

2018

ANNUAL REPORT



**Caisse d'économie des Litvaniens
de Montréal 'Litas' - Montreal
Lithuanian Credit Union 'Litas'**

Head office

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NOTE TO READERS

We've updated our annual report format as at December 31, 2018. This year's report provides a brief overview of our key financial data.

This document complies with the reporting requirements of the *Act respecting financial services cooperatives* and the Autorité des marchés financiers and was approved by the caisse board of directors.

Rimas Piecaitis, Chair
Arunas Staskevicius, Secretary

About Caisse d'économie des Litvaniens de Montréal 'Litas' - Montreal Lithuanian Credit Union 'Litas':

- 1,057 members
- \$55,063 given back through our Community Development Fund
- A dynamic management team led by Teresa Kersys

• Dedicated officers

Rimas Piecaitis	Chair
Paulius Gedrikas	Vice-Chair
Arunas Staskevicius	Secretary
Andrew Gaputis	Director
Daina Vasiliauskas	Director

Desjardins Group Highlights

- Surplus earnings before member dividends up \$175 million compared to 2017, for a total of \$2,326 million, including:
 - \$1,272 million from Personal and Business Services
 - \$894 million from Wealth Management and Life and Health Insurance
 - \$173 million from Property and Casualty Insurance
- Outstanding loans and acceptances up \$13.1 billion
- \$57.4 billion in assets under management
- 17.3% Tier 1A capital ratio
- 9.3% return on equity compared to 9.1% in 2017
- 8.9% adjusted return on equity compared to 8% in 2017
- Total assets up \$20.4 billion
- \$16,576 million in operating income
- \$389 million given back to members and the community

CAISSE FINANCIALS

- Assets of \$59,178K, up 0.4%
- Liabilities of \$50,036K, a decrease of 0.4%
- Equity of \$9,142K, up 5.2%
 - Capital stock: \$5K
 - Distributable surplus earnings: \$1,118K
 - Accumulated other comprehensive income: \$10K
 - Reserves: \$8,009K
 - Stabilization reserve: \$-K
 - Reserve for future member dividends: \$-K
 - Community Development Fund: \$75K
- Operating surplus earnings of \$235K, down 11.0%
- Total Interest income of \$1,568K, an increase of 0.6%
- Interest expenses of \$616K, up 0.7%
- Other income totalling \$123K, up 5.1%
- Non-interest expenses of \$856K, an increase of 6.6%

Loans to restricted parties * are granted in accordance with the caisse's applicable rules of professional conduct. No such loans were granted in 2018.

*Restricted parties include:

- Caisse directors and the caisse general manager, including their relatives
- The Federation's directors, including their relatives

Investment Funds

The money that caisses invest in these funds allows the Fédération des caisses Desjardins du Québec (the Federation) to invest in Desjardins Group subsidiaries and regional projects. The table below indicates the caisse's interest in each investment fund and the fund's return at the end of the fiscal year.

	Value of shares held as at December 31, 2018 (\$)	Average return (%)
Provincial Funds		
Société de Services des caisses Desjardins (SER)	(61)	0.0
Desjardins Capital Management (INV)	7,021	8.0
Desjardins Financial Holding (FINSA)	2,407,894	11.4

The Federation's obligation to holders of permanent shares

Further to a recommendation issued by the Autorité des marchés financiers, the Federation guarantees that it will indemnify Quebec caisse members holding permanent shares in the event of losses resulting from 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 the Desjardins caisses in Quebec are also available to the public at www.desjardins.com.

SUMMARY OF THE DEPOSIT PORTFOLIO

As at December 31, 2018, the caisse's member deposits totalled \$48,639K, up \$826K, or 1.7%, year over year. Deposits made by individual members provide the main source of funding for the caisse's expansion. These deposits represent 86.4% of total deposits as at December 31, 2018. The following table shows the breakdown of deposits by type of depositor with amounts by type of savings *.

(in thousands of Canadian dollars)	Checking accounts	Tiered savings accounts	Regular savings accounts	Term savings	Registered savings plans	Total as at December 31 2018	Total as at December 31 2017
Individuals	9,789	1,037	3,726	16,564	10,898	42,014	41,096
Businesses	723	-	32	1,418	-	2,173	1,496
Public sector and other	3,352	-	97	1,003	-	4,452	5,221
Total	13,864	1,037	3,855	18,985	10,898	48,639	47,813

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

SUMMARY OF THE LOAN PORTFOLIO

The information in the table below was determined in accordance with IFRS 9 as at December 31, 2018, and in accordance with IAS 39 as at December 31, 2017. For more information, see Note 2 (Basis of presentation and significant accounting policies) to the Combined Financial Statements of the Desjardins caisses in Quebec for the year ended December 31, 2018, available at www.desjardins.com.

As at December 31, 2018, the quality of the caisse's loan portfolio remained high. Gross impaired loans represented only 1.4% of total gross loans. The table below shows the carrying amount of loans and their allowance balance by stage:

	Non-credit impaired				Credit-impaired		Total		
	Stage 1		Stage 2		Stage 3		Total		Net carrying amount
As at December 31, 2018 (in thousands of Canadian dollars)	Gross carrying amount	Allowance for credit losses	Gross carrying amount	Allowance for credit losses	Gross carrying amount	Allowance for credit losses	Gross carrying amount	Allowance for credit losses	
Personal									
Residential							21,137		
Consumer and other							3,172		
	22,804	8	1,139	8	366	23	24,309	39	24,270
Business									
Commercial and industrial							24,806		
Agriculture, forestry and fishing							-		
Public administration and institutions							-		
	23,669	10	832	2	305	44	24,806	56	24,750
Total	46,473	18	1,971	10	671	67	49,115	95	49,020

The following table shows the credit quality of loans:

As at December 31, 2017 (in thousands of Canadian dollars)	Gross loans	Gross loans past due but not impaired	Gross impaired loans	Individual allowances	Collective allowance	Net loans
Personal						
Residential	21,734					
Consumer and other	3,708					
	25,442	656	508	55	19	25,368
Business						
Commercial and industrial	25,150					
Agriculture, forestry and fishing	-					
Public administration and institutions	-					
	25,150	21	-	-	23	25,127
Total	50,592	677	508	55	42	50,495

Further to adoption of IFRS 9 of January 1, 2018, all loans included in Stage 3 of the impairment model are considered impaired. The criteria for considering a loan to be impaired were different under IAS 39.