Desjardins

PRESS RELEASE
PRDG1861

Results for the third quarter of 2018

AN ACTIVE AND INVOLVED GROUP. Third-quarter achievements included our contribution to the growth of the social economy through our support of Groupe TAQ, our participation in the 2018 Montréal Pride week and the launch of the 4th edition of Coopérathon.

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

$116 million returned to members and the community, an increase of $32 million

Lévis, November 13, 2018 – For the third quarter ended September 30, 2018, Desjardins Group, the leading financial cooperative group in Canada, recorded surplus earnings before member dividends of $570 million, a $188 million decrease compared to the corresponding quarter of 2017. It should be recalled that in the third quarter of 2017, there was a gain net of expenses related to the sale of Western Financial Group Inc. and Western Life Assurance Company. Adjusted surplus earnings(1) were therefore up $70 million or 14.0%. These results allowed Desjardins Group to pursue its cooperative mission for the benefit of its members and clients, and maintain its excellent financial stability.

The amount returned to members and the community was $116 million, including a $72 million provision for member dividends (Q3 2017: $60 million), $33 million in sponsorships, donations and scholarships (Q3 2017: $14 million) and $11 million in Desjardins Member Advantages (Q3 2017: $10 million).

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

"Desjardins Group's overall performance in the third quarter was very good," said Guy Cormier, President and Chief Executive Officer. "We rolled out several innovative initiatives, in the area of sustainable development in particular, and posted strong membership growth. We launched new responsible investment funds and are now the financial institution with the broadest range of RI funds in Canada."

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.

- *Contribution of $270,000 to support the growth of Groupe TAQ, a business whose mission is to promote the social and professional integration of persons with functional limitations by developing business partnerships.*
- *Following the signing of the new United States-Mexico-Canada Agreement, Desjardins reaffirmed its support for dairy and poultry producers and processors.*
- *Donation of $50,000 to the Red Cross to provide relief for tornado victims in the Gatineau and Ottawa regions.*
- *As part of its $100 million fund, Desjardins contributed $750,000 to the Entrepreneuriat Québec project to provide its trainers with access to accredited university training in how to coach entrepreneurs.*
- *The Fondation pour l'alphabétisation and Fondation Desjardins joined forces to award 7 scholarships to adults who have returned to school.*
- *Once again this year, Desjardins was proud to stand up and be counted, including at Montreal's Pride week from August 9 to 19. But beyond this week of festivities, Desjardins seeks to celebrate and support diversity in the lesbian, gay, bisexual and trans (LGBT) community throughout the year.*

Innovating

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 the recognition it has received for its expertise.

- *Desjardins has doubled its line of responsible investment products to meet the needs of investors who want to grow their investments while contributing to sustainable development and the fight against climate change.*
- *Creation of a talent and expertise collective in cybersecurity, the CyberEco, in partnership with National Bank, Deloitte and the RHEA Group.*
- *Different economic approach to account for the level of well-being and progress of the public. What if economic performance was measured by something other than the GDP?*
- *Launch of the 4th edition of Coopérathon, an open innovation competition organized by Desjardins. Over 1,500 participants in nine cities took part in this competition, which lasted over a month.*
- *Desjardins won the Silver Award for its AccèsD assistant in an international competition organized by the European Financial Management Association (EFMA). The goal of this competition was to recognize innovation in financial services marketing and distribution.*

Q3 financial results

- *Surplus earnings of $570 million, down $188 million from 2017.*
- *Adjusted surplus earnings[(1)] up $70 million or 14.0% compared to 2017.*
- *Increase in operating income[(1)] of $191 million or 4.7%.*
- *Provision for member dividends of $72 million, up $12 million compared to the same period in 2017.*
- *Outstanding residential mortgages up by $5.8 billion or 5.2% since December 31, 2017.*
- *Total capital ratio of 18.0% as at September 30, 2018.*
- *Issue of medium-term notes, in the amount of €1.0 billion on the European market and $1.1 billion on the Canadian market.*
- *Winding down of Zag Bank's operations, with the financial impact of this decision reported mainly in the third quarter of 2018 (see press release dated November 5, 2018).*

The increase in adjusted surplus earnings in the third quarter was largely due to the good performance posted by the caisse network, which continues to grow, and to a more favourable claims experience in the Wealth Management and Life and Health Insurance segment, offset by a higher claims experience in the Property and Casualty Insurance segment.

Net interest income was $1,271 million, up $135 million from the same period in 2017. This growth was due to expanded financing activities in mortgage lending, consumer lending and business loans over the last year and, to a lesser extent, due to higher interest rates.

Net premiums were $2,263 million (Q3 2017: $1,982 million), up 14.2%. This increase was due to growth in the activities of both life and health insurance and property and casualty insurance, combined with the impact of the reinsurance treaty signed as part of the acquisition of State Farm's Canadian operations.

Excluding the gross gain realized on the sale of subsidiaries in 2017, other operating income[(1)] was $694 million, up $53 million from the corresponding period in 2017. This increase was essentially due to the higher income derived from assets under management, from fees related to card payment operations, and from business growth. The increase was partly offset by the decline in revenues following the transaction involving Qtrade Canada Inc., completed in the second quarter of 2018.

The provision for credit losses was up $8 million compared to the same period in 2017 and totalled $100 million. The gross credit-impaired loans ratio, expressed as a percentage of the total gross loans and acceptances portfolio, was 0.50% as at September 30, 2018, up from the figure recorded in 2017, mainly due to the adoption of IFRS 9. Despite this increase, Desjardins Group has continued to present a quality loan portfolio in 2018.

Non-interest expense was $1,844 million (Q3 2017: $1,685 million). This increase was mainly the result of the impact of the reinsurance treaty signed as part of the acquisition of the Canadian operations of State Farm, the increase in expenses following the acquisition and set-up of new Canada-wide credit card portfolios, and business growth, particularly in assets under management. The increase was offset by the decrease in expenses following the transaction involving Qtrade Canada Inc., completed in the second quarter of 2018.

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

Assets of $295.3 billion, an increase of $20.2 billion

As at September 30, 2018, Desjardins Group had total assets of $295.3 billion, up $20.2 billion or 7.3% since December 31, 2017. This growth was largely due to the increase in net loans and acceptances as well as securities, including securities borrowed or purchased under reverse purchase 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 17.7% and 18.0% respectively as at September 30, 2018, compared to 18.0% and 18.4% as at December 31, 2017.

Results for the first nine months of 2018

At the end of the first nine months of the year, surplus earnings before member dividends stood at $1,748 million (2017: $1,722 million), up 1.5%. Adjusted surplus earnings(1) before member dividends totalled $1,619 million, an increase of $146 million or 9.9%. In addition to the reasons given for the third-quarter results, this increase was mainly due to gains on the disposal of investments and the profit realized on the reorganization of Interac Corp.

Segment results for the third quarter of 2018

Personal and Business Services

For the third quarter of fiscal 2018, the Personal and Business Services segment reported surplus earnings before member dividends of $369 million (Q3 2017: $304 million). The increase was largely due to good performance by the caisse network, related in particular to the growth in net interest income.

Surplus earnings for the first nine months of 2018 were $943 million (2017: $822 million).

Wealth Management and Life and Health Insurance

Net surplus earnings generated by the Wealth Management and Life and Health Insurance segment were $174 million at the end of the quarter (Q3 2017: $121 million). This 43.8% increase was due to a more favourable claims experience and increased income related to the growth in assets under management.

Adjusted net surplus earnings(1) for the first nine months of 2018 were $582 million (2017: $453 million).

Property and Casualty Insurance

The Property and Casualty Insurance segment recorded $70 million in net surplus earnings in the third quarter of 2018 (Q3 2017: $318 million). It should be recalled that in the third quarter of 2017, there was a gain net of expenses related to the sale of Western Financial Group Inc. and Western Life Assurance Company. Adjusted net surplus earnings(1) were therefore up $7 million. This increase in adjusted net surplus earnings(1) stems in part from the rise in investment income, which was partially offset by a higher claims experience compared to the same quarter in 2017 due, in particular, to a catastrophe related to tornadoes and strong winds, mainly in the Gatineau and Ottawa regions.

Adjusted net surplus earnings(1) for the first nine months of 2018 were $148 million (2017: $157 million).

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

Key financial data

FINANCIAL POSITION AND KEY RATIOS

(in millions of dollars and as a percentage)	As at September 30, 2018[1]	As at December 31, 2017
Assets	**$ 295,265**	$ 275,095
Residential mortgage loans	**$ 118,981**	$ 113,146
Consumer, credit card and other personal loans	**$ 25,709**	$ 24,044
Business and government loans[2]	**$ 43,446**	$ 40,769
Total gross loans[2]	**$ 188,136**	$ 177,959
Equity	**$ 25,941**	$ 24,773
Assets under administration	**$ 395,196**	$ 411,548
Assets under management[3]	**$ 58,975**	$ 58,220
Tier 1A capital ratio	**17.7%**	18.0%
Tier 1 capital ratio	**17.7%**	18.0%
Total capital ratio	**18.0%**	18.4%
Leverage ratio	**8.4%**	8.5%
Gross credit-impaired loans[4]/gross loans and acceptances ratio[5]	**0.50%**	0.25%

[1] The information presented as at September 30, 2018 takes into account the standards and amendments adopted on January 1, 2018. 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] Further to the adoption of IFRS 9 on January 1, 2018, all loans included in Stage 3 of the impairment model are considered to be credit-impaired. The criteria for considering a loan to be impaired were different under IAS 39. For more information, see Note 2, "Basis of presentation and significant accounting policies", to the Interim Combined Financial Statements.

[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, 2018[1]	June 30, 2018[1]	September 30, 2017	September 30, 2018[1]	September 30, 2017
Operating income[2]	**$ 4,228**	$ 4,141	$ 4,037	**$ 12,387**	$ 11,692
Surplus earnings before member dividends	**$ 570**	$ 677	$ 758	**$ 1,748**	$ 1,722
Adjusted surplus earnings before member dividends[2]	**$ 570**	$ 548	$ 500	**$ 1,619**	$ 1,473
Return on equity[2]	**8.8%**	11.0%	12.6%	**9.4%**	9.8%
Adjusted return on equity[2]	**9.0%**	9.0%	8.2%	**8.8%**	8.4%
Credit loss provisioning rate[2]	**0.21%**	0.18%	0.21%	**0.22%**	0.20%

[1] The information presented for the three-month and the nine-month periods ended September 30, 2018 and the three-month period ended June 30, 2018 takes into account the standards and amendments adopted on January 1, 2018. 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 nine-month periods ended	
(in millions of dollars)	**September 30, 2018[1]**	June 30, 2018[1]	September 30, 2017	**September 30, 2018[1]**	September 30, 2017
Personal and Business Services	**$ 369**	$ 299	$ 304	**$ 943**	$ 822
Wealth Management and Life and Health Insurance[2]	**174**	331	121	**711**	453
Property and Casualty Insurance[2]	**70**	52	318	**148**	398
Other	**(43)**	(5)	15	**(54)**	49
Desjardins Group[2]	**$ 570**	$ 677	$ 758	**$ 1,748**	$ 1,722

[1] The information presented for the three-month and the nine-month periods ended September 30, 2018 and the three-month period ended June 30, 2018 takes into account the standards and amendments adopted on January 1, 2018. 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."

CREDIT RATINGS OF SECURITIES ISSUED

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

More detailed financial information can be found in Desjardins Group's interim Management's Discussion and Analysis (MD&A), which will be 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 $295.3 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 one of the highest capital ratios and credit ratings in the industry.

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 2017 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. 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 2018 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 9, "Financial Instruments", IFRS 15, "Revenue from Contracts with Customers", and amendments to IFRS 4, "Insurance Contracts", on January 1, 2018. 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 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 items: the gain and expenses, net of income taxes, related to the sale of the subsidiaries Western Financial Group Inc. and Western Life Assurance Company, completed on July 1, 2017, as well as 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.

(in millions of dollars)	**For the three-month periods ended**			**For the nine-month periods ended**	
	September 30, 2018[1]	June 30, 2018[1]	September 30, 2017	**September 30, 2018[1]**	September 30, 2017
Presentation of the surplus earnings before member dividends in the Combined Financial Statements	**$ 570**	$ 677	$ 758	**$ 1,748**	$ 1,722
Specific items, net of income taxes					
Gain net of expenses related to the sale of Western Financial Group Inc. and Western Life Assurance Company	**-**	-	(258)	**-**	(249)
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	**$ 570**	$ 548	$ 500	**$ 1,619**	$ 1,473

[1] The information presented for the three-month and the nine-month periods ended September 30, 2018 and the three-month period ended June 30, 2018 takes into account the standards and amendments adopted on January 1, 2018. 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.

(in millions of dollars)	**For the three-month periods ended**			**For the nine-month periods ended**	
	September 30, 2018[1]	June 30, 2018[1]	September 30, 2017	**September 30, 2018[1]**	September 30, 2017
Presentation of the net surplus earnings of the Wealth Management and Life Insurance segment in the Combined Financial Statements	**$ 174**	$ 331	$ 121	**$ 711**	$ 453
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	**$ 174**	$ 202	$ 121	**$ 582**	$ 453

[1] The information presented for the three-month and the nine-month periods ended September 30, 2018 and the three-month period ended June 30, 2018 takes into account the standards and amendments adopted on January 1, 2018. 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 Property and Casualty Insurance segment

The net surplus earnings of the Property and Casualty Insurance segment are adjusted to exclude the following specific item: the gain and expenses, net of income taxes, related to the sale of the subsidiaries Western Financial Group Inc. and Western Life Assurance Company, completed on July 1, 2017.

	For the three-month periods ended			For the nine-month periods ended	
(in millions of dollars)	**September 30, 2018[(1)]**	June 30, 2018[(1)]	September 30, 2017	**September 30, 2018[(1)]**	September 30, 2017
Presentation of the net surplus earnings of the Property and Casualty Insurance segment in the Combined Financial Statements	**$ 70**	$ 52	$ 318	**$ 148**	$ 398
Specific item, net of income taxes					
Gain net of expenses related to the sale of Western Financial Group Inc. and Western Life Assurance Company[(2)]	**-**	-	(255)	**-**	(241)
Presentation of the adjusted net surplus earnings of the Property and Casualty Insurance segment	**$ 70**	$ 52	$ 63	**$ 148**	$ 157

(1) The information presented for the three-month and the nine-month periods ended September 30, 2018 and the three-month period ended June 30, 2018 takes into account the standards and amendments adopted on January 1, 2018. 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 difference with the data presented in the table for adjusted surplus earnings of Desjardins Group before member dividends is related to intersegment transaction expenses.

Gross credit-impaired loans/gross loans and acceptances ratio

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

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, 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 investment income 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. The presentation of 2017 investment income does not take into account the standards and amendments adopted on January 1, 2018 and is therefore compliant with IAS 39.

(in millions of dollars)	For the three-month periods ended September 30, 2018[1]	June 30, 2018[1]	September 30, 2017	For the nine-month periods ended September 30, 2018[1]	September 30, 2017
Presentation of income in the Combined Financial Statements					
Net interest income	**$ 1,271**	$ 1,160	$ 1,136	**$ 3,566**	$ 3,280
Net premiums	**2,263**	2,200	1,982	**6,602**	6,040
Other income					
Deposit and payment service charges	**110**	106	109	**319**	351
Lending fees and credit card service revenues	**171**	163	154	**520**	480
Brokerage and investment fund services	**235**	239	241	**745**	826
Management and custodial service fees	**128**	122	104	**370**	311
Net investment income (loss)[2]	**(253)**	308	(362)	**166**	784
Overlay approach adjustment for insurance operations financial assets	**76**	20	N/A	**265**	N/A
Foreign exchange income	**14**	21	16	**62**	55
Other	**36**	130	295	**203**	349
Total income	**$ 4,051**	$ 4,469	$ 3,675	**$ 12,818**	$ 12,476
Presentation of income in the MD&A					
Net interest income	**$ 1,271**	$ 1,160	$ 1,136	**$ 3,566**	$ 3,280
Net premiums	**2,263**	2,200	1,982	**6,602**	6,040
Other operating income					
Deposit and payment service charges	**110**	106	109	**319**	351
Lending fees and credit card service revenues	**171**	163	154	**520**	480
Brokerage and investment fund services	**235**	239	241	**745**	826
Management and custodial service fees	**128**	122	104	**370**	311
Foreign exchange income	**14**	21	16	**62**	55
Other	**36**	130	295	**203**	349
Operating income	**4,228**	4,141	4,037	**12,387**	11,692
Investment income					
Net investment income (loss)[2]	**(253)**	308	(362)	**166**	784
Overlay approach adjustment for insurance operations financial assets	**76**	20	N/A	**265**	N/A
	(177)	328	(362)	**431**	784
Total income	**$ 4,051**	$ 4,469	$ 3,675	**$ 12,818**	$ 12,476

[1] The information presented for the three-month and the nine-month periods ended September 30, 2018 and the three-month period ended June 30, 2018 takes into account the standards and amendments adopted on January 1, 2018. 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 12, "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, 2018[1]	June 30, 2018[1]	September 30, 2017	**September 30, 2018[1]**	September 30, 2017
Provision for credit losses	**$ 100**	$ 80	$ 92	**$ 295**	$ 260
Average gross loans	**186,591**	182,433	173,115	**182,670**	170,189
Average gross acceptances	**147**	43	100	**92**	79
Average gross loans and acceptances	**$186,738**	$182,476	$173,215	**$182,762**	$170,268
Credit loss provisioning rate[2]	**0.21%**	0.18%	0.21%	**0.22%**	0.20%

[1] The information presented for the three-month and the nine-month periods ended September 30, 2018 and the three-month period ended June 30, 2018 takes into account the standards and amendments adopted on January 1, 2018. 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] Corresponds to an annualized calculation that takes into account the number of days in the period concerned.

For further information (*media inquiries only*):

Chantal Corbeil
Public Relations
514-281-7229 or 1-866-866-7000, ext. 5557229
media@desjardins.com

Réal Bellemare
Executive Vice-President,
Finance, Treasury, Administration
and Chief Financial Officer of Desjardins Group