

Interim Condensed Consolidated Financial Statements

Consolidated Statements of Earnings

<i>(unaudited)</i> <i>(in thousands of Canadian dollars, except shares and per share amounts)</i>	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30		SEPTEMBER 30	
	2015	2014	2015	2014
Revenues				
Management fees	\$ 508,531	\$ 517,063	\$ 1,534,921	\$ 1,506,716
Administration fees	104,595	101,997	312,826	296,529
Distribution fees	92,695	84,968	282,514	263,492
Net investment income and other	19,545	21,257	63,787	50,180
Proportionate share of affiliate's earnings	26,362	24,877	81,772	68,316
	751,728	750,162	2,275,820	2,185,233
Expenses				
Commission	263,158	249,833	797,712	738,701
Non-commission	208,471	190,802	637,946	597,741
Interest	23,200	23,200	68,914	68,913
	494,829	463,835	1,504,572	1,405,355
Earnings before income taxes	256,899	286,327	771,248	779,878
Income taxes	55,660	64,456	166,776	168,883
Net earnings	201,239	221,871	604,472	610,995
Perpetual preferred share dividends	2,213	2,213	6,638	6,638
Net earnings available to common shareholders	\$ 199,026	\$ 219,658	\$ 597,834	\$ 604,357
Average number of common shares <i>(in thousands) (Note 11)</i>				
– Basic	246,953	252,089	249,025	252,247
– Diluted	247,059	252,788	249,169	253,079
Earnings per share <i>(in dollars) (Note 11)</i>				
– Basic	\$ 0.81	\$ 0.87	\$ 2.40	\$ 2.40
– Diluted	\$ 0.81	\$ 0.87	\$ 2.40	\$ 2.39

(See accompanying notes to interim condensed consolidated financial statements.)

Consolidated Statements of Comprehensive Income

(unaudited) (in thousands of Canadian dollars)	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30		SEPTEMBER 30	
	2015	2014	2015	2014
Net earnings	\$ 201,239	\$ 221,871	\$ 604,472	\$ 610,995
Other comprehensive income (loss), net of tax				
Items that will not be reclassified to Net earnings				
Employee benefits				
Net actuarial gains (losses), <i>net of tax of \$971, \$2,856, \$(3,803) and \$12,674</i>	(2,625)	(7,724)	10,283	(34,276)
Investment in affiliate – employee benefits and other				
Other comprehensive income (loss), <i>net of tax of nil</i>	9,306	(3,384)	(3,140)	(971)
Items that may be reclassified subsequently to Net earnings				
Available for sale securities				
Net unrealized gains (losses), <i>net of tax of \$(147), \$54, \$(1,436) and nil</i>	405	(151)	3,903	(3)
Reclassification of realized (gains) losses to net earnings, <i>net of tax of \$200, \$2, \$532 and \$36</i>	(548)	(5)	(1,460)	(96)
Investment in affiliate and other				
Other comprehensive income (loss), <i>net of tax of \$349, \$232, \$710 and \$758</i>	1,001	(10,279)	36,529	24,620
	7,539	(21,543)	46,115	(10,726)
Comprehensive income	\$ 208,778	\$ 200,328	\$ 650,587	\$ 600,269

(See accompanying notes to interim condensed consolidated financial statements.)

Consolidated Balance Sheets

(unaudited)
(in thousands of Canadian dollars)

SEPTEMBER 30 DECEMBER 31
2015 2014

Assets

Cash and cash equivalents	\$ 933,716	\$ 1,215,980
Securities	76,094	89,545
Accounts and other receivables	523,762	470,708
Income taxes recoverable	8,082	22,710
Loans (Note 3)	7,282,227	7,018,893
Derivative financial instruments	64,053	39,449
Other assets	56,502	45,757
Investment in affiliate	861,161	794,381
Capital assets	124,887	121,854
Deferred selling commissions	733,517	710,447
Deferred income taxes	65,832	69,405
Intangible assets	1,202,091	1,161,513
Goodwill	2,659,856	2,656,539
	\$ 14,591,780	\$ 14,417,181

Liabilities

Accounts payable and accrued liabilities	\$ 368,989	\$ 374,369
Income taxes payable	33,837	30,916
Derivative financial instruments	64,526	29,788
Deposits and certificates	269,148	223,328
Other liabilities	439,812	528,289
Obligations to securitization entities (Note 4)	6,939,571	6,754,048
Deferred income taxes	322,628	310,564
Long-term debt	1,325,000	1,325,000
	9,763,511	9,576,302

Shareholders' Equity

Share capital		
Perpetual preferred shares	150,000	150,000
Common shares	1,632,181	1,655,581
Contributed surplus	34,516	33,504
Retained earnings	3,076,175	3,112,512
Accumulated other comprehensive income (loss)	(64,603)	(110,718)
	4,828,269	4,840,879
	\$ 14,591,780	\$ 14,417,181

These interim condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on November 5, 2015.

(See accompanying notes to interim condensed consolidated financial statements.)

Consolidated Statements of Changes in Shareholders' Equity

NINE MONTHS ENDED SEPTEMBER 30

<i>(unaudited)</i> <i>(in thousands of Canadian dollars)</i>	SHARE CAPITAL			RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) <i>(Note 8)</i>	TOTAL SHAREHOLDERS' EQUITY
	PERPETUAL PREFERRED SHARES <i>(Note 5)</i>	COMMON SHARES <i>(Note 5)</i>	CONTRIBUTED SURPLUS			
2015						
Balance, beginning of period	\$ 150,000	\$ 1,655,581	\$ 33,504	\$ 3,112,512	\$ (110,718)	\$ 4,840,879
Net earnings	-	-	-	604,472	-	604,472
Other comprehensive income (loss), net of tax	-	-	-	-	46,115	46,115
Total comprehensive income (loss)	-	-	-	604,472	46,115	650,587
Common shares						
Issued under stock option plan	-	14,688	-	-	-	14,688
Purchased for cancellation	-	(38,088)	-	-	-	(38,088)
Stock options						
Current period expense	-	-	3,387	-	-	3,387
Exercised	-	-	(2,375)	-	-	(2,375)
Perpetual preferred share dividends	-	-	-	(6,638)	-	(6,638)
Common share dividends	-	-	-	(418,698)	-	(418,698)
Common share cancellation excess and other <i>(Note 5)</i>	-	-	-	(215,473)	-	(215,473)
Balance, end of period	\$ 150,000	\$ 1,632,181	\$ 34,516	\$ 3,076,175	\$ (64,603)	\$ 4,828,269
2014						
Balance, beginning of period	\$ 150,000	\$ 1,630,844	\$ 32,627	\$ 2,977,083	\$ (82,959)	\$ 4,707,595
Net earnings	-	-	-	610,995	-	610,995
Other comprehensive income (loss), net of tax	-	-	-	-	(10,726)	(10,726)
Total comprehensive income (loss)	-	-	-	610,995	(10,726)	600,269
Common shares						
Issued under stock option plan	-	32,384	-	-	-	32,384
Purchased for cancellation	-	(6,805)	-	-	-	(6,805)
Stock options						
Current period expense	-	-	4,492	-	-	4,492
Exercised	-	-	(4,512)	-	-	(4,512)
Perpetual preferred share dividends	-	-	-	(6,638)	-	(6,638)
Common share dividends	-	-	-	(406,638)	-	(406,638)
Common share cancellation excess and other <i>(Note 5)</i>	-	-	-	(48,902)	-	(48,902)
Balance, end of period	\$ 150,000	\$ 1,656,423	\$ 32,607	\$ 3,125,900	\$ (93,685)	\$ 4,871,245

(See accompanying notes to interim condensed consolidated financial statements.)

Consolidated Statements of Cash Flows

<i>(unaudited)</i> <i>(in thousands of Canadian dollars)</i>	NINE MONTHS ENDED	
	2015	2014
Operating activities		
Earnings before income taxes	\$ 771,248	\$ 779,878
Income taxes paid	(141,043)	(116,599)
Adjustments to determine net cash from operating activities		
Deferred selling commission amortization	174,261	176,038
Amortization of capital and intangible assets	29,109	25,339
Changes in operating assets and liabilities and other	(179,896)	(89,625)
	653,679	775,031
Deferred selling commissions paid	(197,331)	(198,291)
	456,348	576,740
Financing activities		
Net increase in deposits and certificates	45,820	18,536
Net increase in obligations to securitization entities	183,125	874,105
Issue of common shares	13,482	31,103
Common shares purchased for cancellation	(242,175)	(54,515)
Perpetual preferred share dividends paid	(6,638)	(6,638)
Common share dividends paid	(421,636)	(406,817)
	(428,022)	455,774
Investing activities		
Purchase of securities	(97,867)	(53,849)
Proceeds from the sale of securities	110,638	48,534
Net increase in loans	(252,280)	(1,048,881)
Net additions to capital assets	(16,120)	(10,441)
Net cash used in additions to intangible assets and acquisitions	(54,961)	(26,068)
	(310,590)	(1,090,705)
Decrease in cash and cash equivalents	(282,264)	(58,191)
Cash and cash equivalents, beginning of period	1,215,980	1,082,437
Cash and cash equivalents, end of period	\$ 933,716	\$ 1,024,246
Cash	\$ 70,414	\$ 79,583
Cash equivalents	863,302	944,663
	\$ 933,716	\$ 1,024,246
Supplemental disclosure of cash flow information related to operating activities		
Interest and dividends received	\$ 188,378	\$ 174,794
Interest paid	\$ 155,893	\$ 149,252

(See accompanying notes to interim condensed consolidated financial statements.)

Notes to the Interim Condensed Consolidated Financial Statements

SEPTEMBER 30, 2015 (unaudited) (In thousands of Canadian dollars, except shares and per share amounts)

1. CORPORATE INFORMATION

IGM Financial Inc. (the Company) is a publicly listed company (TSX: IGM), incorporated and domiciled in Canada. The registered address of the Company is 447 Portage Avenue, Winnipeg, Manitoba, Canada. The Company is controlled by Power Financial Corporation.

IGM Financial Inc. is a financial services company which serves the financial needs of Canadians through its principal subsidiaries, each operating distinctly within the advice segment of the financial services market. The Company's wholly-owned principal subsidiaries are Investors Group Inc. and Mackenzie Financial Corporation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The unaudited Interim Condensed Consolidated Financial Statements of the Company (Interim Financial Statements) have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, using the accounting policies as set out in Note 2 to the Consolidated Financial Statements for the year ended December 31, 2014. The Interim Financial Statements should be read in conjunction with the Consolidated Financial Statements in the 2014 IGM Financial Inc. Annual Report.

Future accounting changes

The Company continuously monitors the potential changes proposed by the International Accounting Standards Board (IASB) and analyzes the effect that changes in the standards may have on the Company's operations.

IFRS 9 Financial Instruments

The IASB issued IFRS 9 which replaces IAS 39, the current standard for accounting for financial instruments. The standard was completed in three separate phases:

- Classification and measurement: This phase requires that financial assets be classified at either amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.
- Impairment methodology: This phase replaces the current incurred loss model for impairment of financial assets with an expected loss model.
- Hedge accounting: This phase replaces the current rule-based hedge accounting requirements in IAS 39 with guidance that more closely aligns the accounting with an entity's risk management activities.

This standard is effective for annual periods beginning on or after January 1, 2018 and the impact of the standard is currently being assessed.

IFRS 15 Revenue from Contracts with Customers

The IASB issued IFRS 15 which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The model requires an entity to recognize revenue as the goods or services are transferred to the customer in an amount that reflects the expected consideration. This standard is effective for annual periods beginning on or after January 1, 2018 and the impact of the standard is currently being assessed.

3. LOANS

	CONTRACTUAL MATURITY			SEPTEMBER 30 2015 TOTAL	DECEMBER 31 2014 TOTAL
	I YEAR OR LESS	I - 5 YEARS	OVER 5 YEARS		
Loans and receivables					
Residential mortgages	\$ 1,210,528	\$ 5,610,803	\$ 4,210	\$ 6,825,541	\$ 6,653,428
Less: Collective allowance				673	762
				<u>6,824,868</u>	<u>6,652,666</u>
Held for trading				457,359	366,227
				<u>\$ 7,282,227</u>	<u>\$ 7,018,893</u>

The change in the collective allowance for credit losses is as follows:

Balance, beginning of period	\$ 762	\$ 728
Write-offs, net of recoveries	(71)	(236)
Provision for credit losses	(18)	270
Balance, end of period	\$ 673	\$ 762

Total impaired loans as at September 30, 2015 were \$2,143 (December 31, 2014 – \$2,056).

Total interest income on loans classified as loans and receivables was \$141.8 million (2014 – \$131.1 million).

Total interest expense on obligations to securitization entities, related to securitized loans, was \$101.5 million (2014 – \$95.4 million). Gains realized on the sale of residential mortgages totalled \$16.9 million (2014 – \$9.0 million). Fair value adjustments related to mortgage banking operations totalled \$1.0 million (2014 – \$1.7 million). These amounts were included in Net investment income and other. Net investment income and other also includes other mortgage banking related items including interest income on mortgages held for trading, portfolio insurance, issue costs, and other items.

4. SECURITIZATIONS

The Company securitizes residential mortgages through the Canada Mortgage and Housing Corporation (CMHC) sponsored National Housing Act Mortgage-Backed Securities (NHA MBS) Program and Canada Mortgage Bond (CMB) Program and through Canadian bank-sponsored asset-backed commercial paper (ABCP) programs. These transactions do not meet the requirements for derecognition as the Company retains prepayment risk and certain elements of credit risk. Accordingly, the Company has retained these mortgages on its balance sheets and has recorded an offsetting liability for the net proceeds received as Obligations to securitization entities which is carried at amortized cost.

The Company earns interest on the mortgages and pays interest on the obligations to securitization entities. As part of the CMB transactions, the Company enters into a swap transaction whereby the Company pays coupons on CMBs and receives investment returns on the NHA MBS and the reinvestment of repaid mortgage principal. A component of this swap, related to the obligation to pay CMB coupons and receive investment returns on repaid mortgage principal, is recorded as a derivative and had a negative fair value of \$50.5 million at September 30, 2015 (December 31, 2014 – negative \$26.3 million).

Under the NHA MBS and CMB Program, the Company has an obligation to make timely payments to security holders regardless of whether amounts are received from mortgagors. All mortgages securitized under the NHA MBS and CMB Program are insured by CMHC or another approved insurer under the program. As part of the ABCP transactions, the Company has provided cash reserves for credit enhancement which are carried at cost. Credit risk is limited to these cash reserves and future net interest income as the ABCP Trusts have no recourse to the Company's other assets for failure to make payments when due. Credit risk is further limited to the extent these mortgages are insured.

4. SECURITIZATIONS *(continued)*

SEPTEMBER 30, 2015	SECURITIZED MORTGAGES	OBLIGATIONS TO SECURITIZATION ENTITIES	NET
Carrying value			
NHA MBS and CMB Program	\$ 4,495,423	\$ 4,583,483	\$ (88,060)
Bank sponsored ABCP	2,303,532	2,356,088	(52,556)
Total	\$ 6,798,955	\$ 6,939,571	\$ (140,616)
Fair value	\$ 7,049,692	\$ 7,164,092	\$ (114,400)
<hr/>			
DECEMBER 31, 2014			
Carrying value			
NHA MBS and CMB Program	\$ 4,611,253	\$ 4,691,792	\$ (80,539)
Bank sponsored ABCP	2,012,702	2,062,256	(49,554)
Total	\$ 6,623,955	\$ 6,754,048	\$ (130,093)
Fair value	\$ 6,819,531	\$ 6,858,924	\$ (39,393)

The carrying value of Obligations to securitization entities, which is recorded net of issue costs, includes principal payments received on securitized mortgages that are not due to be settled until after the reporting period. Issue costs are amortized over the life of the obligation on an effective interest rate basis.

5. SHARE CAPITAL

Authorized

Unlimited number of:

- First preferred shares, issuable in series
- Second preferred shares, issuable in series
- Class 1 non-voting shares
- Common shares, no par value

Issued and outstanding

	SEPTEMBER 30, 2015		SEPTEMBER 30, 2014	
	SHARES	STATED VALUE	SHARES	STATED VALUE
Perpetual preferred shares – classified as equity:				
First preferred shares, Series B	6,000,000	\$ 150,000	6,000,000	\$ 150,000
Common shares:				
Balance, beginning of period	251,469,346	\$ 1,655,581	252,309,767	\$ 1,630,844
Issued under Stock Option Plan <i>(Note 7)</i>	329,520	14,688	684,471	32,384
Purchased for cancellation	(5,744,300)	(38,088)	(1,041,300)	(6,805)
Balance, end of period	246,054,566	\$ 1,632,181	251,952,938	\$ 1,656,423

5. SHARE CAPITAL *(continued)*

Normal course issuer bid

In the third quarter of 2015, 1,423,800 shares (2014 – 416,300) were purchased at a cost of \$52.3 million (2014 – \$21.3 million). In the nine months ended September 30, 2015, 5,744,300 shares (2014 – 1,041,300) were purchased at a cost of \$242.2 million (2014 – \$54.5 million). The premium paid to purchase the shares in excess of the stated value was charged to Retained earnings.

The Company commenced a normal course issuer bid on March 20, 2015 which is effective until March 19, 2016. Pursuant to this bid, the Company may purchase up to 12.5 million or 5% of its common shares outstanding as at March 13, 2015. On April 14, 2014, the Company commenced a normal course issuer bid, effective until March 19, 2015, which authorized it to purchase up to 12.6 million or 5% of its common shares outstanding as at March 31, 2014.

In connection with its normal course issuer bid, the Company has established an automatic securities purchase plan for its common shares. The automatic securities purchase plan provides standard instructions regarding how the Company's common shares are to be purchased under its normal course issuer bid during certain pre-determined trading blackout periods. Outside of these pre-determined trading blackout periods, purchases under the Company's normal course issuer bid will be completed based upon management's discretion.

6. CAPITAL MANAGEMENT

The capital management policies, procedures and activities of the Company are discussed in the Capital Resources section of the Company's Management's Discussion and Analysis contained in the Third Quarter 2015 Report to Shareholders and in Note 17 to the Consolidated Financial Statements in the 2014 IGM Financial Inc. Annual Report and have not changed significantly since December 31, 2014.

7. SHARE-BASED PAYMENTS

Stock option plan

	SEPTEMBER 30 2015	DECEMBER 31 2014
Common share options		
– Outstanding	7,542,160	6,940,248
– Exercisable	3,553,737	3,124,226

In the third quarter of 2015, the Company did not grant options to employees (2014 – nil). In the nine months ended September 30, 2015, the Company granted 1,295,770 options to employees (2014 – 1,024,685). The weighted average fair value of options granted during the nine months ended September 30, 2015 has been estimated at \$3.49 per option (2014 – \$6.59) using the Black-Scholes option pricing model. The weighted average closing share price at the grant dates was \$44.09. The assumptions used in these valuation models include:

	NINE MONTHS ENDED SEPTEMBER 30	
	2015	2014
Exercise price	\$ 43.97	\$ 53.81
Risk-free interest rate	1.04%	1.90%
Expected option life	6 years	6 years
Expected volatility	20.00%	21.00%
Expected dividend yield	5.12%	4.00%

Expected volatility has been estimated based on the historic volatility of the Company's share price over six years which is reflective of the expected option life. Options vest over a period of up to 7.5 years from the grant date and are exercisable no later than 10 years after the grant date. A portion of the outstanding options can only be exercised once certain performance targets are met.

8. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	EMPLOYEE BENEFITS	AVAILABLE FOR SALE SECURITIES	INVESTMENT IN AFFILIATE AND OTHER	TOTAL
SEPTEMBER 30, 2015				
Balance, beginning of period	\$ (123,510)	\$ 194	\$ 12,598	\$ (110,718)
Other comprehensive income (loss)	10,283	2,443	33,389	46,115
Balance, end of period	\$ (113,227)	\$ 2,637	\$ 45,987	\$ (64,603)
SEPTEMBER 30, 2014				
Balance, beginning of period	\$ (68,593)	\$ 420	\$ (14,786)	\$ (82,959)
Other comprehensive income (loss)	(34,276)	(99)	23,649	(10,726)
Balance, end of period	\$ (102,869)	\$ 321	\$ 8,863	\$ (93,685)

Amounts are recorded net of tax.

9. RISK MANAGEMENT

The risk management policies and procedures of the Company are discussed in the Financial Instruments Risk section of the Company's Management's Discussion and Analysis contained in the Third Quarter 2015 Report to Shareholders and in Note 20 to the Consolidated Financial Statements in the 2014 IGM Financial Inc. Annual Report and have not changed significantly since December 31, 2014.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair values are management's estimates and are generally calculated using market conditions at a specific point in time and may not reflect future fair values. The calculations are subjective in nature, involve uncertainties and are matters of significant judgment.

All financial instruments measured at fair value and those for which fair value is disclosed are classified into one of three levels that distinguish fair value measurements by the significance of the inputs used for valuation.

Fair value is determined based on the price that would be received for an asset or paid to transfer a liability in the most advantageous market, utilizing a hierarchy of three different valuation techniques, based on the lowest level input that is significant to the fair value measurement in its entirety.

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Observable inputs other than Level 1 quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or inputs other than quoted prices that are observable or corroborated by observable market data; and

Level 3 – Unobservable inputs that are supported by little or no market activity. Valuation techniques are primarily model-based.

Markets are considered inactive when transactions are not occurring with sufficient regularity. Inactive markets may be characterized by a significant decline in the volume and level of observed trading activity or through large or erratic bid/offer spreads. In those instances where traded markets are not considered sufficiently active, fair value is measured using valuation models which may utilize predominantly observable market inputs (Level 2) or may utilize predominantly non-observable market inputs (Level 3). Management considers all reasonably available information including indicative broker quotations, any available pricing for similar instruments, recent arm's length market transactions, any relevant observable market inputs, and internal model-based estimates. Management exercises judgment in determining the most appropriate inputs and the weighting ascribed to each input as well as in the selection of valuation methodologies.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS *(continued)*

Fair value is determined using the following methods and assumptions:

Securities and other financial assets and financial liabilities are valued using quoted prices from active markets, when available. When a quoted market price is not readily available, valuation techniques are used that require assumptions related to discount rates and the timing and amount of future cash flows. Wherever possible, observable market inputs are used in the valuation techniques.

Loans classified as Level 2 are valued using market interest rates for loans with similar credit risk and maturity.

Loans classified as Level 3 are valued by discounting the expected future cash flows at prevailing market yields.

Obligations to securitization entities are valued by discounting the expected future cash flows at prevailing market yields for securities issued by these securitization entities having similar terms and characteristics.

Deposits and certificates are valued by discounting the contractual cash flows using market interest rates currently offered for deposits with similar terms and credit risks.

Long-term debt is valued using quoted prices for each debenture available in the market.

Derivative financial instruments are valued based on quoted market prices, where available, prevailing market rates for instruments with similar characteristics and maturities, or discounted cash flow analysis.

Level 1 financial instruments include exchange-traded equity securities and open-end investment fund units and other financial liabilities in instances where there are quoted prices available from active markets.

Level 2 assets and liabilities include fixed income securities, loans, derivative financial instruments, deposits and certificates and long-term debt. The fair value of fixed income securities is determined using quoted market prices or independent dealer price quotes. The fair value of derivative financial instruments and deposits and certificates are determined using valuation models, discounted cash flow methodologies, or similar techniques using primarily observable market inputs. The fair value of long-term debt is determined using indicative broker quotes.

Level 3 assets and liabilities include securities with little or no trading activity valued using broker-dealer quotes, loans, other financial assets, obligations to securitization entities and derivative financial instruments. Derivative financial instruments consist of principal reinvestment account swaps which represent the component of a swap entered into under the CMB Program whereby the Company pays coupons on Canada Mortgage Bonds and receives investment returns on the reinvestment of repaid mortgage principal. Fair value is determined by discounting the projected cashflows of the swaps. The notional amount, which is an input used to determine the fair value of the swap, is determined using an average unobservable prepayment rate of 15% which is based on historical prepayment patterns. An increase (decrease) in the assumed mortgage prepayment rate increases (decreases) the notional amount of the swap.

The following table presents the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. The table distinguishes between those financial instruments recorded at fair value and those recorded at amortized cost. The table also excludes fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. These items include cash and cash equivalents, accounts and other receivables, certain other financial assets, accounts payable and accrued liabilities, and certain other financial liabilities.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS *(continued)*

	CARRYING VALUE	FAIR VALUE			TOTAL
		LEVEL 1	LEVEL 2	LEVEL 3	
SEPTEMBER 30, 2015					
Financial assets recorded at fair value					
Securities					
– Available for sale	\$ 6,244	\$ 6,244	\$ –	\$ –	\$ 6,244
– Held for trading	69,850	67,056	1,483	1,311	69,850
Loans					
– Held for trading	457,359	–	457,359	–	457,359
Derivative financial instruments	64,053	–	63,853	200	64,053
Other financial assets	9,273	–	–	9,273	9,273
Financial assets recorded at amortized cost					
Loans					
– Loans and receivables	6,824,868	–	26,818	7,049,692	7,076,510
Financial liabilities recorded at fair value					
Derivative financial instruments	64,526	–	13,849	50,677	64,526
Other financial liabilities	6,227	6,227	–	–	6,227
Financial liabilities recorded at amortized cost					
Deposits and certificates	269,148	–	270,531	–	270,531
Obligations to securitization entities	6,939,571	–	–	7,164,092	7,164,092
Long-term debt	1,325,000	–	1,667,822	–	1,667,822
DECEMBER 31, 2014					
Financial assets recorded at fair value					
Securities					
– Available for sale	\$ 10,220	\$ 10,220	\$ –	\$ –	\$ 10,220
– Held for trading	79,325	76,953	769	1,603	79,325
Loans					
– Held for trading	366,227	–	366,227	–	366,227
Derivative financial instruments	39,449	–	39,449	–	39,449
Financial assets recorded at amortized cost					
Loans					
– Loans and receivables	6,652,666	–	29,749	6,819,531	6,849,280
Financial liabilities recorded at fair value					
Derivative financial instruments	29,788	–	3,461	26,327	29,788
Other financial liabilities	6,585	6,585	–	–	6,585
Financial liabilities recorded at amortized cost					
Deposits and certificates	223,328	–	225,266	–	225,266
Obligations to securitization entities	6,754,048	–	–	6,858,924	6,858,924
Long-term debt	1,325,000	–	1,681,954	–	1,681,954

There were no significant transfers between Level 1 and Level 2 in 2015 and 2014.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS *(continued)*

The following table provides a summary of changes in Level 3 assets and liabilities measured at fair value on a recurring basis.

	BALANCE JANUARY 1	GAINS/ (LOSSES) INCLUDED IN NET EARNINGS ⁽¹⁾	GAINS/(LOSSES) INCLUDED IN OTHER COMPREHENSIVE INCOME ⁽²⁾	PURCHASES AND ISSUANCES	SETTLEMENTS	TRANSFERS IN/OUT	BALANCE SEPTEMBER 30
SEPTEMBER 30, 2015							
Assets							
Securities							
– Held for trading	\$ 1,603	\$ 44	\$ –	\$ 69	\$ –	\$ (405)	\$ 1,311
Other financial assets ⁽³⁾	–	–	3,562	–	–	5,711	9,273
Liabilities							
Derivative financial instruments, net	26,327	(32,843)	–	(741)	7,952	–	50,477

SEPTEMBER 30, 2014

Assets

Securities

– Held for trading

	\$ 1,446	\$ 1,036	\$ –	\$ 138	\$ 48	\$ –	\$ 2,572
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Liabilities

Derivative financial instruments, net

	16,163	(16,508)	–	(1,932)	11,781	–	18,958
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(1) Included in Net investment income in the Consolidated Statements of Earnings.

(2) Included in Available for sale securities – Net unrealized gains (losses) in the Consolidated Statements of Comprehensive Income.

(3) Other financial assets previously recorded at cost were re-measured at fair value using recent market transactions.

11. EARNINGS PER COMMON SHARE

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2015	2014	2015	2014
Earnings				
Net earnings	\$ 201,239	\$ 221,871	\$ 604,472	\$ 610,995
Perpetual preferred share dividends	2,213	2,213	6,638	6,638
Net earnings available to common shareholders	\$ 199,026	\$ 219,658	\$ 597,834	\$ 604,357
Number of common shares <i>(in thousands)</i>				
Average number of common shares outstanding	246,953	252,089	249,025	252,247
Add: Potential exercise of outstanding stock options	106	699	144	832
Average number of common shares outstanding – diluted basis	247,059	252,788	249,169	253,079
Earnings per common share <i>(in dollars)</i>				
– Basic	\$ 0.81	\$ 0.87	\$ 2.40	\$ 2.40
– Diluted	\$ 0.81	\$ 0.87	\$ 2.40	\$ 2.39

12. SEGMENTED INFORMATION

The Company's reportable segments are:

- Investors Group
- Mackenzie
- Corporate and Other

These segments reflect the current organizational structure and internal financial reporting. Management measures and evaluates the performance of these segments based on earnings before interest and taxes.

Investors Group earns fee-based revenues in the conduct of its core business activities which are primarily related to the distribution, management and administration of its investment funds. It also earns fee revenues from the provision of brokerage services and the distribution of insurance and banking products. In addition, Investors Group earns intermediary revenues primarily from mortgage banking and servicing activities and from the assets funded by deposit and certificate products.

Mackenzie earns fee-based revenues from services it provides as fund manager to its investment funds and as investment advisor to sub-advisory and institutional accounts.

Corporate and Other includes Investment Planning Counsel, equity income from its investment in Great-West Lifeco Inc. (Lifeco), net investment income on unallocated investments, other income, and also includes consolidation elimination entries.

	2015			
Three months ended September 30	INVESTORS GROUP	MACKENZIE	CORPORATE AND OTHER	TOTAL
Revenues				
Management fees	\$ 319,313	\$ 173,755	\$ 15,463	\$ 508,531
Administration fees	76,140	24,307	4,148	104,595
Distribution fees	46,970	2,490	43,235	92,695
Net investment income and other	16,800	682	28,425	45,907
	459,223	201,234	91,271	751,728
Expenses				
Commission	144,932	75,231	42,995	263,158
Non-commission	123,660	71,522	13,289	208,471
	268,592	146,753	56,284	471,629
Earnings before undernoted	\$ 190,631	\$ 54,481	\$ 34,987	280,099
Interest expense				(23,200)
Earnings before income taxes				256,899
Income taxes				55,660
Net earnings				201,239
Perpetual preferred share dividends				2,213
Net earnings available to common shareholders				\$ 199,026

12. SEGMENTED INFORMATION *(continued)*

				2014
Three months ended September 30	INVESTORS GROUP	MACKENZIE	CORPORATE AND OTHER	TOTAL
Revenues				
Management fees	\$ 321,169	\$ 181,275	\$ 14,619	\$ 517,063
Administration fees	71,943	26,703	3,351	101,997
Distribution fees	41,516	2,658	40,794	84,968
Net investment income and other	16,463	1,456	28,215	46,134
	451,091	212,092	86,979	750,162
Expenses				
Commission	134,054	75,405	40,374	249,833
Non-commission	109,931	67,452	13,419	190,802
	243,985	142,857	53,793	440,635
Earnings before undernoted	\$ 207,106	\$ 69,235	\$ 33,186	309,527
Interest expense				(23,200)
Earnings before income taxes				286,327
Income taxes				64,456
Net earnings				221,871
Perpetual preferred share dividends				2,213
Net earnings available to common shareholders				\$ 219,658

12. SEGMENTED INFORMATION *(continued)*

	2015			
Nine months ended September 30	INVESTORS GROUP	MACKENZIE	CORPORATE AND OTHER	TOTAL
Revenues				
Management fees	\$ 959,050	\$ 530,357	\$ 45,514	\$ 1,534,921
Administration fees	226,395	74,694	11,737	312,826
Distribution fees	142,668	8,241	131,605	282,514
Net investment income and other	52,549	4,902	88,108	145,559
	1,380,662	618,194	276,964	2,275,820
Expenses				
Commission	437,361	230,539	129,812	797,712
Non-commission	372,090	222,247	43,609	637,946
	809,451	452,786	173,421	1,435,658
Earnings before undernoted	\$ 571,211	\$ 165,408	\$ 103,543	840,162
Interest expense				(68,914)
Earnings before income taxes				771,248
Income taxes				166,776
Net earnings				604,472
Perpetual preferred share dividends				6,638
Net earnings available to common shareholders				\$ 597,834
Identifiable assets				
Goodwill	\$ 8,590,870	\$ 1,322,106	\$ 2,018,948	\$11,931,924
	1,347,781	1,168,580	143,495	2,659,856
Total assets	\$ 9,938,651	\$ 2,490,686	\$ 2,162,443	\$14,591,780

12. SEGMENTED INFORMATION *(continued)*

				2014
Nine months ended September 30	INVESTORS GROUP	MACKENZIE	CORPORATE AND OTHER	TOTAL
Revenues				
Management fees	\$ 933,872	\$ 530,831	\$ 42,013	\$ 1,506,716
Administration fees	207,311	79,328	9,890	296,529
Distribution fees	134,225	8,632	120,635	263,492
Net investment income and other	35,619	3,165	81,274	120,058
	1,311,027	621,956	253,812	2,186,795
Expenses				
Commission	397,376	223,997	117,328	738,701
Non-commission	333,383	205,111	42,493	580,987
	730,759	429,108	159,821	1,319,688
Earnings before undernoted	\$ 580,268	\$ 192,848	\$ 93,991	867,107
Interest expense				(68,913)
Restructuring and other charges				(18,316)
Earnings before income taxes				779,878
Income taxes				168,883
Net earnings				610,995
Perpetual preferred share dividends				6,638
Net earnings available to common shareholders				\$ 604,357
Identifiable assets				
Identifiable assets	\$ 8,046,334	\$ 1,336,781	\$ 1,960,674	\$ 11,343,789
Goodwill	1,347,781	1,168,580	140,178	2,656,539
Total assets	\$ 9,394,115	\$ 2,505,361	\$ 2,100,852	\$ 14,000,328