



Tsi-iewwistaientakwa Caisse Populaire Kahnawake

30th ANNUAL REPORT 2016



Working For You



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 26, 2017
Time: 5:00 p.m.
Location: Robbie's - Route 138 (2nd Floor – Reception Hall)

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 and vote on the payment of member dividends from the reserve. 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 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, 2017. Nomination forms are available at the Reception Desk of the Caisse Populaire Kahnawake during regular business hours.

Board of Directors with terms expiring in 2017 are as follows:

Stephen Lafleur, Board of Directors
Mark Jocks, Board of Directors

Board of Supervision with a term expiring in 2017 is as follows:

Mark Standup, Board of Supervision

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

Signed on the 3rd of April, 2017



Peggy Mayo-Standup
Secretary, Board of Directors

Annual General Meeting

Wednesday, April 26, 2017

5:00 p.m.

Agenda

1. Opening of Meeting
2. Approval of 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 Statements^{1*}
7. Report of the use of the Community Development Project Fund
8. Adoption of the payment of member dividends from the reserve
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. Questions to Board of Directors/Board of Supervision
13. Closing
14. Presentation of the Rita McComber Volunteer Award
15. Presentation of the Business Achievement Award
16. Dinner

¹ 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 in all its services outlets, 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 no later than Friday, April 28, 2017.



Message from the *President of the Board of Directors*

Dear Members,

I am pleased to present a brief review of the year 2016 for Caisse Populaire Kahnawake.

An institution at the heart of its members' lives

The year 2016 was a turning point in Desjardins history. One of the most important events was the election of Guy Cormier as President of Desjardins Group. The youngest president in our history quickly rallied employees and officers around his ambitious ideas. The first of those ideas involves reconnecting Desjardins with its purpose, which is to enhance people's lives and the communities in which they live by making active and significant contributions to the development of a sustainable economy.

For example, a new \$100-million development fund has been created to support projects in the regions where we are active, in entrepreneurship, in business development and in economic and social innovation. This fund will complement the Caisses' Community Development Funds and Capital régional et coopératif Desjardins shares.

In addition, so we can be better attuned to the needs of young people, a Youth Advisory Board with a Desjardins-wide scope has been put in place, to be made up of Desjardins members, elected caisse officers and employees between ages 18 and 35. We even reserved a special place for young people during 2016 Cooperation Week focused on academic success. On October 20, 2016, thousands of Desjardins employees participated in volunteer events in support of the cause.

This is a testament to the variety of actions we put in place in order to hold the top position in the hearts of our members.

Inspiring momentum

In 2016, our Caisse recorded operating surplus earning of \$2 035 000. These results are an indicator of the Caisses' sound business management. Based on this performance, we will be staying the course by offering you services and solutions that continue to meet your expectations.

I would like to thank our members for these excellent results. Your continued loyalty is the key to our success. Increased use of the Caisse's products and services has a direct positive impact on its profitability. The vitality created by this loyalty will not only benefit the Caisse and its members, but also the entire community.

In 2016, the Caisse redistributed more than \$65,000 in our community to support projects that stimulate local social and economic health. Of this amount, \$47,000 was paid out to the Community Development Fund, a collective dividend that is voted by Caisse Members at our Annual General Meeting. This an initiative that enables us to have a positive impact on people's lives and the communities in which they live. That is our purpose, and it is a source of pride for all of us. Doing business with your Caisse means making a difference, and helping to effect change in our community.

Continued improvement of products and services

Your satisfaction remains our priority when it comes to the quality of our products and the excellence of our services. We will continue to adopt simple, people-focused, modern and high-performing approaches in order to maintain our special place in your financial life. Thanks to our modern approaches, including a range of virtual services, we can be more accessible than ever. Desjardins mobile payment solutions and Apple Pay, mobile cheque deposit and Interac transfers are only a few of the new features currently at your disposal.

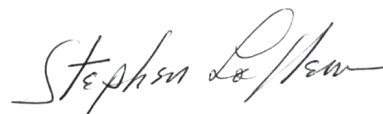
To round out our virtual offer, certain financial products are available exclusively on AccèsD: in just a few clicks, you can open a high interest savings account with no service fees, or access market-linked guaranteed investments. It is simple and exclusive to Desjardins members.

As a member, you can play a role in your Caisse's evolution to help boost its performance, especially by sharing your ideas, impressions and constructive comments. We can work together to share and celebrate the deeply human and distinctive nature of our Caisse.

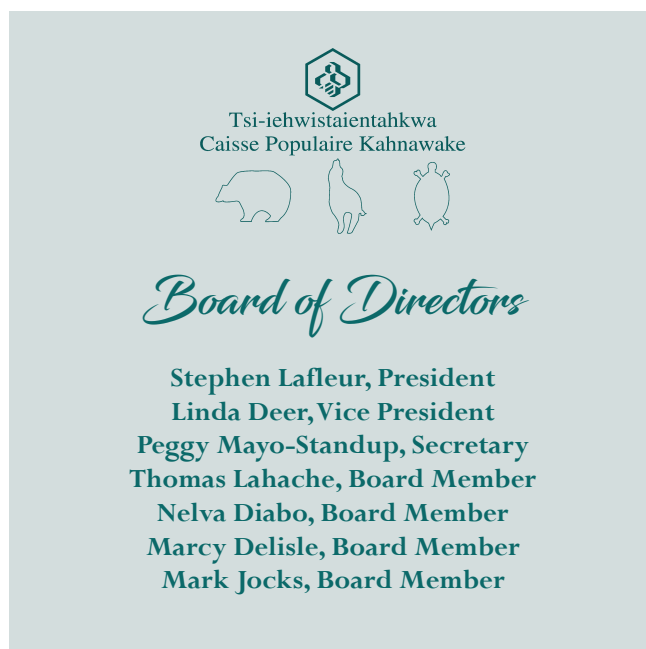
Expressing our heartfelt thanks

I want to extend my sincere appreciation to my fellow officers, to the managers and to the employees of the Caisse for their unflagging commitment. Under the dynamic management 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 subsidiary partners for supporting our mission to serve our members. By joining forces, we are in a position to offer you a range of comprehensive and competitive financial products and services.

Lastly, even greater thanks to our 5,505 members for placing their trust in us.



Stephen Lafleur
President, Board of Directors





Report from the *Chair 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 is a supervision report concerning three rules of professional conduct:

- No conflict of interest situations were noted.
- Deposits from and loans to restricted parties² of the Caisse were granted in accordance with the Caisse's code of ethics and applicable rules of professional conduct. Loans granted to restricted parties totalled \$0.
- The Caisse and its centres did not grant any contract for the supply of goods and services to restricted parties subject to the Code³

Supervision of cooperative aspects

With regard to 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. I must also make sure that the Caisse contributes to the development of its community and the economic and financial education of its members. Lastly, it ensures that the 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
- Respect for members' rights and interests, particularly when welcoming new members
- Strategies established by the Caisse to improve member satisfaction and meet member needs
- Caisse support of community development, in particular through the Community Development Fund and the granting of donations and sponsorships

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

I would like to thank the members of the Board for their contribution, and the General Manager for helping us deliver on our mandate.

Mark Standup
Chair, Board of Supervision



² Restricted parties: Caisse Officers and General Manager, officers of the Fédérations des caisses Desjardins du Québec and their associated persons.

³ Restricted parties subject to the Code: Restricted parties, caisse employees and centre managers and their associated persons.



Message from the *General Manager*

Dear Members,

In 2016, your Caisse continued its mission to meet all your financial needs by offering you access to a comprehensive range of products and services.

Offering members a first-rate business experience remains one of our primary objectives for this year. In addition to ensuring you are provided with excellent service, your Caisse and Desjardins Group will continue to develop financial tools and exclusive new benefits for members. Every effort is being made to ensure that Desjardins is your financial institution par excellence.

Below are the financial results of Caisse Populaire Kahnawake and the share of net income from business at Desjardins Group subsidiaries as at December 31, 2016.

These results are directly related to your trust in us, and we are very grateful for that. Thanks to the loyalty of our members, we can all benefit from the power of cooperation and support our business development.

Business Under Management

Backed by \$338 141 000 in business under management, up 5.5% over 2015, the Caisse is 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 REPORT⁴

Balance Sheet

Change in balance sheet (\$M)

	2015 (\$M)	2016 (\$M)	Change (%)
Assets	278.9	312.2	11.9
Liabilities	257.5	288.3	12.0
Equity	21.4	23.9	11.6

Your financial cooperative's assets total \$312 172 000, up 11.9% over last year. Loans to individuals and businesses stand at \$55 136 000, an increase of 1.1%.*

The Caisse's liabilities total \$288 299 000, representing an increase of 12.0%. Deposits currently amount to \$278 332 000, up 11.2%*, whereas your Caisse's borrowing increase by 101.6% and now totals \$5 990 000.

As at December 31, 2016, your cooperative's equity posted strong growth, rising to \$23 873 000, an 11.6% increase. Equity comprised \$27 000 in social capital, \$1 876 000 in surplus earnings to be distributed, \$271 000 in accumulated other comprehensive income and \$21 699 000 in reserves. The reserve for future dividends, represents \$1 006 000. Your Caisse has also accumulated \$176 000 in the Community Development Fund.

⁴ These comments on the financial report constitute an overview of the report, which is available upon request and on the www.desjardins.com website. Required financial disclosures are presented in the appendix to this annual report.

* Refer to Additional Information tables for more information about loan and deposit portfolios.

CAPITAL RATIOS

The Caisse's capital was in compliance with the standard on the capital adequacy of the caisses, established by the Federation. As at December 31, 2016, the Caisse's ratio were as follows:

	December 31, 2016	December 31, 2015	Standard
Tier 1A capital over its risk assets:	21.30 %	24.06%	>= 11 %
Tier 1 capital over its expansion assets :	4.80%	5.91%	>= 3.5 %

STATEMENT OF INCOME

During the last fiscal year, your Caisse generated \$2 035 000 in operating surpluses up 15.6% over the previous year.

Change in Income statement (\$M)

	2015 (\$M)	2016 (\$M)	Change (%)
Interest Income	6.1	6.1	-1.3
Interest Expense	2.2	1.9	-11.4
Net Interest Income	4.0	4.1	4.3
Other Income	1.7	1.7	3.9
Provisions for Credit Losses	0.0	0.0	0.0
Other Expenses	3.9	3.8	-1.8
Operating Surplus Earnings	1.8	2.0	15.6

Interest income totalled \$6 068 000, down 1.3% over last year. Interest income expense decreased by 11.4%, to \$1 925 000. Credit losses totalled \$11 000, i.e. 0.02% of the entire portfolio of loans granted to individual members and businesses.

Other income, generated largely from the distribution of Desjardins products and services, totalled \$1 724 000, up 3.9% compared to last year.

Other Expenses showed a slight decrease overall, i.e., a 1.8% variance, and totalled \$3 821 000.

This year, we propose distributing a dividend of \$490 000 and contributing \$45 000 to the Community Development Fund in the form of a collective dividend, which enables us to contribute to the well-being of our community by supporting key projects.

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 ensuring the right balance between financial market rules and regulations and our members' needs, we can ensure the sustainable development of our Caisse.

Modern tools and products

More and more of you are adopting Desjardins mobile applications. Available 24/7, these applications offer the possibility to pay bills, transfer funds or invest in exclusive financial products. Your financial autonomy goes hand in hand with the tools we place at your disposal, and we owe our longevity and relevance to our ability to create effective tools that meet your needs.

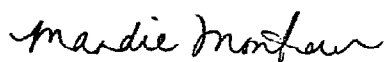
Accordingly, in the coming years we will be installing new ATMs to replace our current machines, which have become obsolete. The new models will offer the features needed to carry out your transactions, while ensuring a simple and fast experience. This will provide an opportunity for the Caisse to conduct a needs analysis of automated services so it can position itself based on its members' financial habits.

A team dedicated to you

Our 29 employees are ready to help you achieve your financial objectives and carry out your projects. I am grateful for their commitment and their engagement, which are central to the quality of our services. It is also thanks to them that Desjardins Group continues to stand out as one of the best employers in Canada. This recognition confirms Desjardins' position as a leading employer that is close and committed to its employees.

I would also like to point out the contribution of our elected officers. Their dedication to the Caisse and the community enables us to promote our unique cooperative character.

By working together, we can build a stronger institution and a more dynamic society.



Mandie Montour
General Manager



Tsi-iewistaientakwa
Caisse Populaire Kahnawake



Additional Information to the Financial Report

LOANS

Summary of loan portfolio

As at December 31, 2016, the Caisse's loan portfolio continued to be of high quality. Gross loans past due but not impaired, as well as gross impaired loans, accounted for only 3.4% and 0.4%, of gross loans, respectively.

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

(in thousands of Canadian dollars)	Gross loans	Gross loans past due but not impaired	Gross impaired loans	Individual allowances	Collective allowances	Net loans as at December 31, 2016	Net loans as at December 31, 2015
Personal							
<i>Residential mortgages</i>	43,051 \$						
<i>Consumer and other</i>	3,317						
	46,368 \$	1,819 \$	239 \$	127 \$	39 \$	46,202 \$	43,780 \$
Business							
<i>Commercial and industrial</i>	8,657 \$						
<i>Agriculture, forestry and fisheries</i>	111						
<i>Public administrations and institutions</i>	-						
	8,768 \$	81 \$	- \$	- \$	38 \$	8,730 \$	10,549 \$
Total	55,136 \$	1,900 \$	239 \$	127 \$	77 \$	54,932 \$	54,329 \$

Refer to Note 2 to the Combined Financial Statements of the Desjardins caisses in Quebec available on the www.desjardins.com website for additional information on the basis of presentation and significant accounting policies.

DEPOSITS

Summary of deposit portfolio

As at December 31, 2016, Caisse members' deposits amounted to \$278,332,000 up \$27,960,000 or 11.2%, since the beginning of the year. It should be noted that the Caisse's main source of funding for its expansion comes from individual deposits. They represented 60.4% of total deposits as at December 31, 2016.

The following table shows a breakdown of deposits by type of depositor with the proportions by type of savings.

(in thousands of Canadian dollars)	Chequing accounts	Tiered savings accounts	Regular savings	Term savings	Registered plan savings	Total as at December 31, 2016	Total as at December 31, 2015
Individual	29,281 \$	15,409 \$	62,598 \$	56,539 \$	4,188 \$	168,015 \$	154,922 \$
Business	15,280	13,045	13,161	32,387	-	73,873	56,967
Public sector and other	3,968	413	31,156	893	14	36,444	38,483
Total	48,529 \$	28,867 \$	106,915 \$	89,819 \$	4,202 \$	278,332 \$	250,372 \$

Refer to Note 2 to the Combined Financial Statements of the Desjardins caisses in Quebec available on the www.desjardins.com website for additional information on the basis of presentation and significant accounting policies.

Investment Funds

The investments that Caisses hold in investment funds allow the Fédération des caisses Desjardins du Québec to coordinate investments in Desjardins Group subsidiaries and regional investments.

The table below indicates the Caisse's interest in each investment fund and the return on it at the end of the fiscal year.

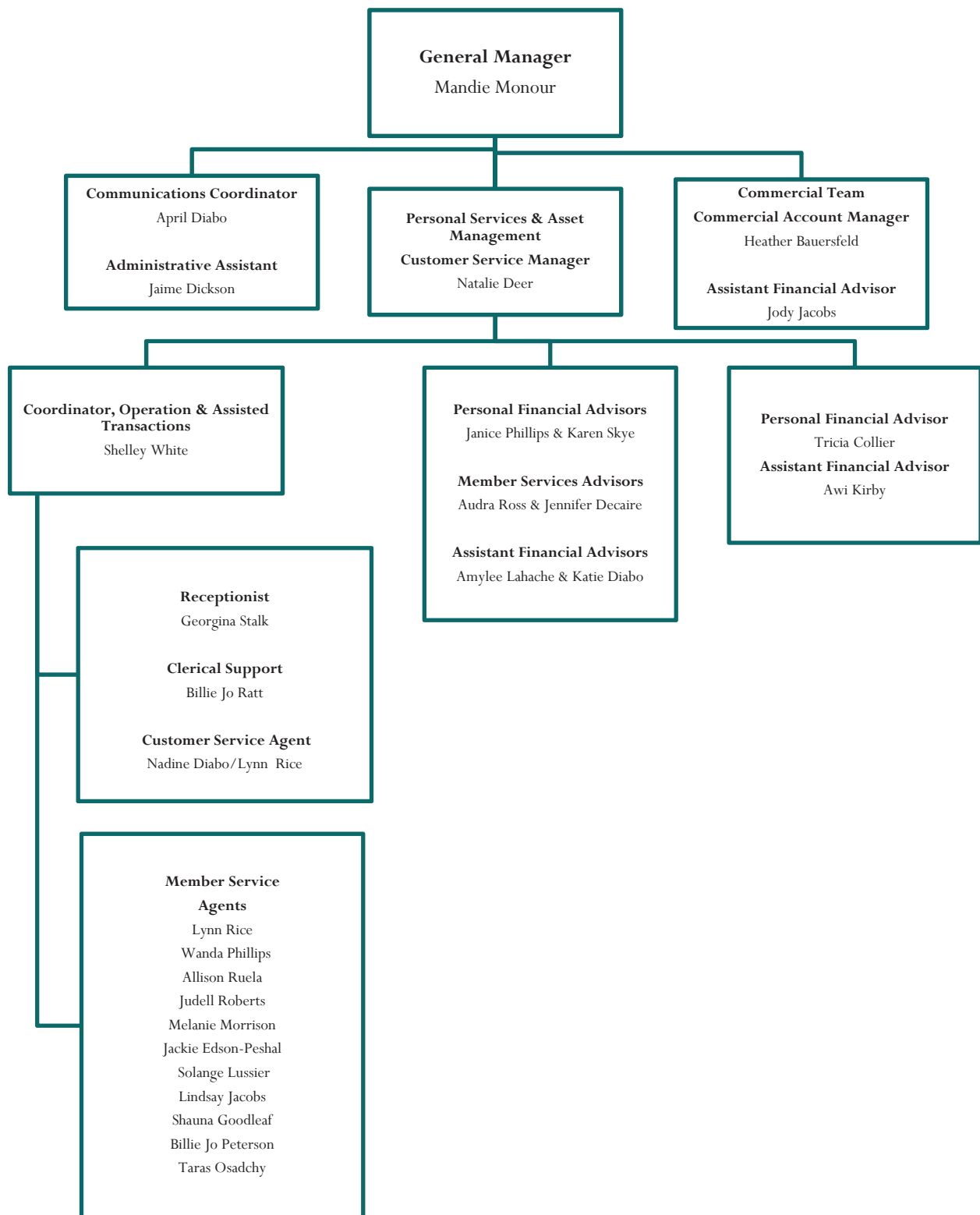
Provincial fund	Shares held as at December 31, 2016	Average return
Caisse centrale Desjardins (CCD)	\$5 049 197	9.04%
Société de Services des caisses Desjardins (SER)	\$(26)	—%
Desjardins Venture Capital (INV)	\$43 008	16.93%
Desjardins Financial Holding (FIN5A)	\$5 301 613	12.13%

The Federation's obligations to holders of permanent share

Further to a recommendation of the Autorité des marchés financiers, the Fédération des caisses Desjardins du Québec guarantees to cover losses suffered by Québec 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. 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 Desjardins caisses in Québec are also made available to the public on www.desjardins.com.

Caisse Populaire Kahnawake Staff



Cooperative Difference Report



The Circle of Giving

Together, we are making a difference

Your business relationship as a member of your Caisse gives you an opportunity to help improve your community while providing you with many advantages. Concrete examples of these advantages: A comprehensive service offer and practical tools, exclusive offers, individual and collective dividends and the opportunity to participate in the decisions of your Caisse.

Thanks to you, we contribute to the development of your community!

The Community Development Fund (CDF), donations and sponsorships are key drivers that support the socio-economic vitality of your community. Members like you contribute to this fund by voting to return part of their dividends to the community during the annual general meeting. In 2016, \$47,000 was invested to support the following projects:

- CKRK K103 Mohawk Radio - \$2,491.00
- Echoes of a Proud Nation Pow Wow - \$5,000.00
- Golden Age Club - \$5,000.00
- Kahnawake Survival School – Outdoor Classroom - \$5,300.00
- Karonhianonhnha School - \$15,942.00 (Breakfast Program \$8,860.00 & Outdoor Classroom \$7,082.00)
- Mohawk Council of Kahnawake Communications - \$5,000.00
- Young Adults Program - \$6,267.00

Your Caisse also granted approximately \$20,000 in sponsorships and donations. Following are a few of the projects:

- Kateri Memorial Foundation
- Kahnawake Youth Center
- KMF Winter Wonderland
- Young Adults Program & Teen Social Club
- Kahnawake Survival School Wrestling Team
- Echoes of a Proud Nation Pow Wow

Education and academics at the heart of our mission

Education is one of the fundamental principles of the cooperative model, which is central to our mission. It is with this in mind that Desjardins placed stay in-school initiatives and academic success front and centre during the 2016 edition of Cooperation Week. To fulfill its cooperative and financial education mission, the Caisse Populaire Kahnawake awarded scholarships to five students. The 2016/17 Scholarship Award recipients are:

- Kahentio Rice: \$1,000, Kanien'keha Ratiwennahni:rats Adult Immersion Program
- Shiann Whitebean: \$1,000, Concordia University - First Peoples Studies Program
- Joshua Diabo: \$1,000, Syracuse University - Fine Arts Degree in Film
- Hayley Morris: \$1,000, CEGEP - Accounting
- Keanna Goodleaf: \$500, High School

The Caisse was also honored to present an award to Lauren McComber on behalf of the Federation. Lauren was selected from amongst 4757 candidates to receive \$1,500.00 from the Desjardins Foundation Scholarship. Congratulations to the 2016/2017 scholarship recipients.

The Caisse student advisor performed workshops in Career Building Skills and Career Development & Budget/Savings Workshop at Tewatohnhi'saktha, Savings and Budgeting at Kahnawake Survival School Pathways and a Savings and Budget Workshop at Kahnawake Survival School. The financial advisors held information sessions on Budgeting, Housing, Estate Planning and Retirement, to name a few.

Every time you do business with your Caisse, you are choosing a cooperative financial group that invests in your community and helps enhance people's lives and the communities in which they live.

With your help, we truly do make a difference. Thank you!

Business Achievement Award

The Business Achievement Award was established to pay tribute to the men and women who work tirelessly to maintain a business, thereby contributing to their economic success and that of the community.

The 2016 recipient was Robert Patton of Patton's Woodcraft. It was with great pride that the Caisse Populaire Kahnawake chose to honor Robert Patton with the Caisse Populaire Kahnawake Business Achievement Award.

Mr. Patton has been in business for nearly 25 years and the name Patton's Woodcraft best describes the unique nature of the business, which features fine, handcrafted custom woodwork, kitchen cabinets, and furniture finishing and repair. The Caisse is honored to have Patton's Woodcraft as a commercial member.

Congratulations to Robert Patton on his many years of creativity and success.



Robert Patton, Patton's Woodcraft
Business Achievement Award 2016

Together, we really are making a difference in the community!

Thank you!

2016 FINANCIAL REPORT

CAISSE POPULAIRE KAHNAWAKE

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April 4, 2017

Report on the results of applying specified auditing procedures to the financial report of 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 in Quebec”), on which we expressed an unmodified opinion on February 24, 2017.

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, 2016 (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, 2016 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:	312,172,000	\$
Total equity:	23,873,000	\$
Net surplus earnings for the year after member dividends:	1,934,000	\$

These procedures do not constitute an audit of the financial report of the Caisse as at December 31, 2016, and therefore we express no opinion on the financial report of the Caisse as at December 31, 2016.

*PricewaterhouseCoopers LLP*¹

¹ FCPA auditor, FCA, public accountancy permit No. A108517

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

CAISSE POPULAIRE KAHNAWAKE

BALANCED SHEET (unaudited)

(in thousands of Canadian dollars)	As at December 31, 2016	As at December 31, 2015
ASSETS		
Cash and deposits with financial institutions	\$ 50,092	\$ 19,755
Securities		
Investment in liquidity fund under management	15,975	14,138
Term deposits and other	176,000	178,000
	191,975	192,138
Loans		
Personal	46,368	43,937
Business	8,768	10,580
	55,136	54,517
Allowance for credit losses	204	188
	54,932	54,329
Investments in the Federation	10,417	9,753
Other assets		
Derivative financial instruments	2,178	518
Property, plant and equipment	232	287
Other	2,346	2,072
	4,756	2,877
TOTAL ASSETS	\$ 312,172	\$ 278,852
LIABILITIES AND EQUITY		
LIABILITIES		
Deposits		
Term savings	\$ 93,480	\$ 88,237
Other	184,852	162,135
	278,332	250,372
Borrowings	5,990	2,971
Other liabilities		
Derivative financial instruments	371	125
Net defined benefit plan liabilities	1,153	1,243
Other	2,453	2,758
	3,977	4,126
TOTAL LIABILITIES	288,299	257,469
EQUITY		
Capital stock	27	27
Distributable surplus earnings	1,876	1,210
Accumulated other comprehensive income	271	123
Reserves	21,699	20,023
TOTAL EQUITY	23,873	21,383
TOTAL LIABILITIES AND EQUITY	\$ 312,172	\$ 278,852

CAISSE POPULAIRE KAHNAWAKE

STATEMENTS OF INCOME
(unaudited)

For the years ended December 31

(in thousands of Canadian dollars)	2016	2015
INTEREST INCOME	\$ 6,068	\$ 6,146
INTEREST EXPENSE	1,925	2,172
NET INTEREST INCOME	4,143	3,974
OTHER INCOME	1,724	1,659
PROVISION FOR CREDIT LOSSES (RECOVERY)	11	(20)
OTHER EXPENSES		
Salaries and fringe benefits	1,685	1,705
Assessments paid to Desjardins Group components	807	703
Community development expenses	47	71
Other	1,282	1,413
	3,821	3,892
OPERATING SURPLUS EARNINGS	2,035	1,761
Income on investments in the Federation	1,064	967
Loss related to fair value of derivative financial instruments	(137)	(36)
SURPLUS EARNINGS BEFORE TAXES AND MEMBER DIVIDENDS	2,962	2,692
Income taxes on surplus earnings	667	506
SURPLUS EARNINGS BEFORE MEMBER DIVIDENDS	2,295	2,186
Member dividends	488	517
Tax recovery on member dividends	(127)	(132)
NET SURPLUS EARNINGS FOR THE YEAR AFTER MEMBER DIVIDENDS	\$ 1,934	\$ 1,801

STATEMENTS OF CHANGES IN EQUITY
(unaudited)

For the years ended December 31

	Capital stock	Distributable surplus earning	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)													
BALANCE AS AT DECEMBER 31, 2014	\$ 27	\$ 1,521	\$ 242	\$ 2,085	\$ 132	\$ (1,110)	\$ 15,458	\$ 1,006	\$ 160	\$ 17,731	\$ 19,521		
Distribution by members at the 2015 general meeting	-	(1,520)	-	-	-	-	-	-	60	1,520	-		
Transfer from (allocation to) reserves	-	(1)	-	-	-	-	1,460	-	-	-	(1)		
Net adjustment related to member dividends	-	-	-	-	-	-	-	-	-	-	-		
Balance after distribution	27	-	242	2,085	132	(1,110)	16,918	1,006	220	19,251	19,520		
Net surplus earnings for 2015 after member dividends	-	1,801	-	-	-	-	-	-	-	-	1,801		
Other comprehensive income for the year	-	212	(119)	-	-	-	-	-	-	-	93		
Statutory transfer	-	(858)	-	699	(27)	186	-	-	-	858	-		
Net amounts used during the year	-	54	-	-	-	-	-	-	(54)	(54)	-		
Equity transactions related to other investments in the Federation	-	-	-	(32)	-	-	-	-	-	(32)	(32)		
Net adjustment related to member dividends	-	1	-	-	-	-	-	-	-	-	1		
Balance after distribution 2015	\$ 27	\$ 1,210	\$ 123	\$ 2,752	\$ 105	\$ (924)	\$ 16,918	\$ 1,006	\$ 166	\$ 20,023	\$ 21,383		
Distribution by members at the 2016 general meeting	-	(1,211)	-	-	-	-	1,166	-	45	1,211	-		
Transfer from (allocation to) reserves	-	1	-	-	-	-	-	-	-	-	1		
Net adjustment related to member dividends	-	-	-	-	-	-	-	-	-	-	-		
Balance after distribution	27	-	123	2,752	105	(924)	18,084	1,006	211	21,234	21,384		
Net surplus earnings for 2016 after member dividends	-	1,934	-	-	-	-	-	-	-	-	1,934		
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	-	-	32	311	-	-	-	-	-	311	343		
Net adjustment related to member dividends	-	(1)	-	-	-	-	-	-	-	-	(1)		
Balance after distribution 2016	\$ 27	\$ 1,876	\$ 271	\$ 3,280	\$ 10	\$ (857)	\$ 18,084	\$ 1,006	\$ 176	\$ 21,689	\$ 23,873		

NOTE TO THE FINANCIAL REPORT (unaudited)

NOTE 1 – TYPES OF OPERATIONS AND BASIS OF ACCOUNTING

The Caisse is a cooperative whose purpose is to receive the savings of their members in order to invest them profitably as well as to extend credit and supply other financial products and services to their 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).

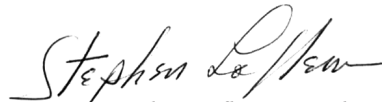
The Caisse is registered with the *Autorité des marchés financiers* (AMF) in Quebec. It is also a member of the *Fonds de sécurité Desjardins*, whose main purpose is to establish and administer a security, liquidity or mutual benefit fund for the benefit of the Desjardins caisses in Quebec.

The Caisses are members of the *Fédération des caisses Desjardins du Québec* (the Federation), which controls other components that form 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 for the preparation of the combined financial statements of the caisses Desjardins du Québec, 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 to be consistent with the presentation of the financial statements of the current year. This reclassification did not affect the Caisse's surplus earnings or total assets and liabilities.

Approval of the Annual Report

We certify that on the 3rd day of April 2017, the Annual Report of Caisse Populaire Kahnawake 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


Peggy Mayo-Standup, Secretary

Acknowledgements

Content	April Diabo
Editing	Mandie Montour
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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 - 3:30
Thursday	9:00 - 7:00
Friday	9:00 - 5:00
Saturday	9:00 - 12:00



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