CONSOLIDATED STATEMENTS OF EARNINGS

(unaudited) *(in thousands of Canadian dollars, except shares and per share amounts)*	THREE MONTHS ENDED MARCH 31 2016	 2015
Revenues		
Management fees	$ 483,836	$ 509,111
Administration fees	100,350	102,236
Distribution fees	94,968	94,533
Net investment income and other	15,877	29,081
Proportionate share of affiliate's earnings	27,808	25,902
	722,839	760,863
Expenses		
Commission	261,515	266,867
Non-commission	227,867	213,622
Interest	22,913	22,750
	512,295	503,239
Earnings before income taxes	210,544	257,624
Income taxes	41,368	55,065
Net earnings	169,176	202,559
Perpetual preferred share dividends	2,213	2,213
Net earnings available to common shareholders	$ 166,963	$ 200,346
Average number of common shares *(in thousands) (Note 11)*		
– Basic	243,127	251,211
– Diluted	243,211	251,421
Earnings per share *(in dollars) (Note 11)*		
– Basic	$ 0.69	$ 0.80
– Diluted	$ 0.69	$ 0.80

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited) *(in thousands of Canadian dollars)*	THREE MONTHS ENDED MARCH 31 2016	 2015
Net earnings	$ 169,176	$ 202,559
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to Net earnings		
Employee benefits		
Net actuarial gains (losses), *net of tax of $8,198 and $4,788*	(22,168)	(12,950)
Investment in affiliate – employee benefits and other		
Other comprehensive income (loss), *net of tax of nil*	4,164	(5,736)
Items that may be reclassified subsequently to Net earnings		
Available for sale securities		
Net unrealized gains (losses), *net of tax of $(193) and $(1,185)*	520	3,208
Reclassification of realized (gains) losses to net earnings, *net of tax of $10 and $233*	(26)	(637)
	494	2,571
Investment in affiliate and other		
Other comprehensive income (loss), *net of tax of $(756) and $(51)*	9,411	9,599
	(8,099)	(6,516)
Comprehensive income	$ 161,077	$ 196,043

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

CONSOLIDATED BALANCE SHEETS

(unaudited) *(in thousands of Canadian dollars)*	MARCH 31 2016	DECEMBER 31 2015
Assets		
Cash and cash equivalents	$ 607,170	$ 983,016
Securities	64,922	50,762
Accounts and other receivables	602,517	564,660
Income taxes recoverable	32,818	10,243
Loans *(Note 3)*	7,576,853	7,392,448
Derivative financial instruments	66,365	58,364
Other assets	55,797	54,926
Investment in affiliate	930,465	904,257
Capital assets	148,313	140,356
Deferred selling commissions	741,571	727,527
Deferred income taxes	71,792	64,946
Intangible assets	1,232,803	1,219,720
Goodwill	2,659,856	2,659,856
	$ 14,791,242	$ 14,831,081
Liabilities		
Accounts payable and accrued liabilities	$ 350,009	$ 386,727
Income taxes payable	26,721	53,267
Derivative financial instruments	58,425	57,836
Deposits and certificates	300,915	310,074
Other liabilities	485,925	449,018
Obligations to securitization entities *(Note 4)*	7,154,921	7,092,414
Deferred income taxes	320,465	308,349
Long-term debt	1,325,000	1,325,000
	10,022,381	9,982,685
Shareholders' Equity		
Share capital		
Perpetual preferred shares	150,000	150,000
Common shares	1,604,508	1,623,948
Contributed surplus	36,573	35,569
Retained earnings	3,017,873	3,070,873
Accumulated other comprehensive income (loss)	(40,093)	(31,994)
	4,768,861	4,848,396
	$ 14,791,242	$ 14,831,081

These interim condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on May 6, 2016.

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	SHARE CAPITAL					THREE MONTHS ENDED MARCH 31
(unaudited) *(in thousands of Canadian dollars)*	PERPETUAL PREFERRED SHARES *(Note 5)*	COMMON SHARES *(Note 5)*	CONTRIBUTED SURPLUS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) *(Note 8)*	TOTAL SHAREHOLDERS' EQUITY
2016						
Balance, beginning of period	**$ 150,000**	**$ 1,623,948**	**$ 35,569**	**$ 3,070,873**	**$ (31,994)**	**$ 4,848,396**
Net earnings	**–**	**–**	**–**	**169,176**	**–**	**169,176**
Other comprehensive income (loss), net of tax	**–**	**–**	**–**	**–**	**(8,099)**	**(8,099)**
Comprehensive income	**–**	**–**	**–**	**169,176**	**(8,099)**	**161,077**
Common shares						
Issued under stock option plan	**–**	**410**	**–**	**–**	**–**	**410**
Purchased for cancellation	**–**	**(19,850)**	**–**	**–**	**–**	**(19,850)**
Stock options						
Current period expense	**–**	**–**	**1,026**	**–**	**–**	**1,026**
Exercised	**–**	**–**	**(22)**	**–**	**–**	**(22)**
Perpetual preferred share dividends	**–**	**–**	**–**	**(2,213)**	**–**	**(2,213)**
Common share dividends	**–**	**–**	**–**	**(136,077)**	**–**	**(136,077)**
Common share cancellation excess and other *(Note 5)*	**–**	**–**	**–**	**(83,886)**	**–**	**(83,886)**
Balance, end of period	**$ 150,000**	**$ 1,604,508**	**$ 36,573**	**$ 3,017,873**	**$ (40,093)**	**$ 4,768,861**
2015						
Balance, beginning of period	$ 150,000	$ 1,655,581	$ 33,504	$ 3,112,512	$ (110,718)	$ 4,840,879
Net earnings	–	–	–	202,559	–	202,559
Other comprehensive income (loss), net of tax	–	–	–	–	(6,516)	(6,516)
Comprehensive income	–	–	–	202,559	(6,516)	196,043
Common shares						
Issued under stock option plan	–	14,608	–	–	–	14,608
Purchased for cancellation	–	(9,172)	–	–	–	(9,172)
Stock options						
Current period expense	–	–	1,134	–	–	1,134
Exercised	–	–	(2,370)	–	–	(2,370)
Perpetual preferred share dividends	–	–	–	(2,213)	–	(2,213)
Common share dividends	–	–	–	(140,941)	–	(140,941)
Common share cancellation excess and other *(Note 5)*	–	–	–	(61,073)	–	(61,073)
Balance, end of period	$ 150,000	$ 1,661,017	$ 32,268	$ 3,110,844	$ (117,234)	$ 4,836,895

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited) *(in thousands of Canadian dollars)*	THREE MONTHS ENDED MARCH 31 2016	 2015
Operating activities		
Earnings before income taxes	$ 210,544	$ 257,624
Income taxes paid	(77,914)	(62,203)
Adjustments to determine net cash from operating activities		
Deferred selling commission amortization	59,791	58,703
Amortization of capital and intangible assets	10,526	9,409
Changes in operating assets and liabilities and other	(89,453)	(47,047)
	113,494	216,486
Deferred selling commissions paid	(73,835)	(84,762)
	39,659	131,724
Financing activities		
Net (decrease) increase in deposits and certificates	(9,159)	29,171
Net increase (decrease) in obligations to securitization entities	65,244	(61,671)
Issue of common shares	388	12,238
Common shares purchased for cancellation	(104,337)	(62,086)
Perpetual preferred share dividends paid	(2,213)	(2,213)
Common share dividends paid	(137,752)	(141,449)
	(187,829)	(226,010)
Investing activities		
Purchase of securities	(24,896)	(9,964)
Proceeds from the sale of securities	10,756	21,774
Net (increase) decrease in loans	(183,455)	7,882
Net additions to capital assets	(13,078)	(4,514)
Net cash used in additions to intangible assets and acquisitions	(17,003)	(13,933)
	(227,676)	1,245
Decrease in cash and cash equivalents	(375,846)	(93,041)
Cash and cash equivalents, beginning of period	983,016	1,215,980
Cash and cash equivalents, end of period	$ 607,170	$ 1,122,939
Cash	$ 44,741	$ 56,935
Cash equivalents	562,429	1,066,004
	$ 607,170	$ 1,122,939
Supplemental disclosure of cash flow information related to operating activities		
Interest and dividends received	$ 62,246	$ 63,751
Interest paid	$ 40,709	$ 44,977

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016 *(unaudited) (In thousands of Canadian dollars, except shares and per share amounts)*

NOTE 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.

NOTE 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, 2015. The Interim Financial Statements should be read in conjunction with the Consolidated Financial Statements in the 2015 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 reporting 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 reporting periods beginning on or after January 1, 2018 and the impact of the standard is currently being assessed.

IFRS 16 LEASES

The IASB issued IFRS 16 which requires a lessee to recognize a right-of-use asset representing its right to use the underlying leased asset and a corresponding lease liability representing its obligation to make lease payments for all leases. A lessee recognizes the related expense as depreciation on the right-of-use asset and interest on the lease liability. Short-term (less than 12 months) and low-value asset leases are exempt from these requirements. The standard is effective for annual reporting periods beginning on or after January 1, 2019. The impact of this standard is currently being assessed.

NOTE 3 LOANS

	CONTRACTUAL MATURITY				
	1 YEAR OR LESS	1 – 5 YEARS	OVER 5 YEARS	MARCH 31 2016 TOTAL	DECEMBER 31 2015 TOTAL
Loans and receivables					
Residential mortgages	$ 898,632	$ 6,097,385	$ 3,582	$ 6,999,599	$ 7,008,936
Less: Collective allowance				681	705
				6,998,918	7,008,231
Held for trading				577,935	384,217
				$ 7,576,853	$ 7,392,448

The change in the collective allowance for credit losses is as follows:		
Balance, beginning of period	$ 705	$ 762
Write-offs, net of recoveries	(226)	(132)
Provision for credit losses	202	75
Balance, end of period	$ 681	$ 705

Total impaired loans as at March 31, 2016 were $2,418 (December 31, 2015 – $2,902).

Total interest income on loans classified as loans and receivables was $46.6 million (2015 – $47.4 million). Total interest expense on obligations to securitization entities, related to securitized loans, was $31.5 million (2015 – $35.4 million). Gains realized on the sale of residential mortgages totalled $2.7 million (2015 – $7.1 million). Fair value adjustments related to mortgage banking operations totalled $(1.8) million (2015 – $4.0 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.

NOTE 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 $52.5 million at March 31, 2016 (December 31, 2015 – negative $47.4 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.

NOTE 4 SECURITIZATIONS *(continued)*

MARCH 31, 2016	SECURITIZED MORTGAGES	OBLIGATIONS TO SECURITIZATION ENTITIES	NET
Carrying value			
NHA MBS and CMB Program	$ 4,581,648	$ 4,700,529	$ (118,881)
Bank sponsored ABCP	2,388,984	2,454,392	(65,408)
Total	$ 6,970,632	$ 7,154,921	$ (184,289)
Fair value	$ 7,220,583	$ 7,264,161	$ (43,578)
DECEMBER 31, 2015			
Carrying value			
NHA MBS and CMB Program	$ 4,611,583	$ 4,669,974	$ (58,391)
Bank sponsored ABCP	2,369,681	2,422,440	(52,759)
Total	$ 6,981,264	$ 7,092,414	$ (111,150)
Fair value	$ 7,238,046	$ 7,272,394	$ (34,348)

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.

NOTE 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

	MARCH 31, 2016		MARCH 31, 2015	
	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	244,788,138	$ 1,623,948	251,469,346	$ 1,655,581
Issued under Stock Option Plan	14,526	410	327,049	14,608
Purchased for cancellation	(2,991,900)	(19,850)	(1,385,000)	(9,172)
Balance, end of period	241,810,764	$ 1,604,508	250,411,395	$ 1,661,017

NOTE 5 SHARE CAPITAL *(continued)*

NORMAL COURSE ISSUER BID

In the first quarter of 2016, 2,991,900 shares (2015 – 1,385,000 shares) were purchased at a cost of $104.3 million (2015 – $62.1 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, 2016 which is effective until March 19, 2017. Pursuant to this bid, the Company may purchase up to 12.1 million or 5% of its common shares outstanding as at March 10, 2016. On March 20, 2015, the Company commenced a normal course issuer bid, effective until March 19, 2016, which authorized it to purchase up to 12.5 million or 5% of its common shares outstanding as at March 13, 2015.

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.

NOTE 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 First Quarter 2016 Report to Shareholders and in Note 17 to the Consolidated Financial Statements in the 2015 IGM Financial Inc. Annual Report and have not changed significantly since December 31, 2015.

NOTE 7 SHARE-BASED PAYMENTS

STOCK OPTION PLAN

	MARCH 31 2016	DECEMBER 31 2015
Common share options		
– Outstanding	**8,691,076**	7,441,165
– Exercisable	**3,996,381**	3,526,658

In the first quarter of 2016, the Company granted 1,575,595 options to employees (2015 – 1,293,075). The weighted-average fair value of options granted during the three months ended March 31, 2016 has been estimated at $1.61 per option (2015 – $3.49) using the Black-Scholes option pricing model. The weighted-average closing share price at the grant dates was $35.06. The assumptions used in these valuation models include:

	THREE MONTHS ENDED MARCH 31	
	2016	2015
Exercise price	**$ 34.94**	$ 43.97
Risk-free interest rate	**0.96%**	1.04%
Expected option life	**6 years**	6 years
Expected volatility	**18.00%**	20.00%
Expected dividend yield	**6.44%**	5.12%

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.

NOTE 8 ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

MARCH 31, 2016	EMPLOYEE BENEFITS	AVAILABLE FOR SALE SECURITIES	INVESTMENT IN AFFILIATE AND OTHER	TOTAL
Balance, beginning of period	$ (111,874)	$ 2,658	$ 77,222	$ (31,994)
Other comprehensive income (loss)	(22,168)	494	13,575	(8,099)
Balance, end of period	$ (134,042)	$ 3,152	$ 90,797	$ (40,093)
MARCH 31, 2015				
Balance, beginning of period	$ (123,510)	$ 194	$ 12,598	$ (110,718)
Other comprehensive income (loss)	(12,950)	2,571	3,863	(6,516)
Balance, end of period	$ (136,460)	$ 2,765	$ 16,461	$ (117,234)

Amounts are recorded net of tax.

NOTE 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 First Quarter 2016 Report to Shareholders and in Note 20 to the Consolidated Financial Statements in the 2015 IGM Financial Inc. Annual Report and have not changed significantly since December 31, 2015.

NOTE 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 arms 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.

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.

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

	CARRYING VALUE	LEVEL 1	LEVEL 2	LEVEL 3	FAIR VALUE TOTAL
MARCH 31, 2016					
Financial assets recorded at fair value					
Securities					
– Available for sale	$ 8,632	$ 8,632	$ –	$ –	$ 8,632
– Held for trading	56,290	53,993	1,019	1,278	56,290
Loans					
– Held for trading	577,935	–	577,935	–	577,935
Derivative financial instruments	66,365	–	66,365	–	66,365
Other financial assets	9,273	–	–	9,273	9,273
Financial assets recorded at amortized cost					
Loans					
– Loans and receivables	6,998,918	–	29,252	7,220,583	7,249,835
Financial liabilities recorded at fair value					
Derivative financial instruments	58,425	–	5,923	52,502	58,425
Other financial liabilities	5,745	5,745	–	–	5,745
Financial liabilities recorded at amortized cost					
Deposits and certificates	300,915	–	302,250	–	302,250
Obligations to securitization entities	7,154,921	–	–	7,264,161	7,264,161
Long-term debt	1,325,000	–	1,657,305	–	1,657,305
DECEMBER 31, 2015					
Financial assets recorded at fair value					
Securities					
– Available for sale	$ 6,092	$ 6,092	$ –	$ –	$ 6,092
– Held for trading	44,670	42,215	1,167	1,288	44,670
Loans					
– Held for trading	384,217	–	384,217	–	384,217
Derivative financial instruments	58,364	–	58,364	–	58,364
Other financial assets	9,273	–	–	9,273	9,273
Financial assets recorded at amortized cost					
Loans					
– Loans and receivables	7,008,231	–	27,856	7,238,046	7,265,902
Financial liabilities recorded at fair value					
Derivative financial instruments	57,836	–	10,422	47,414	57,836
Other financial liabilities	4,145	4,145	–	–	4,145
Financial liabilities recorded at amortized cost					
Deposits and certificates	310,074	–	311,770	–	311,770
Obligations to securitization entities	7,092,414	–	–	7,272,394	7,272,394
Long-term debt	1,325,000	–	1,661,150	–	1,661,150

There were no significant transfers between Level 1 and Level 2 in 2016 and 2015.

NOTE 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 MARCH 31
MARCH 31, 2016							
Assets							
Securities							
– Held for trading	**$ 1,288**	**$ (10)**	**$ –**	**$ –**	**$ –**	**$ –**	**$ 1,278**
Other financial assets	**9,273**	**–**	**–**	**–**	**–**	**–**	**9,273**
Liabilities							
Derivative financial instruments, net	**47,414**	**(8,006)**	**–**	**1,157**	**4,075**	**–**	**52,502**
MARCH 31, 2015							
Assets							
Securities							
– Held for trading	$ 1,603	$ 19	$ –	$ –	$ –	$ –	$ 1,622
Other financial assets(3)	–	–	3,562	–	–	5,711	9,273
Liabilities							
Derivative financial instruments, net	26,327	(27,506)	–	(793)	2,301	–	50,739

(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.

NOTE 11 EARNINGS PER COMMON SHARE

	THREE MONTHS ENDED MARCH 31	
	2016	2015
Earnings		
Net earnings	**$ 169,176**	$ 202,559
Perpetual preferred share dividends	**2,213**	2,213
Net earnings available to common shareholders	**$ 166,963**	$ 200,346
Number of common shares *(in thousands)*		
Average number of common shares outstanding	**243,127**	251,211
Add: Potential exercise of outstanding stock options(1)	**84**	210
Average number of common shares outstanding – diluted basis	**243,211**	251,421
Earnings per common share *(in dollars)*		
Basic	**$ 0.69**	$ 0.80
Diluted	**$ 0.69**	$ 0.80

(1) Excludes 2,291 thousand shares in 2016 related to outstanding stock options that were anti-dilutive (2015 – 571 thousand).

NOTE 12 RELATED PARTY TRANSACTIONS

The Company entered into tax loss consolidation transactions with its parent company, Power Financial Corporation, after obtaining advance tax rulings:

- On January 7, 2014, the Company acquired $1.67 billion of 4.51% preferred shares of a wholly-owned subsidiary of Power Financial Corporation. As sole consideration for the preferred shares, the Company issued $1.67 billion of 4.50% secured demand debentures to Power Financial Corporation. The Company has legally enforceable rights to settle these financial instruments on a net basis and the Company intends to exercise these rights.
- On January 6, 2015, the Company acquired $0.33 billion of 4.51% preferred shares of a wholly-owned subsidiary of Power Financial Corporation. As sole consideration for the preferred shares, the Company issued $0.33 billion of 4.50% secured demand debentures to Power Financial Corporation. The Company has legally enforceable rights to settle these financial instruments on a net basis and the Company intends to exercise these rights.

The preferred shares and debentures and related dividend income and interest expense are offset in the Consolidated Financial Statements of the Company. Tax savings arise due to the tax deductibility of the interest expense.

NOTE 13 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 Lifeco, net investment income on unallocated investments, other income, and also includes consolidation elimination entries.

NOTE 13 SEGMENTED INFORMATION *(continued)*

2016

THREE MONTHS ENDED MARCH 31	INVESTORS GROUP	MACKENZIE	CORPORATE AND OTHER	TOTAL
Revenues				
Management fees	$ 308,218	$ 160,491	$ 15,127	$ 483,836
Administration fees	73,618	22,384	4,348	100,350
Distribution fees	49,878	2,563	42,527	94,968
Net investment income and other	13,777	318	29,590	43,685
	445,491	185,756	91,592	722,839
Expenses				
Commission	147,388	71,675	42,452	261,515
Non-commission	135,029	77,627	15,211	227,867
	282,417	149,302	57,663	489,382
Earnings before undernoted	$ 163,074	$ 36,454	$ 33,929	233,457
Interest expense				22,913
Earnings before income taxes				210,544
Income taxes				41,368
Net earnings				169,176
Perpetual preferred share dividends				2,213
Net earnings available to common shareholders				$ 166,963
Identifiable assets	$ 9,033,130	$ 1,304,134	$ 1,794,122	$ 12,131,386
Goodwill	1,347,781	1,168,580	143,495	2,659,856
Total assets	$ 10,380,911	$ 2,472,714	$ 1,937,617	$ 14,791,242

NOTE 13 SEGMENTED INFORMATION *(continued)*

2015

THREE MONTHS ENDED MARCH 31	INVESTORS GROUP	MACKENZIE	CORPORATE AND OTHER	TOTAL
Revenues				
Management fees	$ 316,181	$ 177,962	$ 14,968	$ 509,111
Administration fees	73,029	25,540	3,667	102,236
Distribution fees	46,270	3,246	45,017	94,533
Net investment income and other	21,518	4,218	29,247	54,983
	456,998	210,966	92,899	760,863
Expenses				
Commission	144,979	77,858	44,030	266,867
Non-commission	121,331	76,186	16,105	213,622
	266,310	154,044	60,135	480,489
Earnings before undernoted	$ 190,688	$ 56,922	$ 32,764	280,374
Interest expense				22,750
Earnings before income taxes				257,624
Income taxes				55,065
Net earnings				202,559
Perpetual preferred share dividends				2,213
Net earnings available to common shareholders				$ 200,346
Identifiable assets	$ 8,272,283	$ 1,342,012	$ 2,140,083	$ 11,754,378
Goodwill	1,347,781	1,168,580	143,495	2,659,856
Total assets	$ 9,620,064	$ 2,510,592	$ 2,283,578	$ 14,414,234