PRESS RELEASE
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Results for the third quarter of 2019

AN ACTIVE AND INVOLVED GROUP. Third-quarter achievements included the contribution to Fondation Yvon Deschamps, the inauguration of the first urban vehicle-charging superstation in Quebec, and the fourth edition of the Cooperathon.

Desjardins Group records surplus earnings of $570 million for the third quarter

$106 million returned to members and the community

Lévis (Qc), November 13, 2019 – For the quarter ended September 30, 2019, Desjardins Group, Canada's leading financial cooperative group, recorded surplus earnings before member dividends of $570 million, unchanged from the same quarter of 2018. These results were driven by a strong performance in the caisse network, offset by a less favourable claims experience on certain life and health insurance products and by narrower interest margins than in 2018 for this segment's operations. In property and casualty insurance, lower investment income was partly offset by a slightly favourable change in the claims experience, which nevertheless remains high.

The amount returned to members and the community was $106 million, including an $80 million provision for member dividends, $17 million in sponsorships, donations and scholarships, and $9 million in Desjardins Member Advantages. There was also another $4 million in commitments related to the $100 million regional development fund.

Guy Cormier, Desjardins Group President and Chief Executive Officer, commented: "Desjardins Group posted satisfactory third-quarter results, mainly thanks to the sound performance of the Personal and Business Services segment and, more particularly, the caisse network. Our membership continues to expand, as does our market share in a number of segments, including in residential mortgages in Quebec. These results demonstrate Desjardins Group's financial solidity and its capacity to deal with unexpected situations."

Giving back to the community

In addition to the sustained commitment of the caisses in the communities they serve, here are some of the other ways that Desjardins is making a positive difference in people's lives.

- *A $245,000 commitment to Fondation Jeunes en Tête and Kids Now to support youth mental health and well-being, important factors in academic success.*
- *A $625,000 contribution to Fondation Yvon Deschamps, a foundation Desjardins has been working with for the last 40 years, for a new "Palestre nationale" community centre building in Montreal's Centre-Sud neighbourhood.*
- *A Canada-wide survey on distracted driving, conducted in collaboration with Ad hoc. The survey revealed that the public needs to be made more aware of distracted driving, to make it as socially unacceptable as drinking and driving.*
- *A grant of over $2.1 million to support ten community development projects in the Quebec City area, including the Théâtre jeunesse Les Gros Becs project to build the first performance stage aimed at young people from toddlers to teenagers.*

Innovating and leading

Desjardins is constantly innovating to meet the needs of its members and clients. Here are just a few examples of the financial group's recent initiatives and recognitions.

- *Launch of the fourth edition of the Cooperathon, an event designed to bring hundreds of changemakers together to workshop entrepreneurial projects with strong potential for social impact. The competition kicked off on October 2 at Montreal's Olympic Stadium.*
- *Inauguration at Complexe Desjardins of Quebec's first urban vehicle-charging superstation, in partnership with Hydro-Québec and the Electric Circuit.*
- *Desjardins became the first Canadian financial institution to sign the Principles for Responsible Banking. The new pledge follows the organization's commitment to the Principles for Responsible Investment (PRI), ten years ago, and the Principles for Sustainable Insurance (PSI), more recently.*
- *Desjardins Group's GoodSpark program, which supports social entrepreneurs, was showcased on the new season of Dragons' Den, which premiered on September 26.*

Q3 financial results

- *Surplus earnings of $570 million, unchanged from 2018.*
- *Operating income[1] of $4,394 million (Q3 2018: $4,243 million), up $151 million or 3.6%.*
- *Provision for member dividends of $80 million (Q3 2018: $72 million), up $8 million or 11.1%.*
- *Outstanding residential mortgages of $124.9 billion (Q4 2018: $120.1 billion), up $4.8 billion since December 31, 2018.*
- *Total capital ratio of 18.1% as at September 30, 2019 (17.6% as at December 31, 2018).*
- *Total assets of $312.7 billion as at September 30, 2019 ($295.5 billion as at December 31, 2018).*
- *Issuance on the Canadian market of medium-term notes in a total amount of $430 million.*
- *Issuance on the U.S. market of covered bonds in a total amount of US$1.0 billion.*
- *October 4, 2019 issuance on the Canadian market of medium-term notes in a total amount of $1.0 billion, the first issuance subject to the internal recapitalization (bail-in) regime.*

Net interest income came out at $1,372 million, up $86 million or 6.7% from the same period in 2018. This increase was due to continued growth in the entire average portfolio of loans and acceptances outstanding.

Net premiums amounted to $2,326 million, up $63 million or 2.8% compared to the third quarter of 2018. This increase stemmed primarily from growth in activities and in average premiums in property and casualty insurance, and was offset by lower premiums in life and health insurance.

Other operating income[1] totalled $696 million, up $2 million or 0.3% from the corresponding period in 2018. This was primarily led by higher business volumes in payment and financing activities, offset by the recognition of one-time compensation payable by a partner in the third quarter of 2018 as a result of the termination of a private label partnership.

The provision for credit losses was up $54 million from the same period of 2018, to $154 million. This increase was mainly due to the migration of exposures to higher risk ratings in the retail loan portfolio for credit cards. The gross credit-impaired loans ratio, expressed as a percentage of the total gross loans and acceptances portfolio, was 0.60%, compared to 0.50% as at September 30, 2018. Desjardins Group has continued to present a quality loan portfolio in 2019.

Non-interest expense was $1,849 million, down $10 million or 0.5% from the same period of 2018. This decrease was mainly due to lower expenses resulting from the winding down of Zag Bank's operations and fewer commitments related to the *$100 Million Fund* during the quarter. This decline was offset by higher salaries due to indexing and growth in operations, an increase in the deferred compensation plan provision for Desjardins agents because of lower interest rates and growth in payment activities, including reward program expenses, and growth in financing activities.

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[1] See "Basis of presentation of financial information."

Assets of $312.7 billion, an increase of $17.3 billion

As at September 30, 2019, Desjardins Group had $312.7 billion in assets, up $17.3 billion or 5.8% since December 31, 2018. This growth stemmed partly from a $9.3 billion increase in loans and acceptances, as well as an increase in segregated fund net assets and securities, including securities borrowed or purchased under reverse repurchase agreements.

Strong capital base

Desjardins Group maintains very good capitalization levels in compliance with Basel III rules. Its Tier 1A and total capital ratios were 17.9% and 18.1%, respectively, as at September 30, 2019, compared to 17.3% and 17.6%, respectively, as at December 31, 2018.

Results for the first nine months of 2019

For the first nine months of the year, surplus earnings before member dividends totalled $1,663 million, down $85 million or 4.9% from the same period of 2018. Surplus earnings[(1)] adjusted for the specific item following the creation of Aviso Wealth, i.e., the gain related to the transaction involving Qtrade Canada Inc. and the interest in Northwest & Ethical Investments L.P. recognized in 2018, were up $44 million or 2.7%. This increase was due to continued growth in caisse network activities, offset by lower gains on the disposal of investments in the insurance segments compared to 2018. The increase in surplus earnings was also offset by narrower interest margins and an overall less favourable claims experience in life and health insurance. Also recall that a profit related to the restructuring of Interac Corp. was recognized in the first quarter of 2018. Concerning the privacy breach, the expenses and provisions related to implementing protections for our members (i.e., the credit monitoring service and Desjardins identity protection) were recognized in the second quarter of 2019 and totalled $70 million.

Segment results for the third quarter of 2019

Personal and Business Services

For the third quarter of 2019, the Personal and Business Services segment reported surplus earnings before member dividends of $413 million, up $44 million or 11.9% from the same period of 2018. Most of this increase stemmed from a solid performance in the caisse network, mainly related to growth in net interest income, and lower expenses resulting from the winding down of Zag Bank’s operations, offset by an increase in the credit loss provision and a decline in trading income due to financial market volatility in 2019.

For the first nine months of 2019, surplus earnings were $1,209 million, up $266 million or 28.2% compared to the same period of 2018. This increase was largely due to the solid performance in the caisse network, mainly related to growth in net interest income, a decline in the credit loss provision and growth in payment and financing activities, offset by the profit related to the restructuring of Interac Corp. recognized in the first quarter of 2018 and a decline in trading income due to financial market volatility in 2019.

[1] See “Basis of presentation of financial information.”

Wealth Management and Life and Health Insurance

Net surplus earnings generated by the Wealth Management and Life and Health Insurance segment were \$108 million for the quarter, down \$66 million or 37.9% compared to the same period of 2018. This decline was primarily attributable to a less favourable claims experience on certain life and health insurance products and narrower interest margins compared to the third quarter of 2018.

For the first nine months of 2019, net surplus earnings were \$430 million, down \$281 million, and adjusted net surplus earnings(1) were down \$152 million or 26.1% compared to the same period of 2018. In addition to the reasons given for the third-quarter results, this decrease was primarily due to lower gains on the sale of securities and real estate investments than in 2018.

Property and Casualty Insurance

The Property and Casualty Insurance segment recorded net surplus earnings of \$34 million in the third quarter of 2019, down \$36 million from the same quarter of 2018. This decrease was attributable to a decline in investment income, offset by a lower loss ratio during the quarter, in particular due to a catastrophe in the same quarter of 2018.

For the first nine months of 2019, surplus earnings were \$76 million, down \$72 million compared to the first nine months of 2018. This decrease was due to smaller net gains on the sale of funds and shares compared to the same period in 2018, related in part to the rebalancing of certain portfolios, offset by a lower loss ratio, in particular due to a smaller impact from catastrophe and major event claims.

Privacy breach

On June 20, 2019, Desjardins Group announced that some personal information of 2.9 million members had been shared with individuals outside the organization. This situation was caused by an ill-intentioned employee who has since been fired. Desjardins Group was not the victim of a cyberattack and its computer systems were in no way breached. In light of the situation, additional measures were put in place to protect the personal and financial information of all members and clients.

Desjardins Group sent a letter to the members affected by the privacy breach on June 20. It offered them, at its own cost, a credit monitoring service and identity theft insurance with Equifax for five years.

In addition, on July 15, 2019, Desjardins Group announced to all its members, not just those affected by the privacy breach, that they are now automatically protected against identity theft. This protection is available to both personal and business members, and includes the following:

- Protection of assets and transactions: Members' assets and transactions with Desjardins Group are protected. Should unauthorized transactions be made in members' accounts, they will be reimbursed.
- Individual support in the identity recovery process: In the event of identity theft, Desjardins will offer its members individual support. It will be there for members throughout the identity recovery process.
- Reimbursement of \$50,000: Desjardins members may be reimbursed up to \$50,000 for certain expenses related to identity theft, such as notary and legal fees and other expenses.

[1] See "Basis of presentation of financial information."

Subsequently, on November 1, 2019, Desjardins Group announced it had been informed by the Sûreté du Québec that the privacy breach now appears to have affected all individual caisse members.

On November 4, Desjardins Group informed members that had not received a letter following the June 20 announcement about the matter via their AccèsD inboxes. Members that use AccèsD will receive an activation code enabling them to sign up for a five-year credit monitoring service from Equifax free of charge. Desjardins Group is currently working to find the best possible alternative for caisse members who do not use AccèsD.

The expenses related to costs incurred and the establishment of a provision for the implementation of these protections for our members totalled $70 million for the nine-month period ended September 30, 2019. The announcement on November 1, 2019 did not have a material impact on these expenses. Desjardins Group may periodically reassess this provision based on the circumstances.

Following the announcements on June 20 and November 1, 2019, the credit ratings assigned by the ratings agencies Standard & Poor's, DBRS, Moody's and Fitch to Desjardins Group's senior securities remained unchanged.

As at September 30, 2019, over 1 million members affected by the situation were registered with the Equifax service and Desjardins Group did not observe a spike in fraud cases, either before or after the privacy breach was announced on June 20.

Changes to our merchants' payment and financing activities

On October 31, 2019, Desjardins Group, through the Federation, announced it had signed a long-term partnership agreement with Global Payments, a company operating in the electronic payment sector. Under the new partnership, Global Payments will acquire Desjardins's entire merchant portfolio, which is currently housed under the Monetico brand, for a total consideration of $400 million. The transaction is expected to close by April 2020, subject to obtaining the regulatory approvals and satisfying the usual closing conditions. Desjardins Group also announced it would gradually phase out in-store Accord D financing as from May 1, 2020.

Key financial data

FINANCIAL POSITION AND KEY INDICATORS

(in millions of dollars and as a percentage)	**As at September 30, 2019[1]**	As at December 31, 2018
Balance Sheet		
Assets	**$ 312,731**	$ 295,465
Residential mortgage loans	**$ 124,902**	$ 120,113
Consumer, credit card and other personal loans	**$ 26,851**	$ 26,210
Business and government loans[2]	**$ 48,915**	$ 45,066
Total gross loans[2]	**$ 200,668**	$ 191,389
Equity	**$ 26,988**	$ 25,649
Indicators		
Assets under administration	**$ 428,622**	$ 373,558
Assets under management[3]	**$ 66,327**	$ 57,448
Tier 1A capital ratio	**17.9%**	17.3%
Tier 1 capital ratio	**17.9%**	17.3%
Total capital ratio	**18.1%**	17.6%
Leverage ratio	**8.6%**	8.3%
Liquidity coverage ratio[4]	**125.6%**	122.1%
Gross credit-impaired loans/gross loans and acceptances ratio[5]	**0.60%**	0.54%

[1] The information presented as at September 30, 2019 takes into account IFRS 16, “Leases”, adopted on January 1, 2019. The comparative data have not been restated. For more information, see Note 2, “Basis of presentation and significant accounting policies”, to the Interim Combined Financial Statements.

[2] Includes acceptances.

[3] Assets under management may also be administered by Desjardins Group. When this is the case, they are included in assets under administration.

[4] The ratio result is presented based on the average of daily data for the quarter.

[5] See “Basis of presentation of financial information.”

COMBINED INCOME

	For the three-month periods ended			**For the nine-month periods ended**	
(in millions of dollars and as a percentage)	**September 30, 2019[1]**	June 30, 2019[1]	September 30, 2018	**September 30, 2019[1]**	September 30, 2018
Operating income[2]	**$ 4,394**	$ 4,227	$ 4,243	**$ 12,933**	$ 12,431
Surplus earnings before member dividends	**$ 570**	$ 692	$ 570	**$ 1,663**	$ 1,748
Adjusted surplus earnings before member dividends[2]	**$ 570**	$ 692	$ 570	**$ 1,663**	$ 1,619
Return on equity[2]	**8.5%**	10.6%	8.8%	**8.6%**	9.4%
Adjusted return on equity[2]	**8.6%**	10.6%	8.9%	**8.6%**	8.7%
Credit loss provisioning rate[2]	**0.31%**	(0.02)%	0.21%	**0.17%**	0.22%

[1] The information presented for the three-month and nine-month periods ended September 30, 2019 and the three-month period ended June 30, 2019 takes into account IFRS 16, “Leases”, adopted on January 1, 2019. The comparative data have not been restated. For more information, see Note 2, “Basis of presentation and significant accounting policies”, to the Interim Combined Financial Statements.

[2] See “Basis of presentation of financial information”.

CONTRIBUTION TO COMBINED SURPLUS EARNINGS BY BUSINESS SEGMENT

(in millions of dollars)	For the three-month periods ended September 30, 2019[1]	June 30, 2019[1]	September 30, 2018	For the nine-month periods ended September 30, 2019[1]	September 30, 2018
Personal and Business Services	**$ 413**	$ 461	$ 369	**$ 1,209**	$ 943
Wealth Management and Life and Health Insurance	**108**	183	174	**430**	711
Property and Casualty Insurance	**34**	123	70	**76**	148
Other	**15**	(75)	(43)	**(52)**	(54)
Desjardins Group	**$ 570**	$ 692	$ 570	**$ 1,663**	$ 1,748

(1) The information presented for the three-month and nine-month periods ended September 30, 2019 and the three-month period ended June 30, 2019 takes into account IFRS 16, "Leases", adopted on January 1, 2019. The comparative data have not been restated. For more information, see Note 2, "Basis of presentation and significant accounting policies", to the Interim Combined Financial Statements.

CREDIT RATINGS OF SECURITIES ISSUED AND OUTSTANDING

	DBRS	STANDARD & POOR'S	MOODY'S	FITCH
Fédération des caisses Desjardins du Québec				
Short-term	**R-1 (high)**	**A-1**	**P-1**	**F1+**
Existing senior medium and long-term[1]	**AA**	**A+**	**Aa2**	**AA-**
Senior medium and long-term[2]	**AA (low)**	**A-**	**A2**	**AA-**
Desjardins Capital Inc.				
Senior medium and long-term	**A (high)**	**A**	**A2**	**A+**

(1) Includes the senior medium and long-term debt issued before March 31, 2019, as well as the senior medium and long-term debt issued on or after that date that is excluded from the recapitalization regime applicable to Desjardins Group.
(2) Includes the senior medium and long-term debt issued on or after March 31, 2019, which may be converted under the terms and conditions of the recapitalization (bail-in) regime applicable to Desjardins Group.

More detailed financial information can be found in Desjardins Group's interim Management's Discussion and Analysis (MD&A), which is available on the SEDAR website, under the Desjardins Capital Inc. profile.

About Desjardins Group

Desjardins Group is the leading cooperative financial group in Canada and the fifth largest cooperative financial group in the world, with assets of $312.7 billion. It has been rated one of Canada's Top 100 Employers by Mediacorp. To meet the diverse needs of its members and clients, Desjardins offers a full range of products and services to individuals and businesses through its extensive distribution network, online platforms and subsidiaries across Canada. Ranked among the world's strongest banks according to *The Banker* magazine, Desjardins has some of the highest capital ratios and credit ratings in the industry.

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Caution concerning forward-looking statements

Certain statements made in this press release may be forward-looking. By their very nature, forward-looking statements involve assumptions, uncertainties and inherent risks, both general and specific. It is therefore possible that, due to many factors, these assumptions, predictions, forecasts or other forward-looking statements, as well as Desjardins Group's objectives and priorities, may not materialize or may prove to be inaccurate and that actual results differ materially. Various factors that are beyond Desjardins Group's control and whose impacts on Desjardins are therefore difficult to predict could influence the accuracy of the forward-looking statements in this press release. Additional information on these and other factors are available under the risk management section of Desjardins Group's 2018 MD&A. Although Desjardins Group believes that the expectations expressed in these forward-looking statements are reasonable, it cannot guarantee that these expectations will prove to be correct. Desjardins Group cautions readers against placing undue reliance on these forward-looking statements when making decisions since actual results, conditions, actions and future events could differ significantly from targets, expectations, estimates or intents in the forward-looking statements, either explicitly or implicitly. Desjardins Group does not undertake to update any verbal or written forward-looking statements that may be made from time to time by or on behalf of Desjardins Group, except as required under applicable securities legislation.

Basis of presentation of financial information

The financial information in this document comes primarily from the 2019 quarterly financial statements. Those statements have been prepared by Desjardins Group's management in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board, and the accounting requirements of the Autorité des marchés financiers (AMF) in Quebec, which do not differ from IFRS. The Group's Interim Combined Financial Statements are prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting". The accounting policies were applied as described in Note 2, "Basis of presentation and significant accounting policies", to the Annual Combined Financial Statements, except for the amendments described in Note 2, "Basis of presentation and significant accounting policies", to the Interim Combined Financial Statements as a result of the adoption of IFRS 16, "Leases", on January 1, 2019. For more information about the accounting policies applied, see the Annual and Interim Combined Financial Statements. Unless otherwise indicated, all amounts are in Canadian dollars ($) and come mainly from the Annual and Interim Combined Financial Statements of Desjardins Group.

To assess its performance, Desjardins Group uses IFRS measures and various non-IFRS financial measures. Non-IFRS financial measures, other than the regulatory ratios, do not have standardized definitions and are not directly comparable to similar measures used by other companies, and may not be directly comparable to any IFRS measures. Investors, among others, may find these non-IFRS measures useful in analyzing financial performance. The measures used are defined as follows:

Adjusted surplus earnings of Desjardins Group before member dividends

The concept of adjusted surplus earnings is used to exclude specific items in order to present financial performance based on operating activities. These specific items, such as acquisitions and disposals, are unrelated to operations.

Desjardins Group's surplus earnings before member dividends are adjusted to exclude the following specific item: the gain, net of income taxes, related to the transaction involving Qtrade Canada Inc. and the interest in the associate Northwest & Ethical Investments L.P., completed on April 1, 2018, as part of the creation of Aviso Wealth.

The following table presents a reconciliation of surplus earnings before member dividends as presented in the Combined Financial Statements and the adjusted surplus earnings as presented in the MD&A.

(in millions of dollars)	For the three-month periods ended			For the nine-month periods ended	
	September 30, 2019[1]	June 30, 2019[1]	September 30, 2018	**September 30, 2019[1]**	September 30, 2018
Presentation of surplus earnings before member dividends in the Combined Financial Statements	**$ 570**	$ 692	$ 570	**$ 1,663**	$ 1,748
Specific item, net of income taxes					
Gain related to the transaction involving Qtrade Canada Inc. and the interest in Northwest & Ethical Investments L.P.	**-**	-	-	**-**	(129)
Presentation of adjusted surplus earnings before member dividends	**$ 570**	$ 692	$ 570	**$ 1,663**	$ 1,619

[1] The information presented for the three-month and nine-month periods ended September 30, 2019 and the three-month period ended June 30, 2019 takes into account IFRS 16, "Leases", adopted on January 1, 2019. The comparative data have not been restated. For more information, see Note 2, "Basis of presentation and significant accounting policies", to the Interim Combined Financial Statements.

Adjusted net surplus earnings of the Wealth Management and Life and Health Insurance segment

The net surplus earnings of the Wealth Management and Life and Health Insurance segment have been adjusted to exclude the following specific item: the gain, net of income taxes, related to the transaction involving Qtrade Canada Inc. and the interest in the associate Northwest & Ethical Investments L.P., completed on April 1, 2018, as part of the creation of Aviso Wealth.

The following table presents a reconciliation of the net surplus earnings for the Wealth Management and Life and Health Insurance segment as presented in the Combined Financial Statements and adjusted net surplus earnings as presented in the MD&A.

(in millions of dollars)	For the three-month periods ended			For the nine-month periods ended	
	September 30, 2019[1]	June 30, 2019[1]	September 30, 2018	**September 30, 2019[1]**	September 30, 2018
Presentation of net surplus earnings of the Wealth Management and Life and Health Insurance segment in the Combined Financial Statements	**$ 108**	$ 183	$ 174	**$ 430**	$ 711
Specific item, net of income taxes					
Gain related to the transaction involving Qtrade Canada Inc. and the interest in Northwest & Ethical Investments L.P.	**-**	-	-	**-**	(129)
Presentation of adjusted net surplus earnings of the Wealth Management and Life and Health Insurance segment	**$ 108**	$ 183	$ 174	**$ 430**	$ 582

[1] The information presented for the three-month and nine-month periods ended September 30, 2019 and the three-month period ended June 30, 2019 takes into account IFRS 16, "Leases", adopted on January 1, 2019. The comparative data have not been restated. For more information, see Note 2, "Basis of presentation and significant accounting policies", to the Interim Combined Financial Statements.

Gross credit-impaired loans/gross loans and acceptances

The gross credit-impaired loans/gross loans and acceptances indicator is used to measure loan portfolio quality and is equal to gross credit-impaired loans expressed as a percentage of total gross loans and acceptances.

Return on equity and adjusted return on equity

Return on equity is used to measure profitability resulting in value creation for members and clients. Expressed as a percentage, it is equal to surplus earnings before member dividends, excluding the non-controlling interests' share, divided by average equity before non-controlling interests.

Income

Operating income

The concept of operating income is used to analyze financial results. This concept allows for better structuring of financial data and makes it easier to compare operating activities from one period to the next by excluding the volatility of results specific to investments, particularly regarding the extent of life and health insurance and P&C insurance operations, for which a very large proportion of investments are recognized at fair value through profit or loss. The analysis therefore breaks down Desjardins Group's income into two parts, i.e., operating income and investment income, which make up total income. This measure is not directly comparable to similar measures used by other companies.

Operating income includes net interest income, generated mainly by the Personal and Business Services segment and the Other category, net premiums and other operating income such as deposit and payment service charges, lending fees and credit card service revenues, income from brokerage and investment fund services, management and custodial service fees, foreign exchange income as well as other income. These items, taken individually, correspond to those presented in the Combined Financial Statements.

Investment income

Investment income includes net investment income on securities classified and designated as being at fair value through profit or loss, net investment income on securities classified as being at fair value through other comprehensive income, and net investment income on securities measured at amortized cost and other included in the Combined Statement of Income under "Net investment income." It also includes the overlay approach adjustment for insurance operations financial assets. The life and health insurance and P&C insurance subsidiaries' matching activities, which include changes in fair value, gains and losses on disposals and interest and dividend income on securities, are presented with investment income, given that these assets back insurance liabilities, which are recognized under expenses related to claims, benefits, annuities and changes in insurance contract liabilities in the Combined Financial Statements. In addition, this investment income includes changes in the fair value of investments for the Personal and Business Services segment, recognized at fair value through profit or loss.

(in millions of dollars)	For the three-month periods ended			For the nine-month periods ended	
	September 30, 2019[(1)]	June 30, 2019[(1)]	September 30, 2018	**September 30, 2019**[(1)]	September 30, 2018
Presentation of income in the Combined Financial Statements					
Net interest income	**$ 1,372**	$ 1,299	$ 1,286	**$ 3,935**	$ 3,610
Net premiums	**2,326**	2,242	2,263	**6,885**	6,602
Other income					
Deposit and payment service charges	**116**	103	110	**322**	319
Lending fees and credit card service revenues	**193**	186	171	**589**	520
Brokerage and investment fund services	**223**	223	216	**660**	694
Management and custodial service fees	**146**	141	147	**427**	421
Net investment income[(2)]	**605**	1,045	(253)	**3,169**	166
Overlay approach adjustment for insurance operations financial assets	**(13)**	10	76	**(170)**	265
Foreign exchange income	**11**	27	14	**52**	62
Other	**7**	6	36	**63**	203
Total income	**$ 4,986**	$ 5,282	$ 4,066	**$ 15,932**	$ 12,862
Presentation of income in the MD&A					
Net interest income	**$ 1,372**	$ 1,299	$ 1,286	**$ 3,935**	$ 3,610
Net premiums	**2,326**	2,242	2,263	**6,885**	6,602
Other operating income					
Deposit and payment service charges	**116**	103	110	**322**	319
Lending fees and credit card service revenues	**193**	186	171	**589**	520
Brokerage and investment fund services	**223**	223	216	**660**	694
Management and custodial service fees	**146**	141	147	**427**	421
Foreign exchange income	**11**	27	14	**52**	62
Other	**7**	6	36	**63**	203
Operating income	**4,394**	4,227	4,243	**12,933**	12,431
Investment income					
Net investment income[(2)]	**605**	1,045	(253)	**3,169**	166
Overlay approach adjustment for insurance operations financial assets	**(13)**	10	76	**(170)**	265
	592	1,055	(177)	**2,999**	431
Total income	**$ 4,986**	$ 5,282	$ 4,066	**$ 15,932**	$ 12,862

[(1)] The information presented for the three-month and nine-month periods ended September 30, 2019 and the three-month period ended June 30, 2019 takes into account IFRS 16, “Leases”, adopted on January 1, 2019. The comparative data have not been restated. For more information, see Note 2, “Basis of presentation and significant accounting policies”, to the Interim Combined Financial Statements.

[(2)] The breakdown of this line item is presented in Note 11, “Net interest income and net investment income (loss)”, to the Interim Combined Financial Statements.

Credit loss provisioning rate

The credit loss provisioning rate is used to measure loan portfolio quality, and is equal to the provision for credit losses divided by average gross loans and acceptances.

The following table presents the calculation of the credit loss provisioning rate as presented in the MD&A.

(in millions of dollars and as a percentage)	For the three-month periods ended			For the nine-month periods ended	
	September 30, 2019	June 30, 2019	September 30, 2018	**September 30, 2019**	September 30, 2018
(Recovery of) provision for credit losses	**$ 154**	$ (11)	$ 100	**$ 252**	$ 295
Average gross loans	**198,913**	195,032	186,591	**195,444**	182,670
Average gross acceptances	**188**	168	147	**170**	92
Average gross loans and acceptances	**$ 199,101**	$ 195,200	$ 186,738	**$ 195,614**	$ 182,762
Credit loss provisioning rate[(1)]	**0.31%**	(0.02)%	0.21%	**0.17%**	0.22%

(1) Corresponds to an annualized calculation that takes into account the number of days in the period concerned.

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