PRESS RELEASE
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Results for the second quarter of 2019

AN ACTIVE AND INVOLVED GROUP. Second-quarter achievements included the launch of the UX Lab, the appointment of a new Youth Advisory Board and *L'actualité* magazine's social impact award in the Environment category.

Desjardins Group records surplus earnings of $692 million for the second quarter

$112 million returned to members and the community

Lévis, August 12, 2019 – At the end of the second quarter ended June 30, 2019, Desjardins Group, Canada's leading financial cooperative group, recorded surplus earnings before member dividends of $692 million, up $15 million from the same quarter of 2018. Adjusted surplus earnings[1] were up $144 million or 26.3 % for the specific item related to the creation of Aviso Wealth, i.e. the gain from the transaction involving Qtrade Canada Inc. and the interest in Northwest & Ethical Investments L.P. recognized in 2018. These results were due to strong performance in caisse network activities and the operations of the Property and Casualty Insurance segment, which posted higher premium income and a favourable claims experience compared to the same quarter of 2018. The higher surplus earnings were also due to a smaller provision for credit losses as a result of the parameter update for non-credit impaired loans and economic factors. As for the privacy breach, a total of $70 million in expenses and provisions for the implementation of protections for our members (i.e. the credit monitoring plan and the identity theft solution for Desjardins caisse members) were recognized in the second quarter of 2019.

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

The amount returned to members and the community was $112 million (Q2 2018: $106 million), including an $80 million provision for member dividends (Q2 2018: $71 million), $20 million in sponsorships, donations and scholarships (Q2 2018: $25 million), and $12 million in Desjardins Member Advantages (Q2 2018: $10 million). There was also another $8 million (Q2 2018: $6 million) in commitments related to the $100 million regional development fund.

"Our second quarter results are fully in line with our expectations, in particular due to the growth in caisse network operations," said President and CEO Guy Cormier. "They demonstrate Desjardins Group's financial strength and its ability to deal with the unexpected. Members who are worried about the privacy breach can rest assured that their cooperative protects them by providing automatic protection against identity theft to all its members. Our employees are working very hard to address our members' concerns and needs."

It should be remembered that the identity theft solution for Desjardins caisse members includes the following:

Protection of assets and transactions

The assets and transactions of Desjardins members are protected. If the breach results in unauthorized transactions in members' accounts, they will be reimbursed.

Individual support during the identity recovery process

In the event of identity theft, Desjardins offers its members individual support throughout the identity recovery process.

Reimbursement of $50,000

In relation to the identity recovery process, Desjardins members will be reimbursed up to $50,000 for certain expenses incurred, such as notary and legal fees and other expenses.

This offer, when combined with the Equifax credit monitoring plan and our Credit Score feature from TransUnion, will help members better protect themselves against identity theft and its consequences.

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.

- *Desjardins joined the Ready When the Time Comes program of the Canadian Red Cross. Through this initiative, Desjardins employees were trained to help the Red Cross with its activities during the recent floods.*
- *Desjardins has strengthened its partnership with the Citadelle Cooperative, the flagship Quebec organization for maple syrup producers, beekeepers and cranberry producers, providing $1 million to modernize its plants in Plessisville, Château-Richer and Aston-Jonction.*
- *Desjardins won* L'actualité *magazine's social impact award in the Environment category.*
- *The appointment of a new Desjardins Youth Advisory Board. This committee gives the young people in our cooperative group a voice.*
- *Donation of $655,000 to support four community development projects in Abitibi-Témiscamingue, with a special focus on young people, mobility in the region and the agrifood sector.*

Innovating

Desjardins is constantly innovating to meet the needs of its members and clients. Here are just a few examples of recent initiatives and the recognition received by Desjardins for its expertise.

- *Creation of a $45 million strategic fintech investment pool for Desjardins Group that will benefit members and clients and be managed by Desjardins Capital.*
- *The Desjardins Group Pension Plan acquired a portion of EDF Renewables Canada Inc.'s stake in the Cypress Wind Project in Alberta as a contribution to the energy transition.*
- *Desjardins Group has modernized its governance with new rules on how members are elected to its Board of Directors and its Board of Ethics and Professional Conduct, including to achieve greater diversity.*
- *Responsible investment survey carried out on behalf of Desjardins to know Canadians' perceptions and opinions of this concept in order to better serve our members and clients.*
- *Launch of UX Lab, a new user experience laboratory.*

Q2 financial results

- *Surplus earnings of $692 million, up $15 million from 2018.*
- *Adjusted surplus earnings[(1)] up $144 million or 26.3% from 2018.*
- *Increase in operating income[(1)] of $71 million or 1.7%.*
- *Provision for member dividends of $80 million, up $9 million or 12.6%.*
- *Outstanding residential mortgages up $3.3 billion since December 31, 2018.*
- *Total capital ratio of 17.8% as at June 30, 2019.*
- *Total assets of $310.9 billion as at June 30, 2019.*

Net interest income was $1,299 million, up $124 million from the same period in 2018. This increase was due to growth in the entire average portfolio of loans and acceptances outstanding, and to higher interest rates.

Net premiums were $2,242 million (Q2 2018: $2,200 million), up 1.9%. This increase stemmed primarily from growth in activities and in the average premium in property and casualty insurance, offset by lower premiums from life and health insurance.

Other operating income[(1)] totalled $686 million, down $95 million from the corresponding period in 2018. Excluding the gain, before income taxes, of $132 million related to the transaction involving Qtrade Canada Inc. and the interest in Northwest & Ethical Investments L.P. recognized in 2018, other operating income would have been up $37 million or 5.7% compared to the same period of 2018. This increase came essentially from higher business volumes in payment and financing activities.

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

The recovery of the provision for credit losses totalled $11 million for the second quarter of 2019, compared to a provision for credit losses of $80 million for the same period in 2018. This decrease in the credit loss provision was primarily due to a refinement made to the risk measurement methodology for non-credit impaired loans concerning the estimated life of revolving exposures, such as credit cards and lines of credit, and an update of economic factors on the credit portfolios. The gross credit-impaired loans ratio, expressed as a percentage of the total gross loans and acceptances portfolio, was 0.56% as at June 30, 2019, relatively unchanged from what was recorded in 2018. Desjardins Group has continued to present a quality loan portfolio in 2019.

Non-interest expense was $2,053 million (Q2 2018: $1,853 million). This increase was mainly due to $70 million in expenses and provisions for the implementation of protections for our members, i.e. the credit monitoring plan and the identity theft solution for Desjardins caisse members, to higher salaries due to indexing and growth in operations and payment activities, including reward program expenses, as well as growth in financing activities.

Assets of $310.9 billion, an increase of $15.4 billion

As at June 30, 2019, Desjardins Group had $310.9 billion in assets, up $15.4 billion or 5.2% since December 31, 2018. This growth stemmed partly from a $6.2 billion increase in loans and acceptances. In addition, the growth was due to an increase in securities, including securities borrowed or purchased under reverse repurchase agreements, and net segregated fund assets, amounts receivable from clients, brokers and financial institutions included in other assets.

Strong capital base

Desjardins Group maintains very good capitalization levels in compliance with Basel III rules. Its Tier 1A and total capital ratios were 17.7% and 17.8%, respectively, as at June 30, 2019, compared to 17.3% and 17.6%, respectively, as at December 31, 2018.

Results for the first six months of 2019

At the end of the first six months of the year, surplus earnings before member dividends was $1,093 million (2018: $1,178 million), down 7.2%. Adjusted surplus earnings(1) for the specific item during 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 4.2%. In addition to the reasons given for the second-quarter results, this increase was offset by lower gains on the disposal of investments than in 2018 in the insurance segments and by the profit related to the restructuring of Interac Corp. recognized in the first quarter of 2018.

Segment results for the second quarter of 2019

Personal and Business Services

For the second quarter of fiscal 2019, the Personal and Business Services segment reported surplus earnings before member dividends of $461 million (Q2 2018: $299 million). This increase was largely due to solid results posted by the caisse network, especially related to the growth in net interest income, a decline in credit loss provisioning, and growth in payment and financing activities.

For the first six months of 2019, surplus earnings were $796 million (2018: $574 million).

Wealth Management and Life and Health Insurance

Net surplus earnings generated by the Wealth Management and Life and Health Insurance segment were $183 million at the end of the quarter (Q2 2018: $331 million). Results for the second quarter of 2018 benefited from the gain related to the transaction involving Qtrade Canada Inc. and the interest in Northwest & Ethical Investments L.P. Adjusted surplus earnings(2) were down $19 million or 9.4%. This decline was primarily due to less favourable interest margins.

For the first six months of 2019, adjusted surplus earnings(1) were $322 million (2018: $408 million). In addition to the reasons given for the second-quarter results, this decline 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 $123 million in the second quarter of 2019 (Q2 2018: $52 million). This $71 million increase in surplus earnings was the result of higher net premiums, a smaller impact by catastrophe and major event claims and a lower claims experience for the current year in property and business insurance.

For the first six months of 2019, surplus earnings were $42 million (2018: $78 million). This decrease was primarily due to an unfavourable claims experience and lower gains on investments than in the same period of 2018.

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1 See "Basis of presentation of financial information".
2 See "Basis of presentation of financial information".

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 all members affected by the incident. It offers affected members, at its own cost, a credit monitoring plan and identity theft insurance with Equifax for five years.

In addition, on July 15, 2019, Desjardins Group announced to all its members that they are now automatically protected against identity theft. This protection is available not only to personal members, but also to business members, who are currently not served by any similar industry protection. This protection includes the following:

- Protection of assets and transactions: The assets and transactions of Desjardins members 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.

The expenses related to costs incurred and the establishment of a provision with respect to the implementation of these protections for our members, totalling $70 million, have been recognized in profit or loss in the second quarter of 2019. Desjardins Group could periodically reassess this provision based on the circumstances.

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

Key financial data

FINANCIAL POSITION AND INDICATORS

(in millions of dollars and as a percentage)	**As at June 30, 2019[1]**	As at December 31, 2018
Balance Sheet		
Assets	**$ 310,906**	$ 295,465
Residential mortgage loans	**$ 123,457**	$ 120,113
Consumer, credit card and other personal loans	**$ 26,577**	$ 26,210
Business and government loans[2]	**$ 47,499**	$ 45,066
Total gross loans[2]	**$ 197,533**	$ 191,389
Equity	**$ 26,530**	$ 25,649
Indicators		
Assets under administration	**$ 411,515**	$ 373,558
Assets under management[3]	**$ 63,740**	$ 57,448
Tier 1A capital ratio	**17.7%**	17.3%
Tier 1 capital ratio	**17.7%**	17.3%
Total capital ratio	**17.8%**	17.6%
Leverage ratio	**8.4%**	8.3%
Liquidity coverage ratio[4]	**122.4%**	122.1%
Gross credit-impaired loans/gross loans and acceptances ratio[5]	**0.56%**	0.54%

(1)

(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 six-month periods ended**	
	June 30, 2019[1]	March 31, 2019[1]	June 30, 2018	**June 30, 2019[1]**	June 30, 2018
	$ 4,227	$ 4,312	$ 4,156	**$ 8,539**	$ 8,188
	$ 692	$ 401	$ 677	**$ 1,093**	$ 1,178
Adjusted surplus earnings before member dividends[2]	**$ 692**	$ 401	$ 548	**$ 1,093**	$ 1,049
Return on equity[2]	**10.6%**	6.5%	11.0%	**8.6%**	9.7%
Adjusted return on equity[2]	**10.6%**	6.6%	8.9%	**8.6%**	8.6%
Credit loss provisioning rate[2]	**(0.02)%**	0.23%	0.18%	**0.10%**	0.22%

(1) The information presented for the three-month and six-month periods ended June 30, 2019 and the three-month period ended March 31, 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

	For the three-month periods ended			For the six-month periods ended	
	June 30, 2019[1]	March 31, 2019[1]	June 30, 2018	**June 30, 2019[1]**	June 30, 2018
	$ 461	$ 335	$ 299	**$ 796**	$ 574
Wealth Management and Life and Health Insurance	**183**	139	331	**322**	537
Property and Casualty Insurance	**123**	(81)	52	**42**	78
Other	**(75)**	8	(5)	**(67)**	(11)
Desjardins Group	**$ 692**	$ 401	$ 677	**$ 1,093**	$ 1,178

(1) The information presented for the three-month and six-month periods ended June 30, 2019 and the three-month period ended March 31, 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 that which was issued from this date and has been excluded from the recapitalization regime applicable to Desjardins Group.
(2) Includes the senior medium and long-term debt issued from 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 $310.9 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.

	For the three-month periods ended			**For the six-month periods ended**	
	June 30, 2019[(1)]	March 31, 2019[(1)]	June 30, 2018	**June 30, 2019**[(1)]	June 30, 2018
Presentation of the surplus earnings before member dividends in the Combined Financial Statements	**$ 692**	$ 401	$ 677	**$ 1,093**	$ 1,178
Specific items, net of income taxes					
Gain related to the transaction involving Qtrade Canada Inc. and the interest in Northwest & Ethical Investments L.P.	**-**	-	(129)	**-**	(129)
Presentation of the adjusted surplus earnings before member dividends	**$ 692**	$ 401	$ 548	**$ 1,093**	$ 1,049

(1) The information presented for the three-month and six-month periods ended June 30, 2019 and the three-month period ended March 31, 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.

<u>Adjusted net surplus earnings of the Wealth Management and Life and Health Insurance segment</u>

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 WMLHI's net surplus earnings 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 six-month periods ended**	
	June 30, 2019[(1)]	March 31, 2019[(1)]	June 30, 2018	**June 30, 2019**[(1)]	June 30, 2018
Presentation of the net surplus earnings of the Wealth Management and Life Insurance segment in the Combined Financial Statements	**$ 183**	$ 139	$ 331	**$ 322**	$ 537
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)	**-**	(129)
Presentation of the adjusted net surplus earnings of the Wealth Management and Life Insurance segment	**$ 183**	$ 139	$ 202	**$ 322**	$ 408

(1) The information presented for the three-month and six-month periods ended June 30, 2019 and the three-month period ended March 31, 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.

<u>Gross credit-impaired loans/gross loans and acceptances</u>

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.

<u>Return on equity and adjusted return on equity</u>

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.

<u>Income</u>

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, namely 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** June 30, 2019[1]	March 31, 2019[1]	June 30, 2018	**For the six-month periods ended** June 30, 2019[1]	June 30, 2018
Presentation of income in the Combined Financial Statements					
Net interest income	**$ 1,299**	$ 1,264	$ 1,175	**$ 2,563**	$ 2,324
Net premiums	**2,242**	2,317	2,200	**4,559**	4,339
Other income					
Deposit and payment service charges	**103**	103	106	**206**	209
Lending fees and credit card service revenues	**186**	210	163	**396**	349
Brokerage and investment fund services	**223**	214	223	**437**	478
Management and custodial service fees	**141**	140	138	**281**	274
Net investment income[2]	**1,045**	1,519	308	**2,564**	419
Overlay approach adjustment for insurance operations financial assets	**10**	(167)	20	**(157)**	189
Foreign exchange income	**27**	14	21	**41**	48
Other	**6**	50	130	**56**	167
Total income	**$ 5,282**	$ 5,664	$ 4,484	**$ 10,946**	$ 8,796
Presentation of income in the MD&A					
Net interest income	**$ 1,299**	$ 1,264	$ 1,175	**$ 2,563**	$ 2,324
Net premiums	**2,242**	2,317	2,200	**4,559**	4,339
Other operating income					
Deposit and payment service charges	**103**	103	106	**206**	209
Lending fees and credit card service revenues	**186**	210	163	**396**	349
Brokerage and investment fund services	**223**	214	223	**437**	478
Management and custodial service fees	**141**	140	138	**281**	274
Foreign exchange income	**27**	14	21	**41**	48
Other	**6**	50	130	**56**	167
Operating income	**4,227**	4,312	4,156	**8,539**	8,188
Investment income					
Net investment income[2]	**1,045**	1,519	308	**2,564**	419
Overlay approach adjustment for insurance operations financial assets	**10**	(167)	20	**(157)**	189
	1,055	1,352	328	**2,407**	608
Total income	**$ 5,282**	$ 5,664	$ 4,484	**$ 10,946**	$ 8,796

[1] The information presented for the three-month and six-month periods ended June 30, 2019 and the three-month period ended March 31, 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", 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 six-month periods ended**	
	June 30, 2019	March 31, 2019	June 30, 2018	**June 30, 2019**	June 30, 2018
(Recovery of) provision for credit losses	**$ (11)**	$ 109	$ 80	**$ 98**	$ 195
Average gross loans	**195,032**	191,976	182,433	**193,764**	180,931
Average gross acceptances	**168**	152	43	**165**	39
Average gross loans and acceptances	**$ 195,200**	$ 192,128	$ 182,476	**$ 193,929**	$ 180,970
Credit loss provisioning rate[(1)]	**(0.02)%**	0.23%	0.18%	**0.10%**	0.22%

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

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