENT REGARDING THE VALUATION OF INVESTMENTS IN PRIVATE ENTITIES

In the absence of an active market for its investments in private entities, fair values for these investments are determined by management using the appropriate valuation methodologies after considering the history and nature of the business, operating results and financial conditions, outlook and prospects, general economic, industry and market conditions, capital market and transaction market conditions, contractual rights relating to the investment, public market comparables, private market transactions multiples and, where applicable, other pertinent considerations. The process of valuing investments for which no active market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had an active market existed. The amounts at which the Company's investments in private entities could be disposed of may differ from the fair value assigned and the differences could be material.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAUTIONARY STATEMENT REGARDING USE OF NON-IFRS FINANCIAL MEASURES

This MD&A makes reference to the net book value per share which is a non-IFRS financial measure. The Company calculates the net book value per share as it believes it to be an important metric that shareholders use and frequently request and refer to because shareholders often view the Company as a holding company of investments. This non-IFRS financial measure does not have any standardized meaning prescribed by IFRS and therefore is unlikely to be comparable to a similar measure presented by other issuers. This classification is not an IFRS measure and should not be considered either in isolation of, or as a substitute for, a measure prepared in accordance with IFRS.

This MD&A is presented in the following sections:

THE COMPANY

The following provides a brief overview of the Company and its operations.

C.A. Bancorp is a publicly traded Canadian merchant bank and alternative asset manager that provides investors with access to a range of private equity and other alternative asset class investment opportunities including investments in marketable securities. The Company has historically focused on investments, either directly or through entities managed by it, in small and medium capitalized private companies, with an emphasis on the industrial, real estate, infrastructure and financial services sectors. The Company's shares trade on the Toronto Stock Exchange (TSX) under the symbol **BKP**. The Company was implementing its Realization Strategy (defined below) until March 7, 2013 when the Offer (defined herein) by CDJ (defined herein) to shareholders was successfully completed (See "2013 Review and Outlook" below).

As at March 31, 2014, the Company held one private equity investment in Salbro Bottle Group ("Salbro"). During 2013, the Company completed the sale of its interests in Blue Ant Media Inc. ("Blue Ant") (See "Investments in Private Entities – 2013 Realizations"). In January 2014, the Company completed the sale of its interests in Digital Payment Technologies Corp. (DPT) (See "Investments in Private Entities – Q1 2014 Realizations").

Current Business Strategy

The Company believes that there are many businesses (both public and private) in Canada and the United States that can benefit significantly from strategic investors who bring new capital and the experience of proven business builders to such businesses. Effective March 8, 2013, the Company began seeking opportunities to make such investments. More specifically, the Company is focused on:

1. Creating long term recurring cash flow streams (i) through the deployment of its capital in investment opportunities with growth potential and (ii) from fees earned through such investment opportunities;
2. Investing a significant component of the capital required for each opportunity, with the balance to be raised from investors, either through a new entity specific to the opportunity or through the issuance of securities of the Company;
3. Analyzing public and private operating businesses to identify (i) undervalued North American small and medium-capitalized public companies that can benefit from the experience and expertise of the Company's Board of Directors; and (ii) successful private companies without viable succession plans or entrepreneur exit strategies; and
4. Sourcing financial investments and opportunistic catalyst situations, including (i) bankruptcy exits; (ii) legacy leveraged buy-out refinancing or restructurings and (iii) distressed securities where a pledged sponsor is in place.

For a more comprehensive review of the Company and its operations, please refer to the "2014 Review and Outlook" section of this MD&A and the Company's most recent AIF as updated by periodic news releases, all available under the Company's profile on SEDAR at www.sedar.com.

2014 REVIEW AND OUTLOOK

Sale of Interests in DPT

On January 31 2014, the Company, together with the other shareholders of DPT, completed the sale of their interests in DPT to a third party pursuant to a court approved plan of arrangement resulting in a payment to C.A. Bancorp of approximately $9.4 million in respect of contractual amounts that were owing under a debenture and term promissory note including related fees and interest. The Company also received approximately $5.8 million as consideration for its common and preferred share warrants. An amount of $585 remains in escrow until July 2014 and will be payable to the Company at that time, less any applicable fees, provided that no claims are made against such funds in accordance with the terms of such escrow arrangement.

Substantial Issuer Bid

In March 2014, the Company announced an offer to repurchase up to $25 million of its Shares pursuant to a modified Dutch auction at prices between $3.45 and $3.55 per share. On April 15, 2014, subsequent to quarter end, the Company announced that it repurchased for cancellation 6,965,273 Shares at $3.50 per Share for aggregate consideration of $24.4 million. Following completion of the substantial issuer bid, the Company has 5,304,007 Shares issued and outstanding.

Outlook

The Company continues to seek investment opportunities and believes that it has identified a dislocation in the Florida property and casualty insurance market. The Company is engaged in confidential negotiations to enter into a joint venture on what the Company considers to be attractive terms with an established partner currently operating successfully in the property and casualty insurance field in the southeastern United States. The joint venture would be an extension of the potential joint venture partner's current profitable and growing business and would therefore be expected to draw upon its existing infrastructure and seasoned management expertise. The Company's current intention is to act as sponsor and promoter and to own a significant equity stake in the joint venture, while the joint venture partner would own a minority stake in and provide insurance company operating and management services to the joint venture. In addition, it is contemplated that the Company may also privately source new, passive investors for additional capital for the joint venture. This strategy is being pursued in an effort to advance the Company's dual objectives of (i) earning discrete equity returns tied to an operating business along with (ii) the prospect of growing assets under management which have the potential to yield significant asset management fees over time.

There can be no assurance that such joint venture will be completed or if completed that it will be successful. In addition, the structure and terms of the joint venture remain subject to further negotiations and therefore may change.

The proposed joint venture involves substantial risk. There may be regulatory and other hurdles to structuring and completing the proposed joint venture. If completed, the joint venture may not be structured as described above and the role of the Company may be changed. In addition, the joint venture will depend on the management and operational expertise of the joint venture partner that is not under the Company's direct control, and disputes may arise between the Company and the joint venture partner that may adversely affect the success of the joint venture.

The joint venture may require additional capital subsequent to its initial capitalization. To the extent the joint venture's is unable to fund its operating requirements or cover claims losses, the joint venture may need to raise additional funds through debt or equity financings that may be dilutive to the Company's share in the joint venture, or the joint venture may need to curtail its growth and reduce its assets. The joint venture's additional capital needs will depend on the joint venture's actual claims experience, especially for catastrophic events. If the joint venture cannot obtain adequate capital to the extent required on favorable terms or at all, the joint venture's business, financial condition and results of operations could be adversely affected.

Management continues to review a number of prospective opportunities in accordance with the criteria noted above during 2014 in an effort to deploy its cash resources.

2013 REVIEW

Abandonment of the Realization Strategy and Initiation of New Growth Strategy

The Company's Board of Directors as constituted from time to time prior to March 7, 2013 (the "Previous Board") announced in September 2010 that it had determined that it was in the best interests of the Company for its shareholders to have the opportunity to choose between two options, specifically: (i) acceptance of a take-over bid; or (ii) maintenance of their interests in the Company with the Previous Board's commitment that it would implement a realization strategy under which the Company would no longer implement its former business objective, would seek to monetize its existing assets and would distribute any realized cash to shareholders with a view to ultimately dissolving the Company (the "Realization Strategy"). The take-over bid outstanding at that time expired in August 2010 and the Company immediately began to implement the Realization Strategy.

CDJ Global Catalyst LLC's Offer to Purchase all of the Shares of the Company

On November 27, 2012, CDJ announced that it, on behalf of accounts in respect of which it exercised discretion and control, intended to make an all-cash offer to acquire all of the issued and outstanding shares of the Company at a price of $3.15 per share.

On January 10, 2013, the Company and CDJ entered into an Acquisition Support Agreement (the "Support Agreement") under which CDJ agreed, subject to customary conditions, to offer to acquire all of the issued and outstanding common shares of the Company (the "Shares") for cash at a price of $3.20 per Share (the "Offer") and the Company's Previous Board recommended that shareholders deposit their Shares to the Offer. The purpose of the Offer by CDJ was to increase its shareholdings in the Company while maintaining C.A. Bancorp as a publicly traded entity. As part of the Offer, directors and officers of the Company who owned Shares and certain other shareholders of the Company entered into lock-up agreements to tender to the Offer. Subsequent to completion of the Offer, the Company reimbursed CDJ $250 of its expenses relating to legal fees. The $250 paid is included in Costs (recovery) of the now abandoned Realization Strategy and change of control on the Statement of Operations and Comprehensive Income of the Company.

The Offer was completed on March 7, 2013 and the Realization Strategy was thereby terminated. As at that date, the Company's Board of Directors was also reconstituted through resignations of all existing directors and the appointment of CDJ's nominees. Furthermore, CDJ assumed responsibility for managing the business and affairs of the Company.

Material Events in 2014 and 2013

The following is a summary of the Company's material events up to March 31, 2014, updated for subsequent events to the date hereof.

Period	Event
First Quarter 2013	**Company Enters Into Support Agreement** On January 10, 2013, the Company and CDJ entered into a support agreement under which CDJ agreed, subject to customary conditions to offer to acquire all of the Shares of the Company for cash at a price of $3.20 per Share and the Company's Prior Board recommended that shareholders deposit their Shares to the Offer.
	Offer to Purchase all of the shares of C.A. Bancorp is completed On March 5, 2013, CDJ announced the successful satisfaction of the conditions to its Offer to acquire up to all of the issued and outstanding Shares of C.A. Bancorp at a price of $3.20 per Share. 8,469,291 Shares were tendered to the Offer. On March 7, 2013, CDJ completed the take-up and payment of all of the Shares deposited under the Offer. Following completion of the Offer, CDJ, on behalf of managed accounts over which it exercised discretion and control, held 10,911,342 Shares, representing approximately 88.9% of the Company's issued and outstanding Shares. **Board and Management Changes** In connection with the completion of the Offer, Paul Haggis (Chairman), Frank Potter, Steven Sharpe and Timothy Unwin resigned from the Board and Robert Wolf (Chairman), Bradd Gold, Gaetano Muzio and J. Roy Pottle were appointed to the Board. Steven Sharpe and Kurt Brands resigned from their positions as Chief Executive Officer and Chief Financial Officer of the Company, respectively and CDJ began to manage the business and affairs of the Company.
	Sale of Interests in Blue Ant Media, Inc. ("Blue Ant") On March 30, 2013, the Company completed the sale of all of its interest in Blue Ant to a third party for aggregate consideration of $1.9 million.
Second Quarter 2013	**2013 Annual and Special Meeting of Shareholders (the ASM)** At the ASM, shareholders voted in favour of all items of business, including but not limited to, a resolution to amend and terminate the Company's Shareholder Rights Plan and to approve changes to the Company's General By-law No. 1 and the adoption of an Advance Notice By-Law.
Third Quarter 2013	**Normal Course Issuer Bid** In September, 2013, the Toronto Stock Exchange approved the Company's notice of intention to make a normal course issuer bid for up to 613,464 of its Shares or approximately 5% of its 12,269,280 outstanding Shares.

Period	Event
First Quarter 2014	**Sale of Interests in DPT** On January 31, 2014, the Company, together with the other shareholders of DPT, completed the sale of their interests in DPT to a third party pursuant to a court approved plan of arrangement resulting in a payment to C.A. Bancorp of approximately $9.4 million in respect of contractual amounts that were owing under the debenture and term promissory note including related fees and interest. The Company also received approximately $5.8 million as consideration for its common and preferred share warrants. An amount of $585 remains in escrow until July 2014 and will be payable to the Company at that time, less any applicable fees, provided that no claims are made against such funds in accordance with the terms of such escrow arrangement.
First Quarter and Subsequent to First Quarter 2014	**Substantial Issuer Bid** On March 7, 2014, the Board of Directors of C.A. Bancorp Inc. approved a substantial issuer bid (the "Offer"), pursuant to which C.A. Bancorp offered to repurchase for cancellation up to $25,000 in value of its outstanding common shares (the "Shares") from shareholders for cash. On April 15, 2014, the Company's shareholders deposited 6,995,473 Shares under the Offer. Pursuant to the terms of the Offer, the Company determined the purchase price to be $3.50 per Share. The Company took up 6,965,273 Shares, representing 99.6% of the total number of Shares tendered to the Offer, for aggregate consideration of $24.4 million. These Shares represented approximately 56.8% of the total Shares issued and outstanding as at April 15, 2014 and, following the purchase and cancellation of these Shares, 5,304,007 Shares remain outstanding.

SUMMARY OF INVESTMENTS

The following is a summary of the Company's investment in private entities as at the date hereof.

Investments in Private Entities – Current Portfolio

At March 31, 2014, the Company had one investment in private entities. On January 31, 2014, the Company sold its interest in DPT to a third party. The investment details below are for the Company's remaining investment held as at the date hereof.

Company and Investment Overview

Salbro Bottle Group (Salbro) is an established designer, manufacturer and distributor of packaging components, specializing in glass and plastic bottles.

C.A. Bancorp's Investment: $4.0 million investment structured as debentures paying 12% per annum and nominal cost common share warrants exercisable into 18% of Salbro's common shares on a fully diluted basis. In the third quarter of 2012, Salbro completed a refinancing resulting in a partial repayment to the Company of principal outstanding of $1.7 million plus all of the interest then owing under the Salbro debentures. Current aggregate amount outstanding under the debentures is $2.3 million plus $0.5 million in accrued interest. The maturity dates for the Salbro debentures were extended in conjunction with the Salbro refinancing in 2012 to August 2019.

Rationale: Growth capital investment in a company with a diversified customer base, an experienced management team, and a combination of complementary manufacturing and distribution businesses to reduce volatility and risk.

Investment Risks Include: Long-term economic slowdown, use of leverage, commodity prices, customer concentration and management execution.

Original Investment Date: February 2008

Investment Update:

As at March 31, 2014, the Company fair valued the debentures and interest owning at $2.8 million and the common share warrants at $1.0 million.

Investments in Private Entities – 2014 Realizations

Digital Payment Technologies Corp.

On January 31, 2014, the Company, together with the other shareholders of DPT, completed the sale of their interests in DPT to a third party pursuant to a court approved plan of arrangement resulting in a payment to C.A. Bancorp of $9,419 in respect of contractual amounts that were owing under the debenture and term promissory note including related fees and interest. The Company also received $5,838 as consideration for its common and preferred share warrants. An amount of $585 remains in escrow until July 2014 and will be payable to the Company at that time, less any applicable fees, provided that no claims are made against such funds in accordance with the terms of such escrow arrangement. The Company recognized a gain on the sale of its interests in the DPT warrants of $218 and a foreign exchange gain of $243 in the three months ended March 31, 2014. These amounts increase the accumulated realized gains on the sale of DPT to $5,174.

For a complete summary of Company's original investment in DPT, please refer to the Company's 2013 MD&A available under the Company's profile on SEDAR at www.sedar.com.

Investment in Private Entities – 2013 Realizations

Blue Ant Media Inc.

In March 2013, the Company completed the sale of all of its interests in Blue Ant for cash consideration of $1.9 million. For a complete summary of Company's investment in Blue Ant, please refer to the Company's 2012 MD&A available under the Company's profile on SEDAR at www.sedar.com.

The following is a summary of the Company's investments in marketable securities.

Investments in Marketable Securities – Current Portfolio

The Company was invested in and disposed of a number of toe-hold positions in marketable securities during 2013 and the first quarter of 2014. At March 31, 2014, the Company has no investments in marketable securities (March 31, 2013 - $1,259).

Investment in Marketable Securities – 2014 Realizations

During the three months ended March 31, 2014, the Company sold the balance of its holdings in marketable securities for proceeds of $570 and a realized gain of $85.

Investment in Marketable Securities – 2013 Realizations

During the three months ended March 31, 2013, the Company sold marketable securities for proceeds of $242 and a realized gain of $24.

During the year ended December 31, 2013, the Company sold marketable securities for proceeds of $5,624 and a realized gain of $668.

FINANCIAL REVIEW

The following is a summary of (a) the Company's condensed financial statements for the three months ended March 31, 2014 and 2013 and (b) the Company's financial position as at March 31, 2014 compared to December 31, 2013 and January 1, 2013.

Results from Operations for Three Months Ended	**March 31, 2014**	March 31, 2013
Total revenues	**$ 263**	**$ 442**
Net results of investments	**494**	**96**
Expenses	**(370)**	**(884)**
Taxes and non-controlling interest	**-**	**-**
Net earnings/(loss)	**$ 387**	**$ (346)**
Earnings Per Share (EPS)		
Earnings /(loss) per share	**$ 0.03**	**$ (0.03)**

Financial Position as at	**March 31, 2014**	December 31, 2013	January 1, 2013
Cash and cash equivalents	**$ 41,634**	$ 25,797	$ 25,126
Total assets	**45,977**	45,457	41,944
Shareholders' equity	**45,715**	45,328	41,108
Number of shares outstanding	**12,269**	12,269	12,269
Per Share			
Net book value per share[1]	**$ 3.73**	$ 3.69	$ 3.35
Closing market price	**$ 3.51**	$ 3.20	$ 3.10
Market price discount to net book value	**5.9%**	13.3%	7.5%

[1] Net book value per share is a non-IFRS financial measure and is calculated as total shareholders' equity under IFRS divided by the number of common shares outstanding at period-end. See the cautionary statement regarding use of Non-IFRS financial measures on page 4 of this MD&A.

Results of Operations Highlights

The Company's operating results reflect (i) revenue recognized primarily from the income generated from the Company's investments in private entities and historically the income and management fees from the Company's managed entities; (ii) changes in the value of the Company's assets; and (iii) the expenses required to manage the Company's invested capital.

Quarter ended March 31, 2014	Year ended December 31, 2013	Quarter ended March 31, 2013
Revenue $0.3 million: $0.3 million from interest income.	**Revenue $1.8 million**: $1.6 million from interest and investment income and $0.2 million of fee income.	**Revenue $0.4 million**: $0.4 million from interest and investment income.
Changes quarter-over-quarter: *The Company's interest and investment income has declined compared to prior periods as its investment in DPT was sold on January 31, 2014.*		
Net results of investments representing a gain of $0.5 million consisting primarily of a $0.2 million increase in the value of the DPT warrants and a $0.2 million foreign exchange gain on the DPT warrants.	**Net results of investments representing a gain of $3.8 million** consisting of $2.1 million from the increase in value of the DPT warrants, a $1.0 million increase in the value of the Salbro warrants and $0.7 million from gains on marketable securities.	**Net results of investments representing a gain of $0.1 million** primarily as a result of realized and unrealized gains on marketable securities for investments made after March 7, 2013.
Expenses of $0.4 million consisting primarily of $0.25 million in professional fees and management fees of $0.02 million to CDJ. Directors' fees of $0.03 million were paid.	**Expenses of $1.4 million** consisting primarily of $0.6 million of costs related to the change in control of the Company, including a $0.3 million termination payment to a company controlled by the former CEO and $0.25 million expense reimbursement to CDJ, $0.4 million in professional fees and management fees of $0.06 million to CDJ. Directors' fees of $0.1 million paid to the former Board prior to March 8, 2013 and $0.1 million to the current Board. Reversal in accrued Liquidation Costs of $0.1 million.	**Expenses of $0.9 million** consisting primarily of $0.6 million of costs related to the change in control of the Company, including a $0.3 million termination payment to a company controlled by the former CEO, $0.25 million expense reimbursement to CDJ, $0.2 million in professional fees; partially offset by charging certain of these and other expenses to the liquidation accrual from prior periods. Directors' fees of $0.1 million paid to the former Board prior to March 8, 2013.
Net earnings of $0.4 million or $0.03 per share on a basic and fully diluted basis.	**Net earnings of $4.2 million or $0.34 per share** on a basic and fully diluted basis.	**Net loss of $0.3 million or $(0.03) per share** on a basic and fully diluted basis.
Changes quarter-over-quarter: Increase in earnings from Q1'13 to Q1'14 arises from the $0.4 million increase in value of the DPT warrants and the $0.6 million cost in Q1'13 of the abandoned Realization Strategy, partially offset by $0.2 million of lower investment income in Q1'14.	***Changes year over year:*** *The Company's 2013 annual net income increased compared to 2012 as a result of the write-up in the value of DPT and Salbro to fair market value.*	

Balance Sheet Highlights

As at March 31, 2014, the Company's assets consist primarily of cash and an investment in Salbro. The Company`s investments in private entities have generated virtually all of the Company's revenues during 2013 and a significant amount in 2014 and were made with the objective of generating income and capital gains over the investment period. As at March 31, 2014, the Company had working capital of approximately $41.9 million on its balance sheet for commitments and general working capital purposes. Subsequent to quarter end following the completion of the substantial issuer bid, the Company had working capital of approximately $17.5 million.

March 31, 2014	December 31, 2013	January 1, 2013
Total assets of $46.0 million.	**Total assets** of $45.5 million.	**Total assets** of $41.9 million.
Changes: *The increase in total assets compared to December 31, 2013 was primarily the result of the realized gain on the sale of the Company's investment in DPT and on the sale of marketable securities. Compared to January 1, 2013 the increase was primarily the result of the realized gain on the sale of the Company's investment in DPT and on the sale of marketable securities and the unrealized gain on the Company's investment in Salbro.*		
Total shareholders' equity of $45.7 million.	**Total shareholders' equity** of $45.3 million.	**Total shareholders' equity** of $41.1 million.
Changes: *The increase in shareholders' equity compared to December 31, 2013 was primarily the result of the realized gain on the sale of the Company's investment in DPT and on the sale of marketable securities. Compared to January 1, 2013 the increase was primarily the result of the realized gain on the sale of the Company's investment in DPT and on the sale of marketable securities and the unrealized gain on the Company's investment in Salbro.*		

The Company had no debt during the periods noted in the table above.

Fair Value Analysis

The following is a breakdown of the fair value of each of the Company's assets and liabilities and associated value per share as at March 31, 2014.

		March 31, 2014
Asset/(Liability)	**Fair value**	**Value per share**
Liquid Net Assets (Working Capital)		
Cash and cash equivalents	41,634	*$ 3.39*
Accounts receivable	566	*0.05*
Accounts payable and accrued liabilities	(262)	*(0.02)*
Working Capital	***41,938***	*3.42*
Investments in Private Entities		
Salbro *(debentures & accrued interest)*	2,787	*0.23*
Salbro *(warrants)*	990	*0.08*
	3,777	***0.31***
GRAND TOTAL[1,2]	**45,715**	***$ 3.73***

[1] Grand total equals the Company's shareholders' equity under IFRS.

[2] Excludes the Company's tax loss carryforwards of $18.0 million expected to be available to offset future taxable income.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2014

The following is an analysis of the Company's results of operations for the three months ended March 31, 2014 and 2013 based on an IFRS basis of presentation. This analysis should be read in conjunction with the condensed financial statements for the three months ended March 31, 2014 and the accompanying notes thereto.

Revenues

	Three months ended March 31		
	2014	**2013**	**Inc / (Dec)**
Interest and investment income	**$ 263**	**$ 388**	$ (125)
Fee income	**-**	**54**	(54)
Total	**$ 263**	**$ 442**	$ (179)

Revenues decreased for the three months ended March 31, 2014 compared to the prior year's quarter as the investment in DPT was sold on January 31, 2014 and accordingly, interest income from DPT was earned for only one month during the quarter. There was no fee income earned from DPT in 2014.

Net Results of Investments

	Three months ended March 31		
	2014	2013	**Inc / (Dec)**
Gain on sale of marketable securities	**85**	24	61
Change in unrealized gain on marketable securities	**(52)**	72	(124)
Realized gain on sale of investments in private entities	**4,931**	-	4,931
Change in unrealized gain on investments in private entities	**(4,713)**	-	(4,713)
Realized foreign exchange gain	**243**	-	243
Total	**$ 494**	$ 96	$ 398

Net results of investments for the three months ended March 31, 2014 consisting primarily of a $218 increase in the value of the DPT warrants and a $243 foreign exchange gain on the DPT warrants. In 2013, realized and unrealized gains on marketable securities were the only source of gains from investments.

Expenses and Income Taxes

	Three months ended March 31		
	2014	2013	**Inc / (Dec)**
Management fees	**$ 22**	$ -	$ 22
Audit & tax fees	**30**	12	18
Legal fees	**140**	12	128
Corporate and operating	**49**	65	(16)
Employee & administrative services fees	**-**	42	(42)
Consulting fees	**83**	45	38
Directors fees	**34**	130	(96)
General & administrative	**12**	13	(1)
Cost of abandoned Realization Strategy and change of control (see below)	**-**	566	(566)
Operating expenses	**370**	884	(514)
Provision for income taxes	**-**	-	-
Total	**$ 370**	$ 884	$ (514)

The Company's operating expenses for the three months ended March 31, 2014 declined significantly from the same period in the prior year due to costs of $566 incurred in the three months ended March 31, 2013 associated with the Realization Strategy and the change of control. Offsetting that cost reduction were increases in legal fees of $128 due primarily to the substantial issuer bid and asset disposition activities. Consulting fees also increased year over year due to assistance provided in connection with the joint venture proposal discussed above under *Current Business Strategy* in the 2014 Review and Outlook.

Cost of Abandoned Realization Strategy and Change of Control

In August 2010, the Company implemented a plan to monetize its existing assets, distribute any realized cash and ultimately dissolve the business (the "Realization Strategy). While under the Realization Strategy, the Company was not operating as a going concern. On March 7, 2013, upon a change of control, in which CDJ Global Catalyst LLC ("CDJ") acquired all of the issued and outstanding common shares of the Company, the Company abandoned the Realization Strategy and resumed operations as a going concern. As of January 1, 2013, while the Company was not a going concern, the Company had recorded its assets at their recoverable amounts and recognized any liabilities for which any contractual commitments had become onerous as a result of the Realization Strategy. Due to this change of control, additional costs including a $300 termination payment to a company controlled by the former CEO and $250 reimbursed to CDJ relating to legal fees incurred by CDJ in relation to the change of control of the Company were incurred during the period ended March 31, 2013. These costs have been included in Cost of abandoned Realization Strategy and change of control in the Statements of Income and Comprehensive Income.

FIRST QUARTER 2014 RESULTS COMPARED WITH FOURTH QUARTER 2013 RESULTS

For the three month period ended March 31, 2014, the Company recognized revenue of $0.3 million compared to $0.5 million for the quarter ended December 31, 2013. The Company had a net gain on investments of $0.5 million in the first quarter of 2014 compared to $1.7 million for the last quarter of 2013. The net realized gain in 2014 arose primarily from the sale of the Company's investment in DPT in January 2014. The net gain during the fourth quarter of 2013 resulted primarily from unrealized gains recognized on the investments in DPT and Salbro of $0.6 million and $1.0 million respectively. The Company recorded net earnings of $0.4 million in the first quarter of 2014 compared to net earnings of $2.0 million for the three months ended December 31, 2013.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's financial results for the last eight quarters.

	2014	2013				2012		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	263	478	465	463	442	441	402	431
Net results of investments	494	1,978	1,768	231	96	-	-	1,270
Expenses	(338)	(148)	(164)	(241)	(884)	(396)	(402)	(668)
Tax provision	-	-	-	-		-	-	-
Net earnings (loss) under IFRS	419	2,308	2,069	453	(346)	45	-	1,033
Add back: One time expenses [1]	-	-	-	-	-	(134)	-	-
Net earnings (loss) adjusted for one-time expenses	419	2,308	2,069	453	(346)	(90)	-	1,033
Weighted avg. # of shares Basic and Diluted	12269	12,269	12,269	12,269	12,269	12,269	12,269	12,269
Net earnings (loss) per share under IFRS	0.03	0.19	0.17	0.04	(0.03)	-	-	0.08
Net earnings (loss) adjusted for one-time expenses per share	0.03	0.19	0.17	0.04	(0.03)	(0.01)	-	0.08
Net book value [2]	45,715.00	45,328.00	43,284.00	41,214.00	40,762.00	41,108.00	41,063.00	41,063.00
Common shares o/s	12,269.00	12,269.00	12,269.00	12,269.00	12,269.00	12,269.00	12,269.00	12,269.00
Net book value per share [3]	3.73	3.69	3.53	3.36	3.32	3.35	3.35	3.35
Total assets	45,977.00	45,457.00	43,464.00	41,500.00	41,268.00	41,944.00	42,223.00	42,353.00

Quarterly revenues have been relatively stable over the past eight quarters given the mix of investments held by the Company. In the first quarter of 2014, legal costs increased due to the Substantial Issuer Bid and asset dispositions. Expenses declined in 2013 compared to 2012 subsequent to the change of control in March 2013. In the second quarter of 2012, the Company incurred additional expenses related to its annual meeting of shareholders.

Net results of investments vary on a quarter-to-quarter basis due to realized gains or losses on investments and also to unrealized gains or losses on investments being measured at fair value on the balance sheet (See "Net Results of Investments" above).

[1] One-time expenses relate to adjustments made to the realization strategy accrual.

[2] Net book value per share is a non-IFRS financial measure calculated by dividing net book value (shareholders' equity under IFRS) by the number of shares outstanding at the period-end. See cautionary statement regarding the use of Non-IFRS financial measures on page 4 of the MD&A.

[3] *Ibid.*

LIQUIDITY, CAPITAL RESOURCES AND OFF-BALANCE SHEET ARRANGEMENTS

The following is an analysis of the liquidity, capital resources and off-balance sheet arrangements of the Company and should be read in conjunction with the condensed financial statements for the three months ended March 31, 2014 and the corresponding notes thereto.

Liquidity

The Company had liquid net assets of $41.9 million at March 31, 2014 (December 31, 2013 - $26.5 million; January 1, 2013 - $24.8 million). The Company's cash and cash equivalents consist of deposits with a Canadian chartered bank.

The Company calculates its liquid net assets as follows:

Liquid Net Assets (Working Capital)	March 31, 2014	December 31, 2013	January 01, 2013
Cash and cash equivalents	**$ 41,634**	$ 25,797	$ 25,126
Marketable securities	**-**	537	-
Accounts receivable	**566**	262	199
Accounts payable and accrued liabilities	**(262)**	(129)	(524)
Working capital	**$ 41,938**	$ 26,467	$ 24,801
Total per share	**$ 3.42**	$ 2.16	$ 2.02

The Company believes it has sufficient working capital to support the Company's current operations. Successful implementation of future planned growth activities may necessitate the Company raising new capital.

Capital Resources

At March 31, 2014, the Company had no long-term debt, capital lease obligations or other long-term obligations.

Share Capital and Options Outstanding

As at March 31, 2014, 12,269,280 (December 31, 2013 - 12,269,280; January 1, 2013 – 12,269,280) Shares were outstanding with the Company reporting a net book value of $45.7 million (December 31, 2013 -$45.3 million; January 1, 2013 – $41.1 million). Subsequent to quarter end, effective April 21, 2014, the Company completed the purchase and cancellation of 6,965,273 Shares pursuant to its Substantial Issuer Bid. Following the cancellation of those shares, the Company has 5,304,007 Shares issued and outstanding and a net book value of $21.3 million**.**

The Company announced on September 9, 2013 that the Toronto Stock Exchange had approved its notice of intention to make a normal course issuer bid for up to 613,000 of its shares. No shares were purchased during 2013 or 2014 under this bid.

The Company has no options or option plans outstanding.

Off-Balance Sheet Arrangements

The Company currently has no off-balance sheet arrangements.

PROPOSED TRANSACTION

Prospective Joint Venture

The Company continues to seek investment opportunities as disclosed in its continuous disclosure documents and believes that it has identified a dislocation in the Florida property and casualty insurance market. The Company is engaged in confidential negotiations to enter into a joint venture on what the Company considers to be attractive terms with an established partner currently operating successfully in the property and casualty insurance field in the southeastern United States. The joint venture would be an extension of the potential joint venture partner's current profitable and growing business and would therefore be expected to draw upon its existing infrastructure and seasoned management expertise. The Company's current intention is to act as sponsor and promoter and to own a significant equity stake in the joint venture, while the joint venture partner would own a minority stake in and provide insurance company operating and management services to the joint venture. In addition, it is contemplated that the Company may also privately source new, passive investors for additional capital for the joint venture. This strategy is being pursued in an effort to advance the Company's dual objectives of (i) earning discrete equity returns tied to an operating business along with (ii) the prospect of growing assets under management which have the potential to yield significant asset management fees over time.

TRANSACTIONS WITH RELATED PARTIES

Acquisition Support Agreement with CDJ Global Catalyst LLC

On January 10, 2013, the Company entered into an Acquisition Support Agreement with CDJ. On April 3, 2013, the Board of Directors approved an amount of $250 to be reimbursed to CDJ relating to legal fees in connection with the Offer. The $250 is included in Costs of abandoned Realization Strategy and change of control on the Condensed Statement of Income and Comprehensive Income.

Management Agreement with CDJ Global Catalyst LLC

In March 2013, the Company entered into an agreement with CDJ, which on behalf of accounts over which it exercises discretion and control, represents a majority of the shareholders of the Company, that CDJ would provide the Company with management and administration services (the "Management Agreement"). The Management Agreement was for an initial one year term and thereafter will automatically renew for additional one year terms unless otherwise terminated. The Management Agreement can be terminated with 180 days prior written notice by either party subject to payment to CDJ, in certain circumstances, of a termination fee based on a reasonable estimate of the management fee that would have been payable for the nine months following termination. For the three months ended March 31, 2014, the fee charged to the Company was USD$20 (March 31, 2013 - $Nil). A copy of the Management Agreement is available under the Company's profile on SEDAR at www.sedar.com.

Termination of Polar Administrative Services Agreement

In November, 2012, the Company entered into an administrative services agreement with Polar Capital whereby Polar provided the Company with investment management, financial and administrative services until the completion of the Realization Strategy. Effective May 2013, the administrative services agreement was terminated.

For a summary of related party transactions that occurred in 2012, please see the Company's 2012 Annual MD&A available under the Company's profile on SEDAR at www.sedar.com.

CHANGES IN ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

The Company's condensed financial statements have been prepared in accordance with IFRS.

Changes in Accounting Policies

The Canadian Accounting Standards Board (AcSB) has confirmed that the use of International Financial Reporting Standards (IFRS) is required for investment companies, as defined in and applying IFRS 10 – Consolidated Financial Statements for annual periods beginning on or after January 1, 2014. As the Company has determined that it is an investment company as defined in IFRS 10, the Company has adopted IFRS in the preparation of its condensed financial statements effective January 1, 2014 and for the three months ended March 31, 2014.

Changes in Basis of Accounting

On this basis, the Company's changeover plan for IFRS has been implemented with a transition date of January 1, 2013 for the year beginning on January 1, 2014. For a summary of the Company's transition to IFRS, please see the section "Transition to International Financial Reporting Standards" below.

As a result of the Company's adoption of the Realization Strategy and the progress made, the Company had adopted the liquidation basis of accounting effective October 1, 2010. This basis of accounting was considered appropriate at the time as, among other things, liquidation of the Company was probable. Under the liquidation basis of accounting an accrual was made for the costs to be incurred during liquidation to arrive at the net realizable value of the Company's assets and liabilities.

Commencing March 8, 2013 and upon a change of control of the Company, the Realization Strategy was abandoned and the Company began seeking new investment opportunities. The Company discontinued the liquidation basis of accounting on such date and continued applying AcG-18 until December 31, 2013.

Critical Accounting Estimates

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Functional currency

The currency of the primary economic environment in which the Company operates is the Canadian dollar (CAD) as this is the currency which represents the economic effects of underlying transactions, events and conditions. Furthermore, the CAD is the currency in which the Company measures its performance and also issues and redeems its Shares.

(b) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value of securities not quoted in an active market and over-the-counter derivative instruments.

Management uses its judgment in selecting an appropriate valuation technique for financial instruments that are not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. The estimation of fair value of unlisted shares includes some assumptions not supported by observable market prices or rates.

The Company's critical accounting estimates are primarily limited to valuing its investments. The valuation methods and the techniques it employs in valuing its investments and the assumptions used are described below.

(i) Salbro Bottle Group ("Salbro")

The fair market value of Salbro was determined on a going concern basis under an income approach because a hypothetical purchaser would acquire Salbro on the expectation of future earnings and cash flows. Specifically, the Company selected the capitalized cash flow method as the primary valuation methodology given that Salbro is a mature business and is expected to continue to operate as a going concern and historical EBITDA is a good approximation of expected profitability going forward.

The capitalized cash flow method generally involves the estimation of future maintainable operating pre-debt cash flows which are then capitalized using a capitalization rate based on a weighted average cost of capital ("WACC"). It is a present value calculation of the future operating cash flow expectations. The enterprise value is then reduced for any debt outstanding.

The carrying amount of the Salbro investment at March 31, 2014 is \$3,777 (December 31, 2013 - \$3,695; January 1, 2013 – \$2,411).

(ii) DPT

As at December 31, 2013, the Company was in the process of exiting from its investment in DPT. The purchase price for such exit had been established and the final form of the consideration to be provided was in the process of being negotiated between the parties (vendor and purchaser) as at the year-end date. The plan of arrangement transaction was completed on January 31, 2014 and substantially all of the proceeds were receivable then.

The basis used for determining the fair market value of DPT was the consideration received from the disposal of the Company's investment in DPT. Given the proximity of the aforementioned dates and a review of the arrangement agreement, management assumed that the proceeds derived from the transaction represented fair market value as at the year-end, after adjusting for interest earned and a foreign exchange gain in January 2014.

As at March 31, 2014, the only proceeds remaining to be received were \$585 from an amount held in escrow pending any claims by the purchaser for certain representations and warranties made by DPT in accordance with the terms of the arrangement and escrow agreements.

Estimates and assumptions are also used in accounts payable and accrued liabilities and the calculation of taxes. Actual results could differ from these estimates.

FACTORS THAT MAY AFFECT FUTURE RESULTS

Future results of the Company will depend on the strategies it implements from time to time including the Company's ability to source and execute upon appropriate investment opportunities.

The Company continues to seek investment opportunities meeting the criteria set out elsewhere in this MD&A including above under "Proposed Transaction". There can be no guarantee that the transaction described herein will be successfully executed and, if executed, yield satisfactory risk-adjusted returns.

While seeking new investment opportunities, the Company's revenues will be constrained until investment capital is fully deployed.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company's controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company is recorded, processed, summarized and reported within the time periods specified under securities laws and include controls and procedures that are designed to ensure that information is accumulated and communicated to management including those management individuals acting in the capacity of Chief Executive Officer and Chief Financial Officer (collectively, the Certifying Officers) to allow timely decisions regarding disclosure. As at March 31, 2014 the Certifying Officers evaluated the effectiveness of the Company's disclosure controls and procedures as defined under National Instrument 52-109 – *Certification of Disclosure in Issuer's Annual and Interim Filings.* Based on that evaluation, the Certifying Officers concluded that the Company's disclosure controls and procedures were appropriately designed as at March 31, 2014.

Consistent with the concept of reasonable assurance, the Company recognizes that the relative cost of maintaining these controls should not exceed their expected benefits. As such, the Company's disclosure controls and procedures can only provide reasonable, and not absolute, assurance that the objectives of such controls and procedures are met.

Internal Controls over Financial Reporting

The Company's internal controls over financial reporting are a process designed under the supervision of the Certifying Officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian GAAP. However, because of its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements on a timely basis. The Certifying Officers evaluated the effectiveness of the Company's internal controls over financial reporting as at March 31, 2014, based on the framework and criteria established in the Internal Control – Integrated Framework issued by COSO. Based on that evaluation, the Certifying Officers concluded that the Company's internal control over financial reporting was appropriately designed as at March 31, 2014. There were no material weaknesses that have been identified by the Certifying Officers as at March 31, 2014. There have been no changes during the period ended March 31, 2014 in the Company's internal controls over financial reporting that have materially affected, or are reasonable likely to materially affect, the Company's internal controls over financial reporting.

Consistent with the concept of reasonable assurance, the Company recognizes that the relative cost of maintaining these controls should not exceed their expected benefits. As such, the Company's internal controls over financial reporting can only provide reasonable, and not absolute, assurance that the objectives of such controls are met.

ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Canadian Accounting Standards Board (AcSB) has confirmed that the use of International Financial Reporting Standards (IFRS) is required for investment companies, as defined in and applying IFRS 10 – Consolidated Financial Statements for annual periods beginning on or after January 1, 2014. As the Company has determined that it is an investment company as defined in IFRS 10, the Company has adopted IFRS in the preparation of its condensed financial statements effective January 1, 2014 and for the three months ended March 31, 2014.

On this basis, the Company adopted IFRS for its fiscal year beginning January 1, 2014 and will issue its first annual financial statements in accordance with IFRS, including IFRS compliant comparative information, for the year ending December 31, 2014. The Company developed an IFRS changeover plan, which addressed key elements of the conversion to IFRS and identified any differences between IFRS and Canadian GAAP. Elements of the plan included project structure and governance, resources and training, analysis of key disclosure differences, and an assessment of accounting policies and potential exemptions.

In preparing the IFRS financial statements, the Company determined no adjustments were required to amounts previously reported in the financial statements previously prepared in accordance with Canadian GAAP as those policies are consistent with IFRS policies. There is no impact on the Company's financial position, net income or cash flows as a result of adopting IFRS. IFRS has affected the overall presentation of the financial statements and resulted in additional disclosure in the accompanying notes to the financial statements.

RISK MANAGEMENT

The merchant banking business is affected by a number of economic factors, including changing economic environments, capital markets and interest rates. As a result, the Company faces various risk factors, inherent in its normal business activities. These risk factors and the management thereof are described below.

The Company attempts to manage the risks associated with its merchant banking business and investment portfolio through planning, significant due diligence of investment opportunities and active involvement in and monitoring of its investments.

Investments in private entities are less liquid than public securities as there is no readily available market to sell an investment. There is a possibility that when an investment is to be sold, the price received may not be equal to its intrinsic value or its fair value for financial reporting purposes.

The Company is exposed to a number of risks due to the nature of its activities. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's objective in managing these risks is the protection and enhancement of shareholder value.

The Company's risk management policies are approved by the Board of Directors and seek to minimize the potential adverse effects of these risks on the Company's financial performance. The risk management process is an ongoing process of identification, measurement, monitoring and controlling risk.

(i) Risk management structure

The Board of Directors is ultimately responsible for the overall risk management within the Company but has delegated the responsibility for identifying and controlling risks to CDJ, the Company's Manager.

(iii) Risk measurement and reporting system

The Company uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

(iv) Risk mitigation

The Company's Annual Information Form details its investment policy and guidelines that encompasses its overall investment strategy, its tolerance for risk and its general risk management philosophy.

The Company does not use derivatives and other instruments for trading purposes or for risk management.

(v) Excessive risk concentration

A concentration of risk exists where: (i) positions in financial instruments are affected by changes in the same risk factor or group of correlated factors; and (ii) the exposure could, in the event of large but plausible adverse developments, result in significant losses.

Concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowing facilities or reliance on a particular market in which to realize liquid assets. Concentrations of foreign exchange risk may arise if the Company has a significant net open position in a single foreign currency, or aggregate net open positions in several currencies that tend to move together. Concentrations of counterparty risk may arise when a number of financial instruments or contracts are contracted with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentration of risk, the Company's investment policies and risk management procedures include specific guidelines to ensure the maintenance of a diversified portfolio. The Investment Manager is mandated within prescribed limits to reduce exposure.

a) Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Company has made investments in private entities which do not typically have an active market. Private investment transactions can be highly structured and the Company takes measures, where possible, to create defined liquidity events and as part of its strategy, the Company has sought to create or accelerate such liquidity events. However, such liquidity events are rarely expected in the first two or three years of making an investment and may not be realized as expected. The Company has historically sought to obtain regular cash flow from these investments through interest payments and/or management fees.

The Company funds itself with operating cash flows and return of capital and capital gains from its investments. Operating cash flows have historically been sufficient to cover normal operating expenses. The Company's liabilities are expected to be realized in the next 12 months.

b) Interest rate sensitivity

As at and during the three months ended March 31, 2014, the Company did not have any significant exposure to interest rate risk as the Company intends to hold its debt instruments to maturity, and therefore, would not be impacted by changes in interest rates. Currently, the Company has significant investments in cash and cash equivalents. Therefore interest rates will affect income derived from these investments.

c) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

At reporting date, financial assets exposed to credit risk include debt instruments and derivatives. The Company has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread among approved counterparties.

All purchases and sales of listed securities are settled/paid for upon delivery using approved brokers. The delivery of securities sold is only made once payment has been received by the broker and payment is made on a purchase only after the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The credit risk on cash transactions and transactions involving derivative financial instruments is mitigated by transacting with counterparties that are regulated entities subject to prudential supervision, or with high credit-ratings assigned by international credit-rating agencies.

As at March 31, 2014, December 31, 2013 and January 1, 2013, none of these financial assets was either impaired or past due but not impaired. The Company does not hold any collateral as security.

The Company's maximum exposure to credit risk arising from private equity investments is equal to the fair value of those investments. The Company also has credit exposure related to overnight deposits placed with its Canadian chartered bank of $41,634 as at March 31, 2014 (December 31, 2013 – $20,760; January 1, 2013 – $25,126). The bank has a senior debt rating of AA- from DBRS.

d) Foreign Exchange Risk

The Company does not have significant exposure to foreign exchange risk; however, its investee companies may have exposure to sudden changes in foreign exchange rates.

e) Concentration Risk

The Company participates in a limited number of investments and, as a consequence, the Company's financial results may be substantially adversely affected by the unfavorable performance of a single investment.

Market Risk - Direct

Market risk includes exposure to fluctuations in the market value of the Company's investments, currency rates and interest rates.

The Company currently has no direct exposure to market risk since as at March 31, 2014, the Company held no publicly traded investments.

Market Risk - Indirect

The Company's one remaining private investment (after the sale of its interests in DPT) does not trade in an active marketplace and therefore values are not directly observable by market prices. Investments classified as "held-for-trading" are carried at fair values. Fair values are estimated based on financial figures (actual or forecast) obtained directly from the investee companies and market multiples (e.g. Revenues or EBITDA multiples) which are not directly observable but which can be estimated by considering public company multiples for companies in the same or similar businesses and, where information is known and believed to be reliable, multiples at which recent transactions in the industry occurred; and multiples at which the Company invested in the private entity, or for follow-on investments or financings. The resulting multiple is adjusted, if necessary, to take into account differences between the investee company and those the Company selected for comparisons and factors include public versus private company, company size, same versus similar business, as well as with respect to the sustainability of the investee company's financial performance and current economic environment.

Therefore, to the extent that fluctuations occur in stock markets (market risk), those fluctuations could indirectly influence multiples used by the Company in valuing its investments in private entities.

The Company's portfolio of investments in private entities is comprised of one company in one industry as at the date hereof. The investment is carried at an aggregate fair value of $3.8 million which represents 8.2% of the Company's assets. The Company believes the debt profile of the investee company to be, at a moderately high level and encourages and influences the company to remain prudent with debt levels. Keeping prudent levels of debt is a method of managing the risk on the overall portfolio.

For general factors affecting the Company see the section entitled "Risk Factors" found in the Company's most recent AIF filed under the Company's SEDAR profile at www.sedar.com.

CORPORATE INFORMATION

C.A. BANCORP INC.

Board of Directors:

Robert Wolf, Chairman of the Board

Bradd Gold[1]

Gaetano Muzio[1]

Roy Pottle[1]

[1] Audit Committee member

Officers:

Colin King, Acting in capacity of Chief Executive Officer

Paul Van Damme, Acting in capacity of Chief Financial Officer

Helen Martin, Corporate Secretary

Manager: CDJ Global Catalyst LLC

Auditors: Deloitte LLP, Toronto, Ontario

Transfer Agent: Computershare Investor Services Inc., Calgary, Alberta

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