



ANNUAL REPORT

October 1st, 2016 - September 30th, 2017





MISSION

Caisse Financial Group is a financial co-operative that is open to all, offers personalized service in French and English, supports the financial health of its members, and develops enduring relationships with its members, employees and their communities.



VISION

In the markets that it serves, Caisse Financial Group is recognized as a dynamic and growing organization, an employer of choice, and a preferred partner of its members and their communities.

OUR VALUES

-  Respect for Individuals
-  Integrity & Transparency
-  Innovation
-  Community Involvement
-  Proud of our Heritage



BOARD OF DIRECTORS

The Board of Directors is ultimately responsible for the management of the affairs of the Caisse and are elected by the members. Together, the directors of the Board represent all the regions served by the Caisse.

Réal Déquier, President, District 1

Stéphane Dorge,
1st Vice-President, District 5

Carole Hébert,
2nd Vice-President, District 9

Eric Garand, District 2

Vacant, District 3

Claudette Taillefer, District 4

Paul Prenovault, District 5

Patrick Fortier, District 5

Vacant, District 6

Marcel Lesage, District 7

Ken Beaudin, District 8



EXECUTIVE TEAM

- Joël Rondeau, Chief Executive Officer
- Diane Bilodeau, Vice-President, Marketing & Strategy
- Sophie Ethier, Vice-President, Administration
- Marcel Gauvin, Vice-President, Sales & Services
- Bernard Marcoux, Vice-President, Information Technology
- Francis Normandeau, Vice-President, Finance & Risk
- Éric Rhéaume, Vice-President, Human Resources

DISTRICTS

District 1
St. Malo, St. Jean Baptiste,
St. Joseph, Letellier

District 2
Ste. Agathe, St. Pierre Jolys

District 3
Ile des Chenes, Lorette

District 4
Ste. Anne, Richer, La Broquerie,
St. Georges, South Junction

District 5
Winnipeg (St. Boniface, St. Vital,
Southdale)

District 6
Notre Dame de Lourdes, St. Leon


District 7
St. Claude, Rathwell, Haywood


District 8
Elie, St. Francois Xavier,
Marquette, St. Laurent

District 9
St. Adolphe, La Salle



CORPORATE OFFICE

 400-205 Provencher Blvd
Winnipeg MB R2H 0G4

 www.caisse.biz



BRANCHES

Elie
Haywood
Ile des Chenes
La Broquerie
La Salle
Letellier
Lorette
Marquette
Notre Dame de Lourdes
Rathwell
Richer
St. Adolphe
St. Claude
St. Francois Xavier

St. Georges
St. Jean Baptiste
St. Joseph
St. Laurent
St. Leon
St. Malo
St. Pierre Jolys
Ste. Agathe
Ste. Anne
South Junction
Winnipeg • 875 Dakota St.
Winnipeg • 36 Lakewood Blvd
Winnipeg • 205 Provencher Blvd



COMMERCIAL AND AGRICULTURAL SERVICES

East Region • West Region • Urban Region

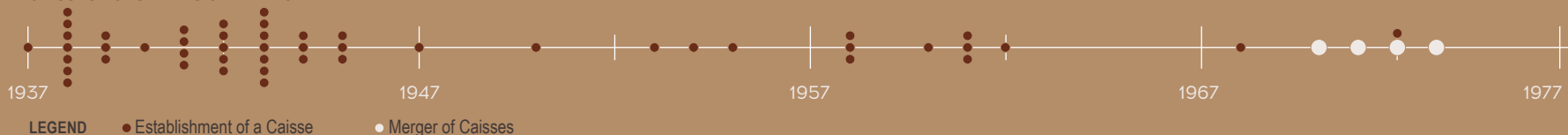


WEALTH MANAGEMENT SERVICES

Credential Asset Management: Elie, Ile des Chenes, St. Claude,
Notre Dame de Lourdes

C-Finance : 200-205 Provencher Blvd, Winnipeg MB
385 Main Street, St. Adolphe MB
 www.cfinance.biz

CAISSES POPULAIRES OF MANITOBA



80 YEARS OF HISTORY



St. Malo, Manitoba

1937

FIRST
OFFICIAL FINANCIAL
COOPERATIVE IN MANITOBA

29 MEMBERS

\$96.85 IN ASSETS

On March 1st, 1937, the first financial co-operative was officially registered in the province of Manitoba: the Caisse populaire of St. Malo. It marked the beginning of a long history of belonging, solidarity and pride. From 1937 to 1972, the pioneers of the Manitoba Caisse Populaire system established a total of 49 Caisses in rural towns and urban neighborhoods throughout the province.

“All the Manitoba Caisses had a very modest beginning. You would find the Caisse in the presbytery, at the post office, in the sacristy, in the municipal office, at the general store, inside an insurance agency, in a garage or at the lumber yard, at the local CN office or paired up with another co-operative. The majority of the time, members would go to the manager’s workplace or sit at his kitchen table to do their transactions.*

Over the course of the 50’s, 60’s and 70’s, the Caisses increased their assets and membership, allowing them to invest in their own buildings, located squarely on the main street of town. This affirmed their importance to the community and encouraged more people to do business at the local Caisse.

Consolidation

However, the next decade would be difficult for the smaller Caisses that did not have an adequate asset base to weather the difficulties of the economic crisis of the 1980s. As such, many would not survive this period.

“In order to protect the members’ assets and to continue to offer an acceptable level of service, it became evident that mergers were required.*

Over the years, the Caisses merged together to solidify their financial position and to better serve their members. These mergers created larger Caisses, capable of facing economic shifts and the constant evolution of the financial services sector. The number of Caisses decreased from 49 to 22 in 1987, 7 in 1998, 4 in 2007 and finally, in 2010, all the Caisses consolidated into one Caisse with over 867 million dollars in assets.

Evolution

Over the years, new technology and changing member needs shaped the service offering of the Caisse, who had to adapt in consequence.

“The 80s saw the automation of the Caisses populaires of Manitoba. Although information technology was costly, once we experienced its efficiencies, we quickly agreed that it was indispensable.*

From offering financial services only within the walls of a physical branch, the Caisses’ service offering evolved to allow members to do a variety of banking transactions themselves, 24 hours a day, by phone, online and with a multitude of mobile devices.

Members can now choose to be served in French or in English, however, preserving its francophone heritage remains a priority for the Caisse, which maintains French as its workplace language and for its governance. In fact, the Caisse is the only bilingual financial co-operative in the province.

Continuity

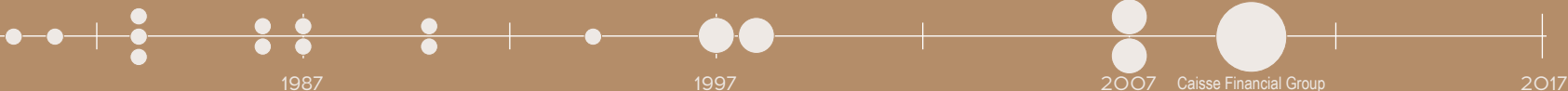
For 80 years, the Caisse has shown perseverance, determination and adaptability, which have assured its longevity. The result is a strong co-operative with 1.486 billion dollars in assets and 35,000 members as of September 30th 2017.

Our members expect the Caisse to continue to meet their financial needs, in a multitude of ways, no matter where they may go worldwide. This is why we need to continue to evolve in order to ensure that the Caisse is as relevant for its members 80 years from now, as we have been for the past 80 years.



► Follow the timeline to learn more about the Caisses populaires of Manitoba, from the beginning to today.

*Translated excerpts from the book “De la table de cuisine à la rue principale” 3



THE BOARD CHAIR AND CEO'S REPORT

March 1st, 2017 marked the 80th anniversary of the Caisses of Manitoba. Over the past eight decades, dedicated, visionary and innovative people have built a solid co-operative that is proud of its roots and steadfast with its vision for the future.

The success of our longevity rests largely on our capacity to meet our members' changing needs. Which is why we have been focusing our efforts on developing the capacity to keep meeting our members' needs today and in the future, as we have done for the past 80 years.

Expanding our service offering

Change is occurring at an increasing pace. Members are not banking the same way they did 80 years ago, and not even five years ago. This is the reason we have been concentrating our efforts in the development of our technological capacity and the expansion of our services.

By mastering the functionalities of our new banking system and maximizing its capabilities, it is now possible to provide the services that our members are demanding, such as the launch of the new Interac e-Transfer service in the fall. Additionally, we worked on reinstating certain functionalities in e-Caisse that had been temporarily suspended following the transition to the new banking system and we installed 19 new ATMs at our branch locations. We will continue to introduce new online and mobile services as quickly as possible according to our members' priorities.

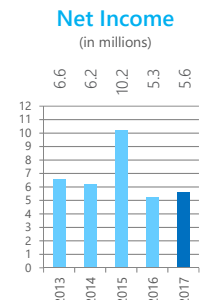
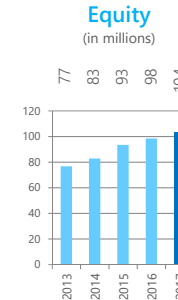
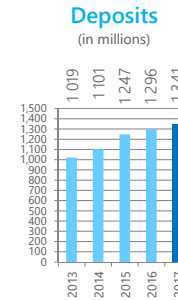
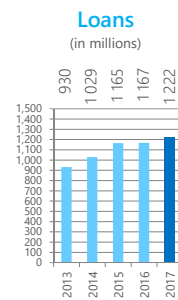
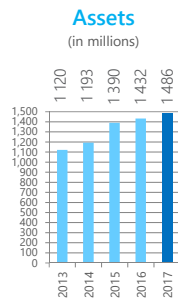
Generating positive results

Our financial results for the 2016-2017 fiscal year were positive overall, with an annual growth of 3.77% in assets, 4.71% in member loans and 3.50% in member deposits. This represents an increase of 54 million dollars in assets, 55 million dollars in loans and 45 million dollars in deposits.

Comprehensive income for the year totaled 5.6 million dollars, an increase of 5.70% or 300,000 dollars year over year. The recent interest rate increases helped to improve the financial margin, even though these only occurred in the latter part of the year. The financial margin increased by 1.6 million dollars or 6.60%. Net operating expenses however increased by 952 million dollars or 5.55% over last year, principally due to the costs associated with the

development of our technological capacity. This important investment is critical to our operations and to our ability to offer the services that members are demanding.

Similarly, members' equity increased by 5.25 million dollars or 5.33%, totaling 103.7 million dollars at September 30, 2017. This represents 7.07% of assets, which exceeds the regulatory requirement of 5%. We were also in conformity with the requirement to have 8% of risk-weighted capital at September 30, 2017. However, we are actively taking every measure possible to ensure compliance with the new requirements for risk-weighted capital effective December 31, 2021. This is the reason that the Board of Directors prudently decided not to declare a patronage refund or dividend for the fiscal year ending September 30, 2017, since these would lower our capital.



4 80 YEARS OF HISTORY

March 1, 1937

First Caisse populaire in St. Malo

1940

First commercial loan approved

1943

20 School Caisses in Manitoba

1952

Establishment of Caisse Centrale de Saint-Boniface Credit Union Society Limited

1957

Publication of "La vie coopérative" (Cooperative Living)

1961

Inauguration of "Ordre du Mérite coopératif du Manitoba" (Order of Cooperative Merit of Manitoba)

1962

25th anniversary of the Caisse populaire of St. Malo

1968

Establishment of the "Fonds de sécurité des caisses populaires du Manitoba"

Adapting to change

The rapid adoption of online and mobile services over the past few years has impacted the volume of activity in our branches. Therefore, we undertook an extensive analysis of the activity in each of our branch locations to determine if our resources were utilized efficiently.

This analysis indicated that eight smaller branches had a low level of activity because of a low population in the region and the majority of members did not use the branch for their banking. These locations offered limited services at the counter, operating with only one employee, several with reduced business hours, therefore it was not feasible to reduce services further. Therefore, we took the difficult decision to close these eight locations. The closing of these branches will take place in March 2018.

Providing quality service

To deliver quality service to our members, whether it be in the branches or at any of our touch points, we have established a training team dedicated to developing the knowledge and skills of our staff with respect to our products, services and procedures. Members can only benefit from having capable, trained staff to guide them in their financial decisions.

Supporting our communities

Our community sponsorship program continues to help build strong and vibrant communities, support the local economy and celebrate community pride and culture. The Caisse contributed \$200,000 in financial support to community projects over the course of the year.

Preparing the future generation

Financial literacy remains a priority for the Caisse today as it has been throughout our history. New technology and new financial services encourage overspending by providing immediate access to funds and credit. This is why it is so important to teach children and teenagers about finances to help them manage their money wisely. To this effect, we are continuing to offer financial literacy programs in francophone and immersion schools and in early childhood centers.

Forging our future

We are witness to a rapid evolution in the financial services sector. The choices of services multiply constantly and people expect to be able to do their banking as they wish, when they want and wherever they are. Our capacity to quickly adapt to technological advancements will influence our capacity to retain and attract members. As such, there will be opportunities to seize, new services to launch and changes to implement. It will be important to concentrate our efforts and resources on the initiatives that will solidify the future of the Caisse for generations to come.

Moving forward together

The co-operative model allows us to move forward together with one common vision: providing quality service to our members.

We would like to thank all the members for choosing to do business with the Caisse and to allow us to serve you. Our team of 261 employees is dedicated to your financial success.

We would like to thank all the employees who contribute their talents and energy to move forward with our priorities and to serve our members to the best of their abilities at all times.

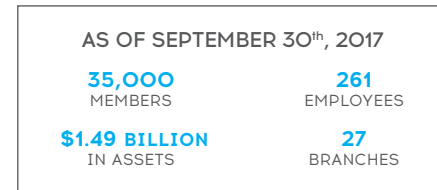
Together, we have everything we need to continue to build our long history of co-operation and success, for years to come.



Réal Déquier
Board Chair



Joël Rondeau
CEO



<p>1971 First co-operative studies course offered in French</p>	<p>1975 Establishment of "C.C. prêts et placements"</p>	<p>1977 Establishment of "La Centrale des Caisses Populaires du Manitoba Ltée"</p>	<p>1979 1st edition of the publication "L'Écho populaire"</p>	<p>1979 Training program for employees</p>	<p>1982 Establishment of "La Fédération des caisses populaires du Manitoba Inc."</p>	<p>1982 Establishment of "Télé-Pop"</p>	<p>1984 New service: Inter-Caisses</p>	<p>1984 1st Visa Desjardins credit card offered outside of Quebec</p>
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MY CAISSE SUPPORTS

COMMUNITY SUPPORT

Support for community projects and activities that:

- Build strong and vibrant communities
- Encourage local economy
- Celebrate community pride and culture.



214
COMMUNITY PROJECTS

RECEIVED

\$200,000

IN FINANCIAL SUPPORT

GREEN FUND

Support for green initiatives that protect, enhance and develop a greener environment in our communities.



2
GREEN PROJECTS

RECEIVED

\$9,000

IN FINANCIAL SUPPORT

BURSARIES

Financial aid to students to help them achieve academic success.



\$12,000
IN STUDENT BURSARIES

20

HIGH SCHOOL
GRADUATES
RECEIVED

\$500


EACH

2

UNIVERSITY
STUDENTS
RECEIVED

\$1,000

EACH

 Visit www.caisse.biz for the complete list of our sponsorship and bursary recipients.

1986
Adoption of the
"The Credit Union and
Caisses Populaires Act"

1987
Purchase of
computers
and software
for the Caisses

1987
50th anniversary of
the Caisses populaires
of Manitoba

1989
First ATMs

1989
First debit card

1990
New telephone banking
service: La Télé-Caisse

1991
New service:
Direct Payment
(with Desjardins)

1993
New service:
Interac Direct Payment

1993
First marketing
advertisement
to air on TV

LA CLASSIQUE CAISSE

Annual community golf tournament presented by Caisse Financial Group and Francofonds in support of the francophone community of Manitoba.



\$53,500
WAS RAISED
AT THE 5th EDITION
FOR A TOTAL OF
\$285,000
OVER 5 YEARS

IN PARTNERSHIP WITH



FINANCIAL LITERACY PROGRAMS

Preschool – Children ages 3 to 5

Free program that teaches the concept of money to young children.



79
CHILDREN AND THEIR PARENTS
ATTENDED
THE SESSIONS AT
11
EARLY CHILDHOOD CENTERS (CPEF)

IN PARTNERSHIP WITH



School – Grades 3 to 12

Free financial literacy program presented in the classrooms of francophone and immersion schools that teaches students how to manage their money: budgeting, saving, borrowing, investing and more.



2,254
STUDENTS
ATTENDED
103
FINANCIAL LITERACY
SESSIONS

IN PARTNERSHIP WITH



Formal agreement with DSFM

On April 28, 2017, a collaborative agreement was signed between the Caisse, CDEM and DSFM to ensure that financial literacy sessions would be offered to as many students as possible in the francophone schools.

1996

New service:
Bill payment
by telephone

1997

First website
www.caissepop.mb.ca

1999

New information
technology system

2002

First Drive-Thru ATM

2002

New website
www.caisse.biz

2002

New online banking
service: e-Caisse

2003

New wealth
management service
"C Finance"

2004

First wireless
high speed
telecommunication
network

2007

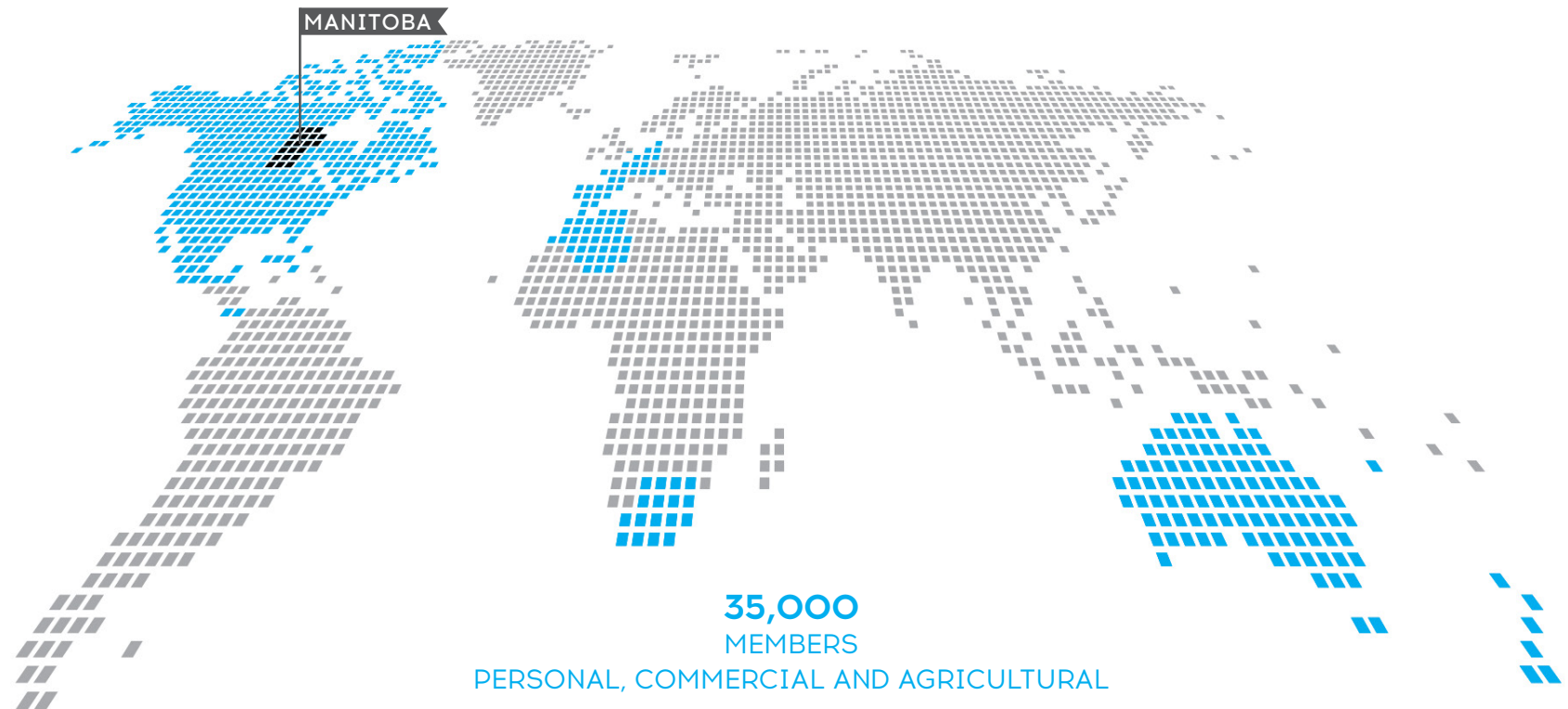
New "Club Caisse"
for young members

MY CAISSE INNOVATES

Over the past 80 years, our members' profile has changed considerably. Today, our members speak French, English and other languages. They live in Manitoba, throughout Canada and in other parts of the world.

The Caisse is continually improving its service offering in order to satisfy the changing demands of our members and to continue to serve them wherever they may go.

In 2016-2017, we continued to build our technological services, mobilizing the resources required to develop our technological capacity. The Caisse team continues to launch new services as rapidly as possible, with the objective of meeting the priority needs of our members.



2009
Members of the 4 Caisses
vote in favor of merger

September 1, 2010
Merger of all Caisses into one:
Caisse Financial Group

2010
First Student Caisse
at Collège Louis-Riel

2010
Access to
Credit Union
AccuLink ATM
network

2011
Connection to
international network
"Maestro/CIRRUS"

2012
75th anniversary of
Manitoba Caisses system

2012
Unveiling of the
corporate vehicle
"CaisseMobile"

2012
New financial literacy
program offered
in the schools

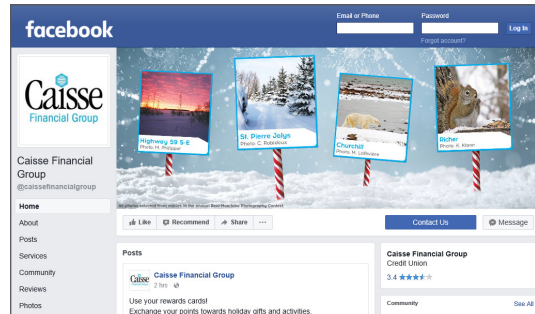


On September 11, 2017, the new Interac e-Transfer service was launched.

This new service allows members to transfer funds instantly to an account in a financial institution in Canada, knowing only the email address or mobile phone number of the recipient. Members access e-Transfer via our online banking service, e-Caisse. Funds can be transferred person-to-person, person-to-business or business-to-business.



Within the first month, 1,170 Interac e-Transfers were processed and this number keeps growing each month.



On September 28, 2017, the Caisse entered the social media space with its two new Facebook pages, one in French and one in English.

These pages highlight the community activities and projects that the Caisse supports throughout the year. By promoting these events, we encourage members and non-members to support these activities that are vital to a strong and dynamic community.



Caisse Financial Group Facebook pages:
 EN • www.facebook.com/caissefinancialgroup
 FR • www.facebook.com/caissegroupefinancier



Over the course of June and July 2017, 19 new ATMs were installed at the following branch locations:

- Elie
- Ile des Chenes
- La Broquerie
- La Salle
- Lorette
- Notre Dame de Lourdes
- St. Adolphe
- St. Claude
- St. Jean Baptiste
- St. Malo
- St. Pierre Jolys
- Ste. Agathe
- Ste. Anne
- Winnipeg – Dakota Branch
- Winnipeg – Lakewood Branch
- Winnipeg – Provencher Branch



This new generation of ATMs has touch screens, automated envelopes and modern visuals, offering a better user experience for our members.



Tel: 204 956 7200
Fax: 204 926 7201
Toll-free: 866 863 6601
www.bdo.ca

BDO Canada LLP
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Report of the Independent Auditor on the Summary Consolidated Financial Statements

To the members of Caisse Populaire Groupe Financier Ltée

The accompanying summary consolidated financial statements, which comprise the summary consolidated balance sheet as at September 30, 2017 and the summary consolidated statements of comprehensive income, and changes in members' equity for the year then ended, are derived from the audited consolidated financial statements of **Caisse Populaire Groupe Financier Ltée** for the year ended September 30, 2017. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated December 14, 2017.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of **Caisse Populaire Groupe Financier Ltée**.

Management's Responsibility for the Summary Consolidated Financial Statements

Management is responsible for the preparation of a summary of the audited consolidated financial statements on the basis described in Note 1.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with Canadian Audit Standard (CAS) 810, "Engagements to Report on Summary Financial Statements".

Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of **Caisse Populaire Groupe Financier Ltée** for the year ended September 30, 2017 are a fair summary of those consolidated financial statements, on the basis described in Note 1.

BDO Canada LLP

Chartered Professional Accountants

Winnipeg, Manitoba
December 14, 2017

CAISSE POPULAIRE GROUPE FINANCIER LTÉE
SUMMARY CONSOLIDATED BALANCE SHEET

As at September 30	2017	2016
	\$	\$
Assets		
Funds on hand and on deposit	65,842,721	41,510,008
Other assets	3,317,986	2,671,584
Investments	171,414,692	196,575,282
Loans to members	1,222,302,577	1,167,275,663
Property and equipment	16,672,380	17,110,482
Intangible assets	6,364,189	6,793,583
	1,485,914,545	1,431,936,602
Liabilities and Members' Equity		
Other liabilities	8,009,216	9,024,254
Securitized borrowings	31,759,888	27,291,496
Members' deposits	1,341,117,838	1,295,826,009
Members' shares	1,297,684	1,315,261
	1,382,184,626	1,333,457,020
Members' Equity		
Members' shares	9,797,926	10,118,808
Accumulated other comprehensive income	(127,757)	(102,097)
Retained earnings	94,059,750	88,462,871
	103,729,919	98,479,582
	1,485,914,545	1,431,936,602

Approved on behalf of the Board of Directors: Paul Pronovault Director

A Hébert Director

The accompanying notes are an integral part of these summary consolidated financial statements.

CAISSE POPULAIRE GROUPE FINANCIER LTÉE
SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended September 30	2017	2016
	\$	\$
Revenue		
Interest from loans to members	42,931,275	42,849,774
Investment income	4,750,895	4,536,951
	<u>47,682,170</u>	<u>47,386,725</u>
Cost of Funds		
Interest paid to members	21,363,251	22,496,176
Interest on borrowings	441,844	616,062
	<u>21,805,095</u>	<u>23,112,238</u>
Financial margin	<u>25,877,075</u>	<u>24,274,487</u>
Operating Expenses		
Personnel	14,514,078	14,400,605
Administrative	4,660,732	4,216,756
Occupancy	3,426,782	3,149,870
Members' security	1,239,934	1,227,966
Organizational	930,822	622,201
Gross operating expenses	<u>24,772,348</u>	<u>23,617,398</u>
Less other income	<u>(6,651,129)</u>	<u>(6,448,253)</u>
Net operating expenses	<u>18,121,219</u>	<u>17,169,145</u>
Net income before provision for impaired loans	<u>7,755,856</u>	<u>7,105,342</u>
Provision for impaired loans	<u>760,000</u>	<u>590,000</u>
Net income before income taxes	<u>6,995,856</u>	<u>6,515,342</u>
Provision for income taxes	<u>1,398,977</u>	<u>1,160,389</u>
Net income for the year	<u>5,596,879</u>	<u>5,354,953</u>
Other Comprehensive Income (Net of Tax)		
Change in unrealized losses on fair value hedges	25,660	84,325
Total comprehensive income for the year	<u>5,571,219</u>	<u>5,270,628</u>

CAISSE POPULAIRE GROUPE FINANCIER LTÉE SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY

For the year ended September 30, 2017

	Accumulated Other Comprehensive Income	Members' Shares	Retained Earnings	Total
	\$	\$	\$	\$
Balance at September 30, 2015	(17,772)	10,358,186	83,107,918	93,448,332
Total comprehensive income for the year	(84,325)	-	5,354,953	5,270,628
Net redemption of members' shares	-	(382,507)	-	(382,507)
Transfer from liabilities	-	143,129	-	143,129
Balance at September 30, 2016	(102,097)	10,118,808	88,462,871	98,479,582
Total comprehensive income for the year	(25,660)	-	5,596,879	5,571,219
Net redemption of members' shares	-	(338,459)	-	(338,459)
Transfer from liabilities	-	17,577	-	17,577
Balance at September 30, 2017	(127,757)	9,797,926	94,059,750	103,729,919

Notes to Summary Consolidated Financial Statements

1. Basis of Presentation of the Summary Consolidated Financial Statements

The summary presented includes only the summary consolidated balance sheet, summary consolidated statement of comprehensive income, and summary consolidated statement of changes in members' equity, and does not include the consolidated statement of cash flows or notes to the consolidated financial statements. The summary consolidated financial statements do not present the references to the notes to the consolidated financial statements. The summary consolidated balance sheet, summary consolidated statement of comprehensive income, and summary consolidated statement of changes in members' equity, are presented in the same detail as the audited consolidated financial statements, except that income taxes recovery has been grouped with other assets, and deferred income tax liability and derivative financial instruments have been grouped with other liabilities.

Copies of the audited consolidated financial statements are available at www.caisse.biz or at your local branch.

2. Compliance with Minimum Capital and Liquidity Requirements

The Caisse is in compliance with the capital and liquidity reserve requirements at September 30, 2017 established by the Regulations to The Credit Unions and Caisses Populaires Act of Manitoba.

Readers of the summary consolidated financial statements are advised that in order to appropriately interpret the Caisse's compliance with minimum capital and liquidity requirements, the reader must refer to the audited consolidated financial statements including notes for the year ended September 30, 2017, which contain the information detailing the calculations.

