

Tsi-ieh-wistai-entahkwa
Caisse Populaire Kahnawake



27th Annual Report 2013

NOTICE OF THE ANNUAL GENERAL MEETING

To Members of the Caisse Populaire Kahnawake:

You are hereby convened to the Annual General Meeting of the Caisse Populaire Kahnawake, which will take place on:

Date: Wednesday, April 23, 2014

Time: 5:30 p.m.

Location: Lafleur Golf Club & Dining – Route 207

At the Meeting, members will receive information on the Caisse's Annual Report and the Board of Supervision Report. They will decide on the distribution of annual surplus earnings. There will be an election of the Board of Directors and the 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 the other to the Board of Supervision.

Election

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 that 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 Officer. Nominations may not be submitted at the Annual General Meeting unless written notice, signed by a member and countersigned by the candidate, has been submitted prior to the closing of the Caisse on March 28, 2014. Nomination forms are available at the Reception Desk of the Caisse Populaire Kahnawake during regular business hours.

Board of Directors with terms expiring in 2014 are as follows:

Stephen Lafleur, President, Board of Directors

Wayne Rice, Director, Board of Directors

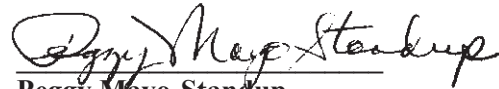
Board of Supervision 2014 is as follows:

Mark Standup, Chair, Board of Supervision

(All members who wish to run for an elective position must complete a nomination form)

All members of the Caisse are cordially invited to attend and participate in the Annual General Meeting.

Signed this 19th day of February, 2014.



Peggy Mayo-Standup

Secretary, Board of Directors

Annual General Meeting Wednesday, April 23, 2014 - 5:30 Agenda

- 1) Opening of the Meeting
- 2) Approval of the Agenda
- 3) Approval of the 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 Statements
- 7) Report of the use of the Community Development Fund
- 8) Approval of the allocation of the year's surplus earnings
- 9) Elections of the Board of Directors
- 10) Elections of the Board of Supervision
- 11) Questions to the Board of Directors
- 12) Questions to the Board of Supervision
- 13) Presentation of the Business Achievement Awards
- 14) 5th Annual Rita McComber/
Caisse Populaire Kahnawake Volunteer Award
- 15) Closing

Report from the President of the Board of Directors

Dear Members,

On behalf of the Board of Directors, I am pleased to present the Caisse Populaire Kahnawake's Annual Report for the 2013 fiscal year. The report is a great tool to learn about everything we achieved in 2013 and to look ahead to challenges we will face together in 2014.

Our Caisse generated \$2 065 000 in operating surplus earnings thanks to smart, sound management that focused on your needs and on the quality of service delivery.

Your financial service cooperative works tirelessly to provide you with the solutions and services that meet your expectations. We strive to develop innovative products and offer expertise from our team of professionals who do what it takes to make sure you are satisfied.

A decision by the Autorité des marchés financiers (AMF) in 2013 only reinforced the value we place on managing your assets responsibly. Desjardins was named by the AMF as a key financial institution in Quebec; and that status means Desjardins' activities play a pivotal role in the provincial economy and increase requirements to which Desjardins Group and Caisses are subjected, particularly in terms of capitalization. That is exactly why your financial services cooperative exercises strong, sound judgement when distributing surplus earnings, placing Desjardins among the world's 15 strongest banks.*

*According to Bloomberg's World Strongest Banks, published October 1, 2013.

OUR CAISSE KEEPS GROWING

More Accessible than ever

There have been a myriad of technological advances since the inception of the first Caisses. ATMs, direct payments, the internet, and mobile payments all mean transactions can be carried out 24 hours a day, 7 days a week.

News for our members

Desjardins is an industry leader when it comes to meeting your expectations. You can get more information on the wide range of products available to you at the new Desjardins.com.

This past year also saw the creation and rollout of some assistance services that are no doubt welcome during difficult situations. Desjardins' new travel and identity theft services are available free of charge to Caisse members.

Increasing youth awareness about using credit responsibly is something else that is important to us. The Visa Desjardins prepaid card is a great tool to teach youth how to follow a budget and develop smart financial habits. The My Budget financial management tool is available through AccèsD and provides a more comprehensive approach to managing finances, complementing the prepaid card nicely.

You can be proud to be part of an organization that stands out for its financial stability, its ability to innovate, and its high level of expertise. Desjardins Group is the largest cooperative financial group in the country, backed by 45,000 employees working for you.

OUR VALUES, OUR PRIDE

On behalf of the directors, I would like to thank General Manager, Mandie Montour for demonstrating a skilful hand in managing Caisse business. I would also like to thank all the employees for their commitment to ensuring your client experience is always getting better.

If we all work together as a team, we will be better able to support our community and give back. The Caisse redistributed approximately \$120 000 back to the Community in 2013.

We are going to keep working in 2014 so the Caisse's service quality and products stand out. Your satisfaction will keep playing a central role in every proposal we consider and every decision we make. Let us know what you think about our services. Constructive criticism from our
Together we are building a more prosperous community!



Stephen Lafleur, President

Board of Directors

Stephen Lafleur, President

Linda Deer, Vice President

Peggy Mayo-Standup, Secretary

Wayne Rice, Director

Thomas Lahache, Director

Nelva Diabo, Director

Marcy Delisle, Director

Report from the Chair of the Board of Supervision

The Board of Supervision held six meetings in 2013 in its capacity to see that the Caisse's activities and the priorities and decisions of the Board of Directors remained consistent with Desjardins' mission and values, and reflected the Desjardins difference.

The Board also took part in two joint meetings with the Board of Directors to get a better grasp on important files that could influence Caisse priorities and decisions and benefit members.

In 2013, we worked to ensure that the Caisse's business practices put members' needs first; that the Caisse pursued financial education initiative by giving members information to help them manage their finances, and that the Caisse's services remained accessible to all client groups.

The Board made sure the Caisse communicated effectively with members by distributing a newsletter, providing an email service, facebook and installing a display monitor for viewing of hours, U.S. rates and any items deemed relevant to keeping our members informed.

We presented the observations and recommendations from our work to the Board of Directors to help improve Caisse activities for members and the community.

One of the Board of Supervision's key responsibilities is to monitor compliance with the principles and rules of professional conduct, and to identify and address any violations that may arise. Naturally, at a time and in an industry where allegations of conflict of interest, collusion, corruption, and the lack of integrity have become commonplace, Desjardins has to be beyond reproach. In order to keep and build the trust of our members, integrity needs to be a top priority.

The Board of Supervision ensured the Caisse had its employees and officers read the Desjardins Code of Professional Conduct and agree to abide by its principles and rules.

The report on the supervision of activities of professional conduct is as follows:

1) Conflict of Interest

No conflict of interest was found.

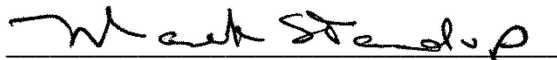
2) Loans granted to restricted parties

There were no loans granted to restricted parties of the Caisse or their related parties.

Non-loan contracts granted to restricted parties under the Code

During the same period, the Caisse awarded one non-loan contract totalling \$5 800 to restricted parties under the Code. All contracts were granted in accordance with the rules of professional conduct.

In conclusion, the Caisse continues to prioritize integrity; respect for members' rights; cooperative, economic, and financial education and community involvement. The Board of Supervision is committed to working with the Board of Directors and general management to effectively carryout its responsibilities in these areas.



Mark Standup, Chair, Board of Supervision

Board of Supervision

Mark Standup, Chair

Marilyn Johnson, Secretary

Mark Jocks, Director

Message from the General Manager

The elected officers of your Caisse provided sound management in 2013, meeting all of your financial needs and giving you access to wide range of products and services. Member satisfaction is our primary concern this year, and our desire to serve you is only matched by our desire to focus even more on our cooperative difference and our mission to improve financial literacy.

The following are the financial results for Caisse Populaire Kahnawake and the shared income from Desjardins Group subsidiary activities, as of December 2013.

The results are directly linked to the trust you place in us, and we appreciate it. Your loyalty is what enables us to take advantage of our cooperative strength and keep growing business while providing you with the best possible services.

VOLUME OF BUSINESS UNDER MANAGEMENT

Change in Business Volume (\$ millions)

	2009	2010	2011	2012	2013
Investment Savings*	178,8	199,4	199,8	212,6	221,8
Financing*	44,2	47,3	50,1	52,4	60,5

* Balance sheet Desjardins entities: off balance sheet

Backed by \$282 360 900 in business volume under management, up 6.5% over the last year, the Caisse is well positioned in its market.

As part of Desjardins Group, the Caisse has access to a complete line of financial products and services to meet the ever-growing needs of its 5,401 members.

INVESTMENT-SAVINGS

Change in Savings and Investments (\$ millions)

	2009	2010	2011	2012	2013
Caisse	146,3	191,2	192,6	205,4	214,8
Entities	32,5	8,2	7,2	7,2	7,0

Savings and investments at the Caisse and Desjardins Group entities grew to \$221 839 400, an increase of 4.3% compared to last year. In addition to savings offered at the Caisse, members have access to the most comprehensive, one-stop offer of financial products, from mutual funds and securities to discretionary management services provided by Desjardins components.

FINANCING

Change in Financing (\$ millions)

	2009	2010	2011	2012	2013
Caisse	42,4	45,2	47,7	49,6	56,2
Entities	1,9	2,1	2,4	2,8	4,3

Total Caisse financing was \$60 521 600, representing an overall growth of 15.5% this year. Caisse loans (personal and business combined) made up a large share of activities and up by 13.3%, while financing through the entities (loans sold or shared) increased, up 53.1 %.

NOTES ON THE FINANCIAL STATEMENTS

Balance Sheet

Change in Balance Sheet (\$ millions)

	2009 (1)	2010	2011	2012	2013	Variation 2012- 2013 (%)
Assets	162,7	211,0	216,0	229,7	241,6	5,2
Liabilities	150,8	198,5	201,3	213,6	223,7	4,7
Equities	11,9	12,6	14,7	16,1	17,9	11,4

(1) In accordance with Canadian GAAP in effect prior to the adoption IFRS

The assets of your Caisse increased by 5.2% compared to last year, to \$241 651 000.

The Caisse liabilities were \$223 749 000 representing growth of 4.7%. Borrowings decreased by 9.8 %.

As of December 31, 2013, your cooperative's equity showed a growth, from \$16 072 000 to \$17 902 000, an increase of 11.4%. In addition to capital stock, equity is made up of \$988 000 in distributed surplus earnings and \$16 891 000 in accumulated other comprehensive income and reserves.

The Caisse has \$856 000 in its reserve for future member dividends. Additionally, your Caisse has a total of \$136 000 in its Community Development Fund. Caisse capital, meanwhile, is in accordance with the Basel II capital standards.

STATEMENT OF INCOME

During the past year, your Caisse generated operating surplus earnings of \$2 065 000, down by 22.7 % compared to the previous year.

Change in elements of the statement of income (\$ millions)

	2013 (\$ millions)	2012 (\$ millions)	Change (%)
Interest Income	6,4	6,5	-1,5%
Interest expenses	2,2	2,1	4,3%
Net interest income	4,3	4,4	-4,2%
Provision for credit losses (recovery)	0,1	0,2	-32,6%
Other income	1,7	1,7	3,8%
Other expenses	3,8	3,3	16,7%
Other surplus earnings*	2,1	2,7	-22,7%
Member dividends**	0,9	1,1	-17,8%

*Operating surplus earnings include expenditures from the Community Development Fund

**Amount recommended at the Annual General Meeting, for approval by members.

Change in interest income and expenses (\$ millions)

	2009 (1)	2010	2011	2012	2013
Interest income	5,8	5,8	6,5	6,5	6,4
Interest expenses	1,8	1,6	2,2	2,1	2,2

(1) In accordance with Canadian GAAP in effect prior to the adoption of IFRS

Interest income totalled \$6 418 000, a decrease of 1.5% compared to last year. Meanwhile, interest expenses rose by 4.3% to \$2 159 000. Provision for credit losses were \$128 000 or 0.23% of the total personal and business loan portfolio.

Other income generated largely from Administration Deposits was \$1 742 000, 3.8% compared to last year.

Other expenses also show an overall growth, representing a 16.7% change and reaching \$3 808 000.

Change in operating Surplus Earnings and Member Dividends (\$)

	2009 (1)	2010	2011	2012	2013 (2)
Operating Surplus earnings	\$3 078 277	\$3 078 000	\$3 324 000	\$2 670 000	\$2 065 000
Member dividends	\$1 000 000	\$1 191 838	\$1 284 500	\$1 063 000	\$874 347

(1) In accordance with Canadian GAAP in effect prior to the adoption of IFRS

(2) Subject to approval at the Annual General Meeting

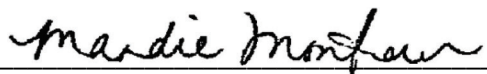
This year, we are proposing an individual member dividend of \$874 347 and a collective member dividend of \$60 000 to be paid into the Community Development Fund. There has been \$4 539 338 in dividends distributed to members and the community over the last four years. It is important to strike a balance between surplus earnings, growth and capitalization needs when calculating the distribution. It is essential that your Caisse, and Desjardins Group as a whole, strengthens their position of capitalization in light of the current economic environment. By ensuring we strike a sensible balance between financial laws and regulations and member needs, we can ensure the continued growth and the long-term success of our Caisse.

Conclusion

All of the Caisse employees work together to provide you with their collective expertise. It is a team of 28 individuals helping you achieve your financial goals and realize your dreams.

I would like to recognize the work of each and every Caisse employee, without their attention to detail, their professionalism, and their dedication, we would not be able to help our members reach their goals and play such an active role in the well-being of our community.

Together, we are cooperating to build a strong institution and a more dynamic society!



Mandie Montour
General Manager



This year 2013, was marked by initiatives undertaken to express the Caisse's cooperative difference, including through its democratic system, which is in line with its members' needs: member dividends it pays out, support to community development, and contribution to educating its members on cooperation and finance.

To accomplish its cooperative and financial education mission, your Caisse participated in the School Caisse, presented scholarships, provided employee training on cooperation. Advisors provided information sessions on retirement planning, estate/will writing and mortgage financing.

Even Closer to you!

As member-owners, you can participate in and vote on the actions of the Caisse and its results. In 2013, you were invited to express your opinions on various issues such as member satisfaction and participate in the decision-making process concerning the distribution of next year's surplus earnings.

Your Caisse has also committed to investing in its community through Community Development Fund. It has invested \$60 000 in the following eight (8) projects:

- AWCA Kahnawake -\$10 620 - Advocating for Children with Attention Deficit Hyperactive Disorder (ADHD)
- Echoes of a Proud Nation Pow Wow - \$5 000 - Support Pow Wow

- Kanien'keha'ka Onkwawen:na Raotitiohkwa Language & Cultural Center - \$4 200 - Tota Tonan Ohkwa:ri
- Kahnawake Youth Forum - \$1 637.73 – Workshop, Violence Against Women
- Karihwanoron Mohawk Immersion - \$20 076 – Teacher's Salary
- Kateri Memorial Foundation - \$7 117- Direct Mail Campaign
- KSCS Family Wellness Center - \$6 099 - Where the Creek Runs Clearer Youth Program - Wilderness Project
- Step by Step Child & Family Center - \$5 250 – Learning the Arts of our Ancestors.

Your Caisse also granted a total of \$53 519.00 in donations and sponsorships to the support the following projects:

- ◇ Alzheimer Society
- ◇ Kahnawake Christmas Basket Fund
- ◇ Kateri Memorial Foundation
- ◇ Native Friendship Center
- ◇ CKRK K103 Radio
- ◇ Kahnawake Figure Skating Club
- ◇ President's Cup 2013
- ◇ Echoes of a Proud Nation Pow Wow
- ◇ Kahnawake Youth Center – Mohawk Miles

The above-mentioned are only a few of the many projects the Caisse donated to or sponsored in 2013.

Caisse Involvement in the Community

The Caisse Populaire Kahnawake continues to be involved in the community in many ways. Following are examples of the Caisse's participation in our community.

- ◇ Honoring volunteers – Rita McComber Volunteer Award
- ◇ Business Achievement Award
- ◇ Kateri Memorial Hospital Christmas party sponsored and hosted by Caisse Populaire Kahnawake

- ◇ Young Adults Program Christmas Party, supplied entertainment
- ◇ CPK staff volunteer at the Echoes of a Proud Nation Pow Wow ATM booth
- ◇ The yearly calendar, photographing and displaying Kahnawake's artists
- ◇ Spring Clean-up
- ◇ Holiday Parade
- ◇ Scholarship Awards
- ◇ Community Development Project Fund

Another aspect of the Caisse Populaire Kahnawake's involvement in the community are the savings and loans.

Although the commercial, personal and mortgage loans of the Caisse is part of the Caisse business, it plays a strategic role in community involvement.

Since 1987, the Caisse has secured millions in commercial, mortgage and personal loans for our members. The support of our members enables the Caisse to be involved by contributing to the growth and development of Kahnawake.

The Caisse is cognizant of the difficult tasks entrepreneurs encounter and to see success is a major accomplishment that needs to be recognized and expressed. The Caisse does so by presenting the Business Achievement Award at the Annual General Meeting.

Some past recipients include the Eastern Door (Kenneth Deer), Lafleur's Meat Market, Evelyn's Convenience Store, Caughnawage Golf Club, Jacobs Hardware, WWK Printing and Jimmy Goodleaf's Auto Supply, just to name a few.

The Caisse has also shared in the accomplishments of many Kahnawake residents. The building or renovating of a home has no greater reward

than seeing the first stream of foundation concrete, the first truss lifted or the first night in a new home. For those who renovate to see the transformation from a dream of what it could be, to the completion of the dream.

This is being involved in the community; seeing businesses prosper and families enjoy all the comforts they deserve and through your support the Caisse can continue to be involved.

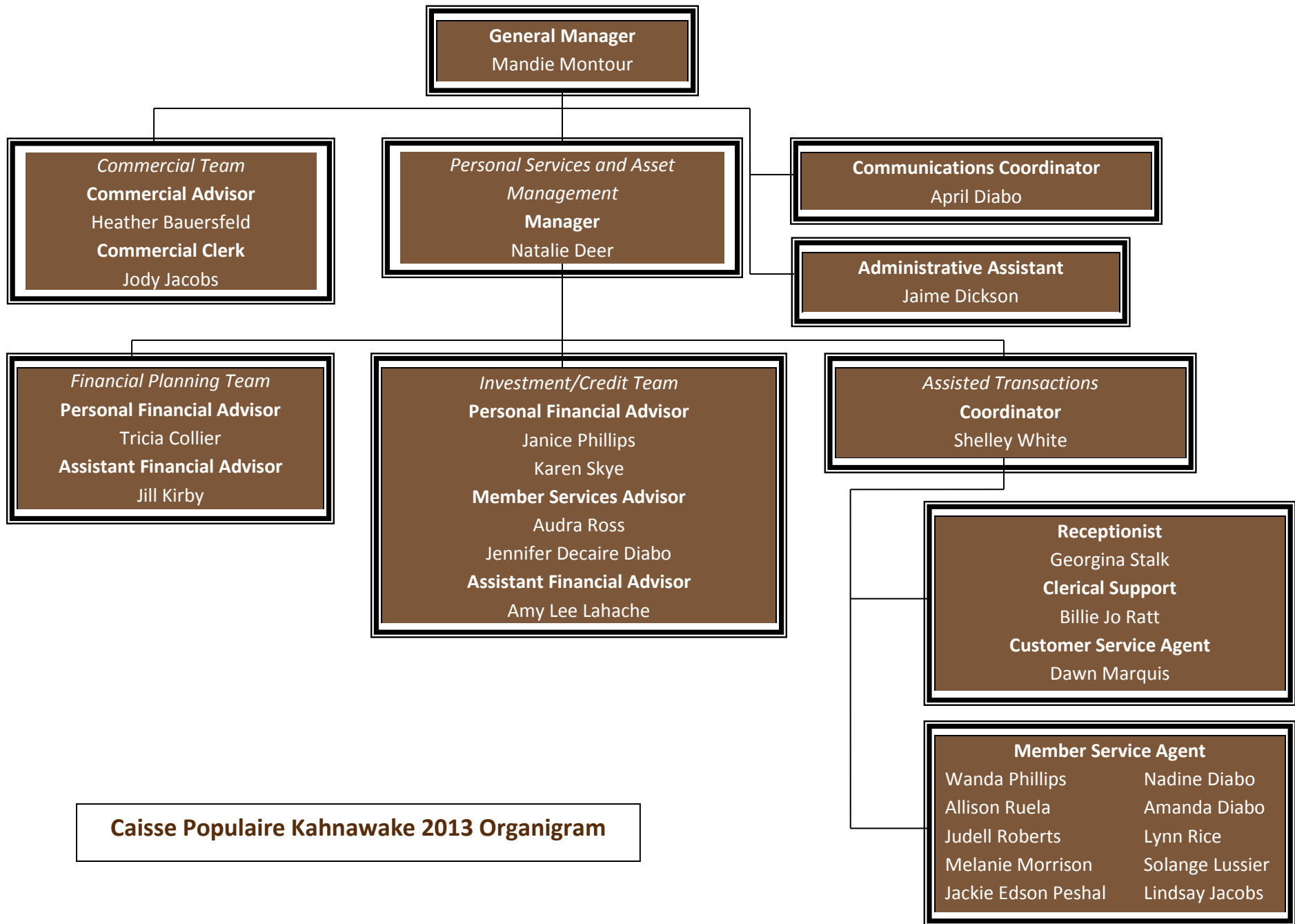
INVESTMENT FUNDS

Investment funds owned by the caisses enable the Fédération des caisses Desjardins du Québec to coordinate investments in Desjardins Group subsidiaries and in regional investments.

Through their activities, these subsidiaries in turn enable the caisses to provide an extensive range of financial products and services to individuals, groups and businesses.

The following table shows Caisse involvement in each of the funds, as well as the year-end return.

Investment Fund	Shares held as at December 31, 2013	Average return
<u>Provincial Funds</u>	(dollar amount)	(Percentage)
Caisse Centrale Desjardins (CCD)	\$ 3 881 789	7.20%
Société de Services des caisses Desjardins (SER)	\$ 0	-139.63%
Desjardins Venture Capital (IVN)	\$ 52 779	14.07%
Northwest & Ethical, Desjardins Securities (RF1)	\$ 117 385	5.93%
Desjardins Financial Corporation (FIN5A)	\$ 3 467 280	19.36%



Caisse Populaire Kahnawake 2013 Organigram



Annual Report Approval

We the undersigned certify that the 27th Annual Report of the

Caisse Populaire Kahnawake

fulfills the requirements of the Act respecting financial cooperatives and that it is duly approved by the

Caisse Populaire Kahnawake Board of Directors

Stephen Lafleur
President

Peggy Mayo-Standup
Secretary

Acknowledgements

Content	April Diabo
Editing	Heather Bauersfeld
Cover	Courtney Rice (2014 calendar)
Layout	April Diabo/Anishinabe Printing
Printing	Anishinabe Printing

Hours of Operation

Teller Service

Monday - Wednesday	9:30 - 3:30
Thursday	9:30 - 7:00
Friday	9:30 - 5:00
Saturday	9:00 - 12:00

Advisor Service

Monday - Wednesday	9:00 - 4:00
Thursday	9:00 - 7:00
Friday	9:00 - 5:00
Saturday	9:30 - 12:00



Tsi-ieh-wista-ientahkwa
Caisse Populaire Kahnawake



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