



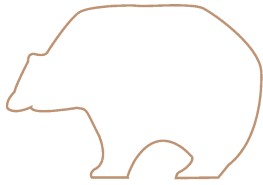
Tsi-iewwistaientakwa  
Caisse populaire Kahnawake



Annual Report  
2017



Tsi-iewwistaientakwa  
Caisse populaire Kahnawake



## Notice of Annual General Meeting

To the members of the Caisse Populaire Kahnawake

You are hereby convened to the Annual General Meeting, which will take place:

Date: April 25, 2018  
 Time: 5:00 p.m.  
 Location: Caughnawaga Golf Club (Pattons)

At the Meeting, members will receive the Caisse's annual report and the Board of Supervision report. They will decide on the distribution of annual surplus; vote on the payment of member dividends from the reserve; elect members of the Board of Directors and Board of Supervision; and address any other items on the agenda. There will be two question periods, one directed to the Board of Directors and another to the Board of Supervision.

### Elections:

Any person who is a full member of the Caisse shall be considered eligible, as long as that person has been a member for at least 90 days and eligible under the terms of the Act respecting financial services cooperatives and they do not hold a position that is incompatible with the Desjardins Group Code of Ethics and Professional Conduct. All candidates must consent, in writing, to a security check and a credit check and should begin to develop the knowledge and skills required to carry out the role of an Officer. Nominations may not be submitted at the General Meeting unless prior written notice, signed by a member and countersigned by the candidate, is given according to the rules defined by the Caisse Internal By-laws and remitted to the Caisse before closing time on April 13, 2018.

Nomination forms are available at the Reception Desk of the Caisse Populaire Kahnawake during regular business hours.

**All members of the Caisse are cordially invited to attend and participate in the Annual General Meeting. Please be advised, dinner seats are limited.**

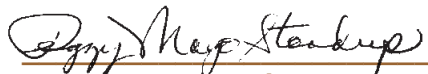
### Board of Directors with terms expiring in 2018 are as follows:

Linda Deer, Board of Directors  
 Nelva Diabo, Board of Directors  
 Marcy Delisle, Board of Directors

### Board of Supervision with a term expiring in 2018 is as follows:

Marilyn Johnson, Board of Supervision

**Signed on the 28<sup>th</sup> of March, 2018**



**Peggy Mayo-Standup**  
**Secretary, Board of Directors**

Annual General Meeting  
Wednesday, April 25, 2018  
5:00 p.m.  
Agenda

- 1) Opening of Annual General Meeting
- 2) Approval of the Agenda
- 3) Approval of Minutes of the last Annual General Meeting
- 4) Report of the Board of Directors
- 5) Report of the Board of Supervision
- 6) Presentation of the Financial Report<sup>1</sup>
- 7) Report of the use of the Community Development Fund
- 8) Adoption of the payment of member dividends from the year's surplus earnings
- 9) Approval of the allocation of the year's surplus earnings
- 10) Election of the Board of Directors
- 11) Election of the Board of Supervision
- 12) Signature of Solemn Commitment
- 13) Questions to the Board of Directors/Board of Supervision
- 14) Closing
- 15) Presentation of the Rita McComber Volunteer Award
- 16) Presentation of the Business Achievement Award
- 17) Dinner

<sup>1</sup> The Caisse is not required to provide a copy of the financial report to every member who attends the annual general meeting. However, it must have copies available at the meeting, and its Caisse, to give to members upon request. In addition, as required by the Autorité des marchés financiers, the caisse must post its annual report (with the appendix) and its financial report on [www.desjardins.com](http://www.desjardins.com) no later than Friday, April 20, 2018.

## Message From the President of the Board of Directors

Dear Members:

On behalf of our officers, I am pleased to present a review of the year 2017 for the Caisse Populaire Kahnawake.



### **A driver of sustainability**

In 2017, our Caisse recorded operating surplus earnings of \$2,349,554. These results are an indicator of the sound management of the Caisse and of your loyalty. By choosing the Caisse's products and services, you have a direct positive impact on its profitability.

Thanks to your support, Desjardins can enrich people's lives and the communities in which they live. One of the tools the Caisse uses to achieve this is the Community Development Project Fund (CDPF). We distributed \$45,000 last year through this fund. We also honoured our commitments in the form of donations and sponsorships, for an additional \$30,000.

Thanks to the members who completed the CDPF survey at the 2017 annual meeting, the majority of the funds supported our Onkwenhonwehnéha Language and Culture: for example the Iakwahwatsiratátie Language Nest, Karihwanoron Mohawk Immersion and the Tewawennakarátats Talk Show, just to name a few. The fund also supported recreational and educational projects, all having a positive impact on our community.

Thanks to the commitment of our members of the Caisse Populaire Kahnawake, our employees and officers form a powerful driver of sustainability. Our involvement is part of our cooperative difference and remains one of our main sources of pride.

### **Prepare for the future together**

More than 7 million members and clients chose Desjardins. At our Caisse, there are 5,513 of you who have placed their trust in us. This motivates us to constantly improve our services and develop our products to offer you a Desjardins that is closer to your needs.

We tirelessly innovate to achieve that purpose. For example, you can now securely log on to Desjardins mobile services with your fingerprint. Once logged on, you can personalize your InstaBalance, use the mobile cheque deposit feature or transfer money to your Hop 'n S@ve account.

What's more, this year Android Pay joined Apple Pay in our range of services, and our new Desjardins Insurance app gives you direct access to your online insurance file.

This digital shift is just one of the ways in which we are in the right place, at the right time, for the right person.

## **Listening to you to improve ourselves**

In the past fiscal year, we also reviewed some of our practices to better meet your expectations, such as by eliminating Interac fees. We also changed the timing of NSF cheque charges, giving our members additional time to remedy the situation. This is yet another example of how we put your interests first.

As members, you can play a role in your Caisse's evolution to help boost its performance. In October 2017, during an important Desjardins Group Congress, it was stated that the Caisses must ensure that members can easily be heard. Rest assured that we are always looking for the best possible ways to empower you to influence Caisse decision.

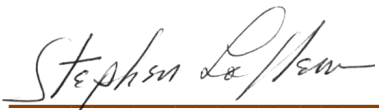
A priority regarding the electoral process was adopted at the Congress. Starting in 2019, it will be easier for you to evaluate the candidates for officer positions based on member representation and the required skills for Caisse board members.

The Congress also saw the adoption of a priority to further develop the supervision of all Caisses in terms of ethics, professional conduct and cooperation. This priority suggests adding an oversight component to Caisse governance. In addition, as is usually the case in cooperatives and other businesses, responsibility for supervision would be assigned to a committee of the board of directors rather than a separate board. Before this priority can be implemented, however, we need to comply with certain legal and regulatory conditions in the coming months. I would like to thank the members of our Caisse's Board of Supervision, who continue to perform their responsibilities with the same diligence as always, despite this situation.

## **Expressing our heartfelt thanks**

I would like to thank everyone who is devoted to supporting the Caisse: officers, managers and employees. Under the dynamic leadership of Mandie Montour, General Manager, they draw on their skills and great adaptability so that our cooperative can meet your needs effectively. Thanks also to our Desjardins partners for supporting our mission to serve our members.

Lastly, thanks to our 5,513 members for placing your trust in us. Choosing Desjardins is more than choosing a financial institution. It means taking part in a great cooperative movement and helping contribute actively to the lives of people and communities.



**Stephen Lafleur**  
President of Board of Directors



Tsi-iewistaientakwa  
Caisse populaire Kahnawake



**Caisse Populaire Kahnawake Board of Directors**  
**2017**

Stephen Lafleur, President, Board of Directors

Linda Deer, Vice-President, Board of Directors

Peggy Mayo-Standup, Secretary, Board of Directors

Nelva Diabo, Board of Directors

Marcy Delisle, Board of Directors

Mark Jocks, Board of Directors

Michael Delisle, Board of Directors

## Report From the President of the Board of Supervision

The Board of Supervision makes sure the Caisse fulfills its responsibilities in terms of ethics, professional conduct and cooperation.

### Supervision of ethical aspects

Every year, Caisse officers and employees renew their commitment to comply with the Desjardins Code of Professional Conduct. The Code sets out the behaviours that are expected as well as those that are not acceptable.

The Board of Supervision ensured that the Caisse, officers and employees took the values of Desjardins into account to guide their conduct.

Here's a supervision report for the past year concerning three rules of professional conduct:

- No conflicts of interest were noted.
- Deposits from and loans to restricted parties<sup>1</sup> of the Caisse were granted in accordance with the Caisse's applicable rules of professional conduct. Loans granted to restricted parties totalled \$20,000.
- The Caisse did not grant any contract for the supply of goods and services to restricted parties subject to the Code<sup>2</sup>.

#### Deposits from the loans noted no exceptions:

- To the rule of professional conduct regarding deposits accepted by the Caisse from restricted parties or
- To the rules of professional conduct regarding credit granted to restricted parties and handling of irregular situations concerning such credit.

Please note that the loans granted to restricted parties of the Caisse totaled \$20,000 for the past fiscal year.

#### Contract for the supply of goods and services awarded by the Caisse to restricted parties subject of the Code.

The Caisse may sign a contract with restricted parties subject to the Code in accordance with the conditions stipulated to that effect. As such:

- No contract was awarded to restricted parties subject to the Code.

---

<sup>1</sup> Restricted parties: Caisse officers and general Manager, officers of the Fédération des caisses Desjardins du Québec and their associated persons.

<sup>2</sup> Restricted parties subject to the Code: Restricted parties, caisse employees and centre managers and their associated persons.



### Supervision of Cooperative Aspects

With regard to the supervision of cooperative aspects, the Board of Supervision must ensure that Desjardins values are an integral part of the Caisse's business and management practices. It must also make sure that the Caisse contributes to the community development and the economic and financial education of members. Lastly, it ensures that members are informed about topics of importance to them.

Over the past year, the board's activities focused on the following:

- Activities and resources made available to members to assist them with financial management.
- Strategies established by the Caisse to improve member satisfaction and meet member needs.
- Caisse support of Community Development, in particular the Community Development Fund and the granting of donations and sponsorships.

The Board of Supervision is satisfied with work carried out in the past year.

As you were informed by the President of the Board of Directors, in a few months changes will be made to the supervision of the Caisse in terms of ethics, professional conduct and cooperation. Rest assured that until these changes are in place, your Board of Supervision will continue to play its role with same diligence and dedication as always. I would like to thank the members of the Board for their commitment in this respect, and the general manager for helping us deliver on our mandate.



**Mark Standup**  
President of the Board of Supervision



### Caisse Populaire Kahnawake Board of Supervision

**2017**

Mark Standup, President, Board of Supervision

Amy Rice, Secretary, Board of Supervision

Marilyn Johnson, Board of Supervision

## Message From the General Manager



Dear Members,

Like all of Desjardins Group, our Caisse worked hard in 2017 to provide its members and clients with distinctive and relevant experiences. We will continue doing so in 2018, thanks to the know-how of our resources, the collaboration of Desjardins Group's subsidiaries, and new technologies.

In person or through these new technologies, we remain your ideal partner to help you achieve your financial goals and fulfill your plans. Since your Caisse can follow you wherever you go, thanks to the Desjardins mobile services app, for example, we can play an active role in your everyday life now more than ever. Modern technology, along with new tools for the benefit of our members and clients, will continue to strengthen business development and our relationship with you.

<b>The 2017 fiscal year in brief</b>			
<b><i>Business under management (\$M)</i></b>	<b><i>Equity (\$M)</i></b>	<b><i>Net interest income (\$M)</i></b>	<b><i>Operating surplus earnings (\$M)</i></b>
358	26.55	4.40	2.35

Below are the detailed financial results of Caisse Populaire Kahnawake and the share of net income from business at Desjardins Group subsidiaries as at December 31, 2017.

We owe these results to your trust in us and your commitment to the Caisse. Thanks to the loyalty of our members, we can support our business development and contribute to strengthening our community.

### **Business under management**

Backed by \$358 M in business under management, up 5.7% over 2016, the Caisse is very well positioned in its market. Through its membership in Desjardins Group and participation in Desjardins Group subsidiaries, the Caisse has access to a wide range of financial products and services to meet the ever-growing needs of its members.

**COMMENTS ON THE FINANCIAL REPORT<sup>4</sup>****BALANCE SHEET****Change in balance sheet items (\$M)**

	<b>2017 (\$M)</b>	<b>2016 (\$M)</b>	<b>Change (%)</b>
Assets	321.5	312.2	3.0
Liabilities	295.0	288.3	2.3
Equity	26.5	23.9	11.2

Your financial cooperative's assets total \$321.5 M, up 3.0% over last year. Loans to individuals and businesses stand at \$58.8 M, an increase of 6.6%.<sup>5</sup>

The Caisse's liabilities total \$295.0 M, representing an increase of 2.3%. Deposits currently amount to \$288.3 M, up 3.6%, whereas your Caisse's borrowing decreased by 62.2% and now totals \$2.3 M.

As at December 31, 2017, your cooperative's equity increased by 11.2% to \$26.5 M. Equity comprised \$26.8 K in social capital, \$1.5 M in surplus earnings to be distributed, \$349 K in accumulated other comprehensive income and \$24.7 M in reserves. Your Caisse has \$0 in its stabilization reserve and \$1 M in its reserve for future dividends. It has also accumulated \$187 K in the Community Development Fund.

The Caisse's capital base is at a level in accordance with the standard respecting capital base adequacy established by the Fédération des caisses du Québec. The Caisse's ratios on December 31, 2017 are as follows:

	<i>As at December 31, 2017</i>	<i>As at December 31, 2016</i>	<i>Standard</i>
Tier 1A capital over its risk assets	33.22 %	21.30 %	>=11%
Tier 1 capital over its expansion assets	5.75 %	4.80 %	>= 3.5%

## STATEMENT OF INCOME

During the last fiscal year, your Caisse generated \$2,348 K in operating surpluses, up 15.4% over the previous year.

### Change in income statement (\$M)

	<b>2017 (\$M)</b>	<b>2016 (\$M)</b>	<b>Change (%)</b>
Interest income	6.52	6.07	7.4
Interest expense	2.11	1.93	9.9
Net interest income	4.40	4.14	6.3
Other income	1.83	1.72	6.0
Provision for credit losses	0.10	0.01	836.4
Non-interest expense	3.78	3.82	(1.1)
Operating surplus earnings	2.35	2.03	15.4

Interest income totalled \$6.52 M, up 7.4% over last year. Interest expense, increased by 9.9% to \$2.11 M. Other income, generated largely from the distribution of Desjardins products and services, totalled \$1.83 M, up 6.0% compared to last year.

The provision for credit losses was \$103 K, i.e., 0.2% of the entire portfolio of loans granted to individual members and businesses.

Non-interest expense showed a slight decrease overall, i.e., a 1.1% variance, and totalled \$3.78 M.

We propose distributing a dividend of \$555 K and contributing \$45 K to the Community Development Fund in the form of a collective dividend, which enables us to tangibly enrich our community by supporting key projects.

<sup>4</sup> These comments are an overview of the financial report, available upon request and on the Caisse's website. The Combined Financial Statements of the Desjardins caisses in Quebec are made available to the public at Desjardins.com.

<sup>5</sup> You can refer to the Additional Information for the Annual Report Appendix for further details on loan and deposit portfolios.

The selected amounts were determined based on the importance of striking a balance between the distribution of surplus earnings, growth and capitalization. Like Desjardins Group in its entirety, your Caisse must maintain strong capitalization. By maintaining a balance between our members' needs and financial market requirements, we can ensure the sustainable development of the Caisse.

One of the topics addressed at the last Desjardins Group Congress was the evolution of member dividends. It was decided that dividends would be enhanced in 2019, in particular by calculating them based on your use over the year of a wider range of Desjardins products and services, including your credit card and insurance, for example.

### **Doing more with technology**

Technology, specifically mobile technology, gives you unparalleled access to tools, products and services offered by Desjardins 24 hours a day, 7 days a week. We even continue to add new features so you can be more financially independent. By using our services, we can continue to improve our service delivery. By getting to know our members and clients better, we can tailor our offers. We can even anticipate certain needs and better help you plan the next steps of your financial journey.

We are also still working on improving the member/client experience through all our channels, whether over the internet, on the phone, at the Caisse or at the ATM. In that respect, all of Desjardins Group is currently preparing for the rollout of new ATMs. They're designed to offer the same services for all your banking needs while ensuring a simpler and more efficient experience. Now and after their installation, the Caisse will continue to conduct a needs analysis of automated services so it can position itself based on its members' financial habits.

### **Put our passion to work for you**

Our twenty nine employees are available to help you reach your goals. I'd like to thank them for their commitment and engagement, and for choosing to work for Desjardins.

Thank you also to the Caisse officers, who sincerely care about Desjardins, their community and their region. The time and energy you invest is essential to vitalizing our local society.

Choosing Desjardins means working together to build a more vibrant community!



**Mandie Montour**  
**General Manager**

## LOANS – Summary of loan portfolio

As at December 31, 2017, the loan portfolio of the Caisse continued to be of high quality. Gross loans past due but not impaired, as well as gross impaired loans, accounted for only 5.0% and 1.4% of gross loans, respectively.

The following table shows the breakdown of loans by type of borrower with the amount of gross loans past due but not impaired, gross impaired loans, and individual and collective allowances.\*

(in thousands of Canadian dollars)

	<b>Gross loans</b>	<b>Gross loans past due but not impaired</b>	<b>Gross impaired loans</b>	<b>Individual allowance</b>	<b>Collective allowance</b>	<b>Net loans as at December 31, 2017</b>	Net loans as at December 31, 2016
<b>Personal</b>							
<i>Housing</i>	<b>44,438</b>						
<i>Consumer and other</i>	<b>3,492</b>						
	<b>47,930</b>	<b>2,281</b>	<b>671</b>	<b>195</b>	<b>44</b>	<b>47,691</b>	46,202
<b>Business</b>							
<i>Commercial and industrial</i>	<b>10,711</b>						
<i>Agriculture, forestry and fishing</i>	<b>124</b>						
<i>Public administration and institutions</i>	<b>-</b>						
	<b>10,835</b>	<b>634</b>	<b>128</b>	<b>1</b>	<b>66</b>	<b>10,768</b>	8,730
<b>Total</b>	<b>58,765</b>	<b>2,915</b>	<b>799</b>	<b>196</b>	<b>110</b>	<b>58,459</b>	54,932

\* Refer to Note 2 to the Combined Financial Statements of the Desjardins caisses in Quebec and available at Desjardins.com for additional information on presentation and significant accounting policies.

**DEPOSITS - Summary of the deposit portfolio**

As at December 31, 2017, the Caisse's member deposits totalled \$288 M, up \$9.97 M or 3.6%, since the beginning of the year. It should be noted that the Caisse's main source of funding for its expansion comes from deposits made by individuals. These deposits represent 58.0% of total deposits as at December 31, 2017.

The following table shows the breakdown of deposits by type of depositor with amounts by type of savings.\*

(in thousands of Canadian dollars)

	<b>Chequing accounts</b>	<b>Tiered savings accounts</b>	<b>Regular savings</b>	<b>Term savings</b>	<b>Registered plan savings</b>	<b>Total as at December 31, 2017</b>	Total as at December 31, 2016
Personal	<b>24,195</b>	<b>13,536</b>	<b>62,795</b>	<b>61,794</b>	<b>4,823</b>	<b>167,143</b>	168,015
Business	<b>18,908</b>	<b>17,818</b>	<b>20,561</b>	<b>15,405</b>	-	<b>72,692</b>	73,873
Public sector and other	<b>5,552</b>	<b>417</b>	<b>41,854</b>	<b>631</b>	<b>14</b>	<b>48,468</b>	36,444
<b>Total</b>	<b>48,655</b>	<b>31,771</b>	<b>125,210</b>	<b>77,830</b>	<b>4,837</b>	<b>288,303</b>	278,332

\* Refer to Note 2 to the Combined Financial Statements of the Desjardins caisses in Quebec and available at Desjardins.com for additional information on presentation and significant accounting policies.

**CAPITAL RATIOS**

The Caisse's capital was in compliance with the capital adequacy standard for Caisses, established by the Federation.

As at December 31, 2017, the Caisse's ratios were as follows:

- Tier 1A capital over risk assets: 33.22% (21.30% as at December 31, 2016) (Standard: >=11.0%)
- Tier 1 capital over expansion assets: 5.75% (4.80% as at December 31, 2016) (Standard: >= 3.5%)

## INVESTMENT FUNDS

The investments that Caisses hold in investment funds allow the Fédération des caisses Desjardins du Québec to invest in Desjardins Group subsidiaries and regional projects. The table below indicates the Caisse's interest in each investment fund and the return on it at the end of the fiscal year.

	Shares held as at December 31, 2017 (in dollars)	Average return (as a percentage)
<b>Provincial fund</b>		
Société de Services des caisses Desjardins (SER)	(26)	-
Gestion Desjardins Capital (INV)	38,146	12.31
Desjardins Financial Holding (FIN5A)	6,057,751	14.81

### The Federation's obligation to Holders of Permanent Shares

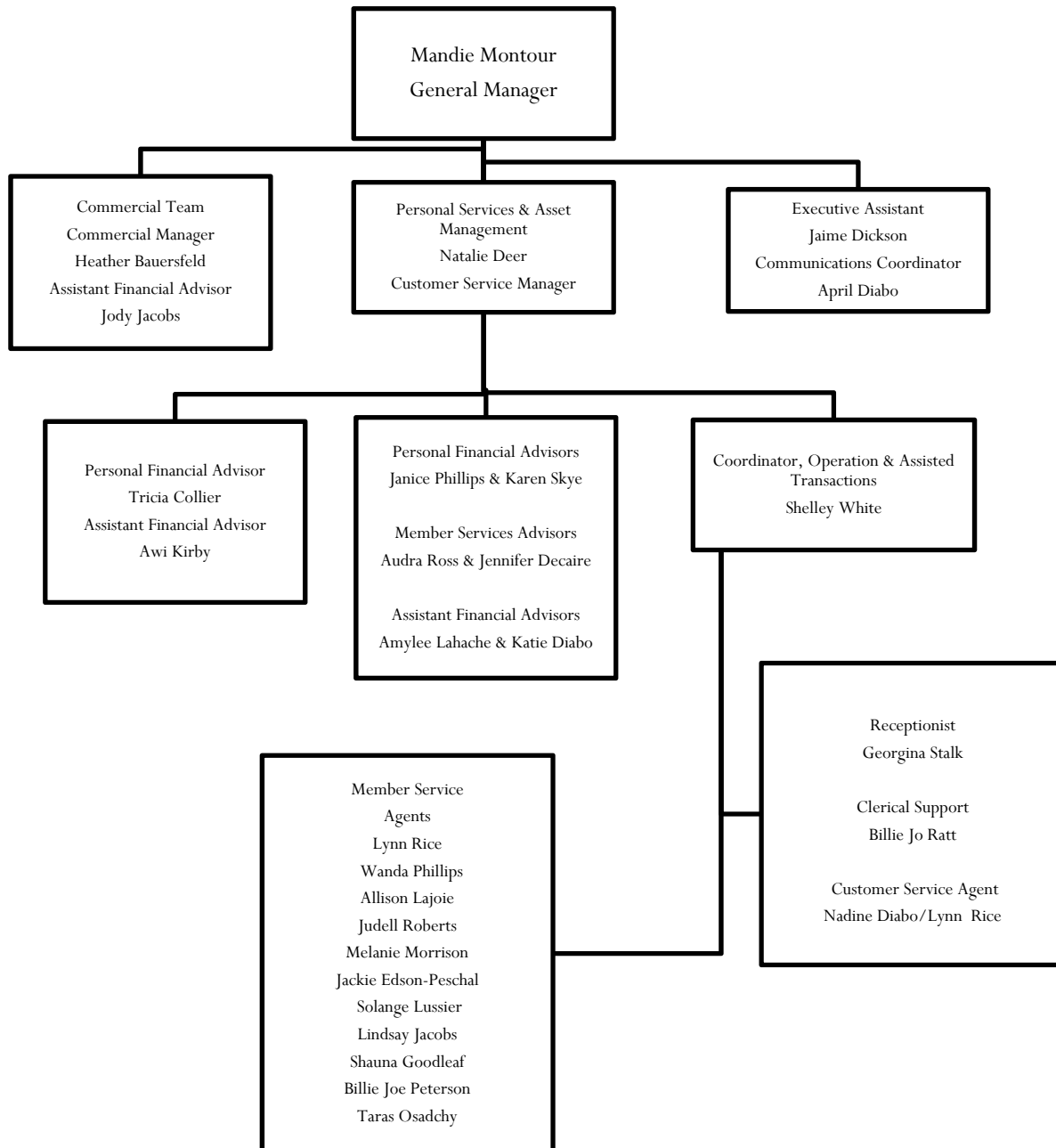
Further to a recommendation of the Autorité des marchés financiers, the Fédération des caisses Desjardins du Québec guarantees to cover losses suffered by Quebec caisse members holding permanent shares due to misinformation in the audited Combined Financial Statements and annual Desjardins Group Management's Discussion and Analysis available at [www.sedar.com](http://www.sedar.com). The Federation's obligation in this matter is subject to certain conditions. Holders of permanent shares can request more information at their caisse.

The Combined Financial Statements of the Desjardins caisses in Quebec are also made available to the public at [www.desjardins.com](http://www.desjardins.com).



## Caisse Populaire Kahnawake Staff

2017





**A**t the Caisse Populaire Kahnawake's Annual General Meeting held on April 26, 2017 members voted in favor of contributing to the Community Development Project Fund in the amount of \$45,000.

There are two types of member dividends: individual and collective. Individual member dividends are paid to each individual or business member in proportion to their use of their cooperative's products and services.

The collective member dividends are paid into a fund (Community Development Project Fund) in order to support local community projects.

- Echoes of a Proud Nation Pow Wow - \$5,000
- Iakwahwatsiratátie Language Nest - \$3,570
- Karihwanoron Mohawk Immersion - \$9,324
- Onake Paddling Club - \$10,000
- Onkwawén:na Raotitióhkwa Language & Cultural Center \$2,000
- Saint Francis Xavier Mission - \$700
- Step by Step Child & Family Center - \$ 2,500
- Tewawennákara:tats Talk Show - \$5,506
- Walk In My World - \$6,400

## Rita McComber/Caisse Populaire Kahnawake Volunteer Award

At the Annual General Meeting in 2017, the Caisse Populaire Kahnawake presented two volunteer awards. The recipients were Mr. Angus "Buddy" Goodleaf and Ms. Erica McComber.

Mr. Goodleaf, better known as "Buddy" has spent most of his adult life giving to our community. He has devoted over sixty years to the Sanctuary of Saint Kateri Tekakawitha, Saint Francis Xavier Mission, Fire Brigade, Minor Hockey League and the Senior Lacrosse, just to name a few. Mr. Goodleaf is a true friend, "Buddy" to Kahnawake.



Angus "Buddy" Goodleaf accepting the Mrs. Rita McComber Memorial Volunteer  
Award 2017

Presented by Mandie Montour and Alex McComber

Ms. McComber has contributed to almost every non-profit organization in Kahnawake. She has volunteered for Minor Lacrosse, Golden Age, Karihwanoron Mohawk Immersion and the Sports Complex, just to name few.

Mr. Angus Goodleaf and Ms. Erica McComber display the characteristics of an exceptional volunteer and an inspiration to us all. Congratulations!



Erica McComber accepting the Mrs. Rita McComber Memorial Volunteer  
Award 2017

Presented by Mandie Montour and Alex McComber

## Business Achievement Award 2017

The award was presented to Allison Diabo, Owner and Operator of Kahkotsi:io Beauty Salon. Created in 1988, her establishment initially began by offering professional, quality hair services and treatments for women, men and children. She later expanded to a full beauty shop status offering all services. The Caisse Populaire Kahnawake congratulates Allison Diabo on her 29 years of success, a true entrepreneur.



Allison Diabo accepting the Business Achievement Award 2017  
Presented by Mandie Montour & Heather Bauersfeld

## Caisse Populaire Kahnawake Scholarship 2017



The Caisse Populaire Kahnawake is proud and honoured to support students in pursuit of their education. We acknowledge six students from our community, who have demonstrated a variety of achievements, community contributions and volunteer work, while achieving high academic success.

Cassidy Meloche: \$1,000, Kanien'keha Ratiwennahni:rats Adult Immersion Program

Megan Whyte: \$1,000, Concordia University - Master of Arts, Creative Arts Therapies

Taylor Goodleaf: \$1,000, University of Toronto – Master in Social Work in Indigenous Trauma and Resiliency

Kahteraks Quinney Goodleaf: \$1,000, Canadore College - Indigenous Wellness and Addiction Prevention Program

Laurie Whitebean: \$1,000, Chateauguay Valley Career Education Center - Health Assistance and Nursing Program

Carsyn Meloche: \$500, Miss Edgar's & Miss Cramp's High School

## Caisse Populaire Kahnawake

### 2018 Calendar

The Caisse Populaire Kahnawake is thankful for the many talented individuals for allowing the Caisse to display your beautiful artwork on our calendar. Nia:wen.

Cover: Artist - Iohserontie Rice – Mother Earth

January: Artist - Kyle Williams – Self portrait

February: Artist – Peter Horne Sarabella – Mohawk Nebula

March: Artist – Lauren Ashley Jiles – Fancy Shawl Pow Wow Regalia

April: Artist – Allison Diabo – Beaded Bridal Frame

May: Artist – Terri Thomas – Beaded Baby’s Room Door Hanger

June: Artist – Owen Skahionwii Mayo – Pow Wow Regalia & Bustle

July: Artist - Arlene Delaronde – Water Color, Strawberries

August: Artist – Shelley Karonhisákhe Norton & Kawennitákhe Lolita Norton – Blueberry Baskets

September: Artist – Marnie Jacobs – Three Sisters Fabric Art

October: Artists: Thorahkwaneken Rice – Wood Burned Paddle and Julie Brown- Kateri School Cedar Room Mural

November: Artist – Oronhiokewahton Watio Splicer – Carved & Painted Cradle Board

December: Artist – Leo Diabo – Wolf & Bear Claw Pendant – Silver with Turquoise and Coral.



We certify that the annual report of Caisse Populaire Kahnawake for the financial year ended December 31, 2017, meets the requirements of the *Act respecting financial services cooperatives* and has been duly approved by the Caisse's Board of Directors.



---

**Stephen Lafleur,  
President of the Board of Directors**



---

**Peggy Mayo-Standup,  
Secretary of the Board of Directors**



Tsi-iewwistaientakwa  
Caisse populaire Kahnawake



# 2017 Financial Report

## Caisse populaire Kahnawake

### TABLE OF CONTENTS

#### Report on the results of applying specified auditing procedures

#### Financial report

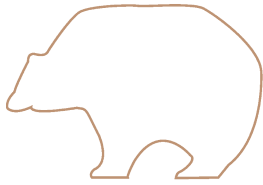
Balance Sheet .....	2
Statements of Income .....	3
Statements of Changes in Equity .....	4

#### Note to the financial report

Note 1 – Type of operations and basis of accounting .....	5
---	---



Tsi-iewwistaientakwa  
Caisse populaire Kahnawake







March 29, 2018

**Report on the results of applying specified auditing procedures to the financial report of the Caisse populaire Kahnawake (the “Caisse”) prepared by the management of the Caisse**

To the members of the *Fédération des caisses Desjardins du Québec*

We are the independent auditor of the separate combined financial statements of the Desjardins caisses in Quebec (the “combined financial statements of the Desjardins caisses”), on which we expressed an unmodified opinion on February 26, 2018.

With respect to the accompanying financial report of the Caisse prepared by the management of the Caisse, we were engaged by the members of the *Fédération des caisses Desjardins du Québec* to agree the financial information contained in the financial report of the Caisse with the accounting records that include the Caisse’s specific accounting adjustments and were used to prepare the combined financial statements of the Desjardins caisses in Quebec for the year ended December 31, 2017 (the “procedures”).

We confirm that we agreed all financial information contained in the accompanying financial report of the Caisse for the year ended December 31, 2017 with the accounting records that include the Caisse’s specific accounting adjustments and were used to prepare the combined financial statements of the Desjardins caisses in Quebec for the year then ended, and we confirm that we found no exceptions.

In particular, as part of our procedures, we agreed the following financial information of the Caisse:

Total assets:	321,522,000	\$
Total equity:	26,549,000	\$
Net surplus earnings for the year after member dividends :	2,845,000	\$

These procedures do not constitute an audit of the financial report of the Caisse as at December 31, 2017, and therefore we express no opinion on the financial report of the Caisse as at December 31, 2017.

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

---

<sup>1</sup> FCPA auditor, FCA, public accountancy permit No. A108517

*PricewaterhouseCoopers LLP*  
1250, René-Lévesque Boulevard West, Suite 2500, Montréal, Québec, Canada H3B 4Y1  
T: +1 514 205-5000, F: +1 514 876-1502, [www.pwc.com/ca](http://www.pwc.com/ca)

\*PwC\* refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

**BALANCE SHEET (unaudited)**

(in thousands of Canadian dollars)	As at December 31, 2017	As at December 31, 2016
<b>ASSETS</b>		
<b>Cash and deposits with financial institutions</b>	<b>\$ 34,609</b>	<b>\$ 50,092</b>
<b>Securities</b>		
Investment in liquidity fund under management	16,853	15,975
Term deposits and other	193,500	176,000
	<b>210,353</b>	<b>191,975</b>
<b>Loans</b>		
Personal	47,930	46,368
Business	10,835	8,768
	<b>58,765</b>	<b>55,136</b>
Allowance for credit losses	306	204
	<b>58,459</b>	<b>54,932</b>
<b>Investments in the Federation</b>	<b>11,142</b>	<b>10,417</b>
<b>Other assets</b>		
Derivative financial instruments	4,573	2,178
Property, plant and equipment	184	232
Other	2,202	2,346
	<b>6,959</b>	<b>4,756</b>
<b>TOTAL ASSETS</b>	<b>\$ 321,522</b>	<b>\$ 312,172</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>Deposits</b>		
Term savings	\$ 81,775	\$ 93,480
Other	206,528	184,852
	<b>288,303</b>	<b>278,332</b>
<b>Borrowings</b>	<b>2,263</b>	<b>5,990</b>
<b>Other liabilities</b>		
Derivative financial instruments	1,147	371
Net defined benefit plan liabilities	1,334	1,153
Other	1,926	2,453
	<b>4,407</b>	<b>3,977</b>
<b>TOTAL LIABILITIES</b>	<b>294,973</b>	<b>288,299</b>
<b>EQUITY</b>		
Capital stock	27	27
Distributable surplus earnings	1,466	1,875
Accumulated other comprehensive income	349	272
Reserves	24,707	21,699
<b>TOTAL EQUITY</b>	<b>26,549</b>	<b>23,873</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 321,522</b>	<b>\$ 312,172</b>

**STATEMENTS OF INCOME**  
**(unaudited)**

For the years ended December 31

(in thousands of Canadian dollars)	2017	2016
<b>INTEREST INCOME</b>	<b>\$ 6,518</b>	<b>\$ 6,068</b>
<b>INTEREST EXPENSE</b>	<b>2,115</b>	<b>1,925</b>
<b>NET INTEREST INCOME</b>	<b>4,403</b>	<b>4,143</b>
<b>OTHER INCOME</b>	<b>1,828</b>	<b>1,724</b>
<b>PROVISION FOR CREDIT LOSSES</b>	<b>103</b>	<b>11</b>
<b>NON-INTEREST EXPENSES</b>		
Salaries and fringe benefits	1,658	1,685
Assessments paid to Desjardins Group components	762	807
Computer services	435	408
Community Development Fund expenses	47	47
Other	878	874
	<b>3,780</b>	<b>3,821</b>
<b>OPERATING SURPLUS EARNINGS</b>	<b>2,348</b>	<b>2,035</b>
Income on investments in the Federation	828	1,064
Income (loss) related to fair value of derivative financial instruments	883	(137)
<b>SURPLUS EARNINGS BEFORE TAXES AND MEMBER DIVIDENDS</b>	<b>4,059</b>	<b>2,962</b>
Income taxes on surplus earnings	806	668
<b>SURPLUS EARNINGS BEFORE MEMBER DIVIDENDS</b>	<b>3,253</b>	<b>2,294</b>
Member dividends	557	488
Tax recovery on member dividends	(149)	(127)
<b>NET SURPLUS EARNINGS FOR THE YEAR AFTER MEMBER DIVIDENDS</b>	<b>\$ 2,845</b>	<b>\$ 1,933</b>

**STATEMENTS OF CHANGES IN EQUITY**  
(unaudited)

For the years ended December 31

	Capital stock	Distributable surplus earnings	Accumulated other comprehensive income	Reserves							Total equity			
				Appreciation reserve (investments in the Federation's investment funds)	Appreciation reserve (derivative financial instruments)	Appreciation reserve (employee benefit plans)	General reserve	Reserve for future member dividends	Community Development Fund	Total reserves				
(in thousands of Canadian dollars)														
<b>BALANCE AS AT DECEMBER 31, 2015</b>	\$ 27	\$ 1,210	\$ 124	\$ 2,752	\$ 105	\$ (924)	\$ 16,917	\$ 1,006	\$ 167	\$ 20,023	\$ 21,384			
Distribution by members at the 2016 general meeting	-	-	-	-	-	-	-	-	-	-	-			
Transfer from (allocation to) reserves	-	(1,211)	-	-	-	-	1,166	-	45	1,211	-			
Net adjustment related to member dividends	-	1	-	-	-	-	-	-	-	-	1			
Balance after distribution	27	-	124	2,752	105	(924)	18,083	1,006	212	21,234	21,385			
Net surplus earnings for 2016 after member dividends	-	1,933	-	-	-	-	-	-	-	-	1,933			
Other comprehensive income for the year	-	97	116	-	-	-	-	-	-	-	213			
Statutory transfer	-	(189)	-	217	(95)	67	-	-	-	189	-			
Net amounts used during the year	-	35	-	-	-	-	-	-	(35)	(35)	-			
Equity transactions related to other investments in the Federation	-	-	-	311	-	-	-	-	-	311	343			
Net adjustment related to member dividends	-	(1)	-	-	-	-	-	-	-	-	(1)			
<b>BALANCE AS AT DECEMBER 31, 2016</b>	\$ 27	\$ 1,875	\$ 272	\$ 3,280	\$ 10	\$ (857)	\$ 18,083	\$ 1,006	\$ 177	\$ 21,699	\$ 23,873			
Distribution by members at the 2017 general meeting	-	(2)	-	-	-	-	-	-	-	-	(2)			
Interest on members' permanent shares	-	(1,872)	-	-	-	-	1,827	-	45	1,872	-			
Transfer from (allocation to) reserves	-	(1)	-	-	-	-	-	-	-	-	(1)			
Net adjustment related to member dividends	-	-	-	-	-	-	-	-	-	-	-			
Balance after distribution	27	-	272	3,280	10	(857)	19,910	1,006	222	23,571	23,870			
Net surplus earnings for 2017 after member dividends	-	2,845	-	-	-	-	-	-	-	-	2,845			
Other comprehensive income for the year	-	(249)	77	-	-	-	-	-	-	-	(172)			
Statutory transfer	-	(1,166)	-	643	655	(132)	-	-	-	1,166	-			
Net amounts used during the year	-	35	-	-	-	-	-	-	(35)	(35)	-			
Equity transactions related to other investments in the Federation	-	-	-	5	-	-	-	-	-	5	5			
Net adjustment related to member dividends	-	1	-	-	-	-	-	-	-	-	1			
<b>BALANCE AS AT DECEMBER 31, 2017</b>	\$ 27	\$ 1,466	\$ 349	\$ 3,928	\$ 665	\$ (989)	\$ 19,910	\$ 1,006	\$ 187	\$ 24,707	\$ 26,549			

## **NOTE TO THE FINANCIAL REPORT (unaudited)**

### **NOTE 1 – TYPE OF OPERATIONS AND BASIS OF ACCOUNTING**

The Caisse populaire Kahnawake (the caisse) is a cooperative whose purpose is to accept and help grow the savings of its members, as well as to extend credit and provide other financial products and services to its members. Its mission also includes fostering cooperation and promoting economic, social and cooperative education. It is governed by the *Act Respecting Financial Services Cooperatives* (the Act).

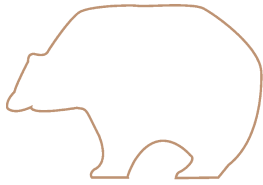
The caisse is registered with the Autorité des marchés financiers (AMF) in Quebec. It is also a member of the Fonds de sécurité Desjardins, whose main purpose is to establish and administer a security, liquidity and mutual aid fund for the benefit of Desjardins caisses in Quebec.

The caisse is a member of the Fédération des caisses Desjardins du Québec (the Federation), which controls other components that together make up Desjardins Group.

This financial report has been prepared in accordance with the requirements set out in the Act. The caisse applies accounting policies similar to those used to prepare the combined financial statements for Desjardins caisses in Quebec, which are prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. Some figures from the prior year were reclassified for consistency with the presentation of the current year's financial statements. This reclassification did not affect the caisse's surplus earnings or total assets and liabilities.



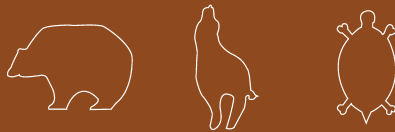
Tsi-iewwistaientakwa  
Caisse populaire Kahnawake







Tsi-iewhistaientahkwa  
Caisse populaire Kahnawake



P.O. Box 1987  
Kahnawake, Mohawk Territory  
J0L 1B0

Tel: 450-638-5464

Fax: 450-638-3411

### Hours of Operation

Mon to Wed	9:30 am - 3:30 pm
Thursday	9:30 am - 7:00 pm
Friday	9:30 am - 5:00 pm
Saturday	9:00 am - 12:00 pm

