CONSOLIDATED STATEMENTS OF EARNINGS

(unaudited) *(in thousands of Canadian dollars, except shares and per share amounts)*	THREE MONTHS ENDED SEPTEMBER 30 2017	2016	NINE MONTHS ENDED SEPTEMBER 30 2017	2016
Revenues				
Management fees	$ 541,836	$ 518,308	$ 1,616,539	$ 1,499,530
Administration fees	109,126	107,931	329,328	312,609
Distribution fees	89,855	101,048	289,890	292,358
Net investment income and other	7,644	23,114	52,866	61,400
Proportionate share of associates' earnings	24,875	26,049	72,652	77,733
	773,336	776,450	2,361,275	2,243,630
Expenses				
Commission	275,996	273,202	849,751	801,845
Non-commission	238,792	224,880	704,768	684,487
Interest	28,949	23,165	84,439	68,991
	543,737	521,247	1,638,958	1,555,323
Earnings before income taxes	229,599	255,203	722,317	688,307
Income taxes	54,026	55,389	164,397	144,214
Net earnings	175,573	199,814	557,920	544,093
Perpetual preferred share dividends	2,213	2,213	6,638	6,638
Net earnings available to common shareholders	$ 173,360	$ 197,601	$ 551,282	$ 537,455
Average number of common shares *(in thousands) (Note 13)*				
– Basic	240,589	240,498	240,573	241,564
– Diluted	240,915	240,589	240,862	241,657
Earnings per share *(in dollars) (Note 13)*				
– Basic	$ 0.72	$ 0.82	$ 2.29	$ 2.22
– Diluted	$ 0.72	$ 0.82	$ 2.29	$ 2.22

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited) *(in thousands of Canadian dollars)*	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2017	2016	**2017**	2016
Net earnings	**$ 175,573**	$ 199,814	**$ 557,920**	$ 544,093
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 $(6,822), $4,230, $4,005 and $20,343*	**18,453**	(11,439)	**(10,825)**	(55,012)
Investment in associates – employee benefits and other				
Other comprehensive income (loss), *net of tax of nil*	**(2,249)**	(6,146)	**10,550**	(8,627)
Items that may be reclassified subsequently to Net earnings				
Available for sale securities				
Net unrealized gains (losses), *net of tax of $665, $(355), $309 and $(116)*	**(4,323)**	1,400	**1,079**	(578)
Reclassification of realized (gains) losses to net earnings, *net of tax of $11, $155, $38 and $209*	**(34)**	(424)	**(106)**	(571)
	(4,357)	976	**973**	(1,149)
Investment in associates and other				
Other comprehensive income (loss), *net of tax of $1,207, $(168), $82 and $(489)*	**(17,027)**	(16,713)	**(13,965)**	(41,912)
	(5,180)	(33,322)	**(13,267)**	(106,700)
Total comprehensive income	**$ 170,393**	$ 166,492	**$ 544,653**	$ 437,393

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

CONSOLIDATED BALANCE SHEETS

(unaudited) *(in thousands of Canadian dollars)*	**SEPTEMBER 30 2017**	DECEMBER 31 2016
Assets		
Cash and cash equivalents	**$ 599,328**	$ 611,032
Securities *(Note 3)*	**307,370**	225,184
Client funds on deposit	**406,496**	455,474
Accounts and other receivables	**338,030**	287,071
Income taxes recoverable	**29,114**	13,627
Loans *(Note 4)*	**7,628,907**	7,983,269
Derivative financial instruments	**35,017**	42,821
Other assets	**58,295**	240,509
Investment in associates *(Note 6)*	**1,544,732**	888,851
Capital assets	**155,003**	161,337
Deferred selling commissions	**761,310**	726,608
Deferred income taxes	**53,178**	61,454
Intangible assets	**1,272,794**	1,267,789
Goodwill	**2,660,267**	2,660,267
	$ 15,849,841	$ 15,625,293
Liabilities		
Accounts payable and accrued liabilities	**$ 372,390**	$ 431,049
Income taxes payable	**12,906**	3,393
Derivative financial instruments	**27,018**	38,163
Deposits and certificates	**423,360**	471,202
Other liabilities	**440,890**	447,943
Obligations to securitization entities *(Note 5)*	**7,301,606**	7,721,024
Deferred income taxes	**465,131**	440,759
Long-term debt	**1,925,000**	1,325,000
	10,968,301	10,878,533
Shareholders' Equity		
Share capital		
Perpetual preferred shares	**150,000**	150,000
Common shares	**1,599,487**	1,597,208
Contributed surplus	**42,206**	39,552
Retained earnings	**3,185,556**	3,042,442
Accumulated other comprehensive income (loss)	**(95,709)**	(82,442)
	4,881,540	4,746,760
	$ 15,849,841	$ 15,625,293

These interim condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on November 2, 2017.

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	NINE MONTHS ENDED SEPTEMBER 30					
	SHARE CAPITAL					
(unaudited) (in thousands of Canadian dollars)	PERPETUAL PREFERRED SHARES (Note 7)	COMMON SHARES (Note 7)	CONTRIBUTED SURPLUS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) (Note 10)	TOTAL SHAREHOLDERS' EQUITY
2017						
Balance, beginning of period	**$ 150,000**	**$ 1,597,208**	**$ 39,552**	**$ 3,042,442**	**$ (82,442)**	**$ 4,746,760**
Net earnings	**–**	**–**	**–**	**557,920**	**–**	**557,920**
Other comprehensive income (loss), net of tax	**–**	**–**	**–**	**–**	**(13,267)**	**(13,267)**
Total comprehensive income	**–**	**–**	**–**	**557,920**	**(13,267)**	**544,653**
Common shares						
Issued under stock option plan	**–**	**2,279**	**–**	**–**	**–**	**2,279**
Stock options						
Current period expense	**–**	**–**	**2,773**	**–**	**–**	**2,773**
Exercised	**–**	**–**	**(119)**	**–**	**–**	**(119)**
Perpetual preferred share dividends	**–**	**–**	**–**	**(6,638)**	**–**	**(6,638)**
Common share dividends	**–**	**–**	**–**	**(405,992)**	**–**	**(405,992)**
Common share cancellation excess and other *(Note 7)*	**–**	**–**	**–**	**(2,176)**	**–**	**(2,176)**
Balance, end of period	**$ 150,000**	**$ 1,599,487**	**$ 42,206**	**$ 3,185,556**	**$ (95,709)**	**$ 4,881,540**
2016						
Balance, beginning of period	$ 150,000	$ 1,623,948	$ 35,569	$ 2,949,182	$ (31,994)	$ 4,726,705
Net earnings	–	–	–	544,093	–	544,093
Other comprehensive income (loss), net of tax	–	–	–	–	(106,700)	(106,700)
Total comprehensive income	–	–	–	544,093	(106,700)	437,393
Common shares						
Issued under stock option plan	–	1,546	–	–	–	1,546
Purchased for cancellation	–	(28,839)	–	–	–	(28,839)
Stock options						
Current period expense	–	–	3,152	–	–	3,152
Exercised	–	–	(84)	–	–	(84)
Perpetual preferred share dividends	–	–	–	(6,638)	–	(6,638)
Common share dividends	–	–	–	(406,697)	–	(406,697)
Common share cancellation excess and other *(Note 7)*	–	–	–	(129,794)	–	(129,794)
Balance, end of period	$ 150,000	$ 1,596,655	$ 38,637	$ 2,950,146	$ (138,694)	$ 4,596,744

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited) *(in thousands of Canadian dollars)*	NINE MONTHS ENDED SEPTEMBER 30 2017	2016
Operating activities		
Earnings before income taxes	$ 722,317	$ 688,307
Income taxes paid	(137,386)	(159,600)
Adjustments to determine net cash from operating activities		
Deferred selling commission amortization	173,262	177,441
Amortization of capital and intangible assets	41,293	32,303
Changes in operating assets and liabilities and other	(149,010)	(60,753)
	650,476	677,698
Deferred selling commissions paid	(207,964)	(171,546)
	442,512	506,152
Financing activities		
Net (decrease) increase in deposits and certificates	(1,114)	877
Net (decrease) increase in obligations to securitization entities	(430,167)	416,283
Issue of debentures	600,000	–
Issue of common shares	2,160	2,278
Common shares purchased for cancellation	–	(155,673)
Perpetual preferred share dividends paid	(6,638)	(6,638)
Common share dividends paid	(405,949)	(409,170)
	(241,708)	(152,043)
Investing activities		
Purchase of securities	(136,977)	(146,896)
Proceeds from the sale of securities	42,675	44,033
Net decrease (increase) in loans	355,289	(493,556)
Net additions to capital assets	(11,314)	(34,516)
Net cash used in additions to intangible assets and acquisitions	(22,837)	(49,113)
Investment in China Asset Management Co. Ltd. *(Note 6)*	(439,344)	–
	(212,508)	(680,048)
Decrease in cash and cash equivalents	(11,704)	(325,939)
Cash and cash equivalents, beginning of period	611,032	983,005
Cash and cash equivalents, end of period	$599,328	$657,066
Cash	$ 55,639	$ 73,208
Cash equivalents	543,689	583,858
	$ 599,328	$ 657,066
Supplemental disclosure of cash flow information related to operating activities		
Interest and dividends received	$ 199,762	$ 190,383
Interest paid	$ 170,049	$ 149,075

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2017 *(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, 2016. The Interim Financial Statements should be read in conjunction with the Consolidated Financial Statements in the 2016 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, *Financial Instruments: Recognition and Measurement*, 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 credit 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.

The transition to IFRS 9 is managed by a committee comprised of senior levels of management. Periodic reporting on the progress against plan is provided to this committee and other affected stakeholders within the Company. To date, the Company's efforts have been focused on updating accounting policies to address key aspects of the Standard including classification and measurement of financial instruments, reviewing the impact to its impairment models and assessing the use of hedge accounting under IFRS 9.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018, and is to be applied retrospectively; however restatement of comparative periods is not required. The Company will recognize any measurement difference between the previous carrying amount and the new carrying amount on January 1, 2018, through an adjustment to opening retained earnings.

The combined application of the contractual cash flow characteristics and business model tests as at January 1, 2018 will result in some changes to the current classification of assets under IAS 39.

- Certain loans currently classified as held for trading are expected to be reclassified to amortized cost.
- Certain securities currently classified as available for sale will be reclassified to fair value through profit and loss.

The Company continues to make progress towards finalizing its assessment of IFRS 9 and the above changes in classification will result in timing differences on the recognition of certain revenues and expenses; however, at this stage, it is not possible to reliably quantify the potential financial effect to the Company from the adoption of IFRS 9.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

IFRS 9 FINANCIAL INSTRUMENTS (continued)

The application of the expected credit loss model will not have a material impact to the Company's loan loss provision.

The Company will update accounting policy manuals, internal control documents and implement changes to business and financial reporting processes and systems to support the implementation of the Standard by its effective date of January 1, 2018.

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. Entities have the choice of full retrospective application or prospective application with additional disclosures. The standard continues to be assessed, however, no significant impact to the ongoing recognition of the Company's revenues is expected.

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 SECURITIES

	SEPTEMBER 30, 2017		DECEMBER 31, 2016	
	COST	FAIR VALUE	COST	FAIR VALUE
Available for sale:				
Corporate investments	$ 214,291	$ 227,473	$ 141,641	$ 151,949
Proprietary investment funds	25,007	25,964	6,097	6,431
	239,298	253,437	147,738	158,380
Fair value through profit or loss:				
Equity securities	40,927	38,758	15,523	17,695
Proprietary investment funds	14,718	15,175	49,407	49,109
	55,645	53,933	64,930	66,804
	$ 294,943	$ 307,370	$ 212,668	$ 225,184

AVAILABLE FOR SALE

CORPORATE INVESTMENTS

Corporate investments is primarily comprised of the Company's investments in Personal Capital Corporation (Personal Capital), Wealthsimple Financial Corporation (Wealthsimple) and Portag3 Ventures LP (Portag3).

In May 2017, the Company invested an additional $42.6 million in Wealthsimple, an online investment manager that provides financial investment guidance. This investment included the conversion of a loan of $15.0 million which was recorded in Other assets at March 31, 2017.

In the third quarter of 2017, the Company invested an additional $28.1 million in Corporate investments, of which $25.0 million related to Personal Capital.

NOTE 4 LOANS

	CONTRACTUAL MATURITY				
	1 YEAR OR LESS	1 – 5 YEARS	OVER 5 YEARS	SEPTEMBER 30 2017 TOTAL	DECEMBER 31 2016 TOTAL
Loans and receivables					
Residential mortgages	$ 1,066,908	$ 6,110,247	$ 6,309	$ 7,183,464	$ 7,644,525
Less: Collective allowance				673	722
				7,182,791	7,643,803
Held for trading				446,116	339,466
				$ 7,628,907	$ 7,983,269

The change in the collective allowance for credit losses is as follows:		
Balance, beginning of period	$ 722	$ 705
Write-offs, net of recoveries	(347)	(502)
Provision for credit losses	298	519
Balance, end of period	$ 673	$ 722

Total impaired loans as at September 30, 2017 were $3,340 (December 31, 2016 – $2,607).

Total interest income on loans classified as loans and receivables was $149.1 million (2016 – $144.6 million). Total interest expense on obligations to securitization entities, related to securitized loans, was $100.0 million (2016 – $95.9 million). Gains realized on the sale of residential mortgages totalled $7.5 million (2016 – $12.9 million). Fair value adjustments related to mortgage banking operations totalled negative $11.7 million (2016 – negative $4.4 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 5 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 offsetting liabilities for the net proceeds received as Obligations to securitization entities which are recorded 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 $0.1 million at September 30, 2017 (December 31, 2016 – negative $23.1 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 recorded 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 5 SECURITIZATIONS *(continued)*

SEPTEMBER 30, 2017	SECURITIZED MORTGAGES	OBLIGATIONS TO SECURITIZATION ENTITIES	NET
Carrying value			
NHA MBS and CMB Program	$ 4,335,089	$ 4,396,148	$ (61,059)
Bank sponsored ABCP	2,821,347	2,905,458	(84,111)
Total	$ 7,156,436	$ 7,301,606	$ (145,170)
Fair value	$ 7,180,698	$ 7,362,453	$ (181,755)
DECEMBER 31, 2016			
Carrying value			
NHA MBS and CMB Program	$ 4,942,474	$ 4,987,298	$ (44,824)
Bank sponsored ABCP	2,672,817	2,733,726	(60,909)
Total	$ 7,615,291	$ 7,721,024	$ (105,733)
Fair value	$ 7,838,295	$ 7,873,118	$ (34,823)

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 6 INVESTMENT IN ASSOCIATES

			SEPTEMBER 30 2017	SEPTEMBER 30 2016
	LIFECO	CHINA AMC	TOTAL	TOTAL
Balance, beginning of period	$ 888,851	$ –	$ 888,851	$ 904,257
Additional investment	–	637,619	637,619	–
Proportionate share of earnings	74,764	2,986	77,750	77,733
Proportionate share of associate's provision	(5,098)	–	(5,098)	–
Dividends received	(43,751)	–	(43,751)	(41,247)
Proportionate share of other comprehensive income (loss) and other adjustments	(3,902)	(6,737)	(10,639)	(54,801)
Balance, end of period	$ 910,864	$ 633,868	$ 1,544,732	$ 885,942

The Company's proportionate share of associates' earnings is recorded in the Consolidated Statements of Earnings.

GREAT-WEST LIFECO INC. (LIFECO)

At September 30, 2017, the Company held 39,737,388 (December 31, 2016 – 39,737,388) shares of Lifeco, which represented an equity interest of 4.0% (December 31, 2016 – 4.0%).

In the second quarter of 2017, Lifeco established a restructuring provision. The Company's after-tax proportionate share was $5.1 million and is recorded in the Consolidated Statements of Earnings.

NOTE 6 INVESTMENT IN ASSOCIATES *(continued)*

CHINA ASSET MANAGEMENT CO., LTD. (CHINA AMC)

On August 31, 2017, the Company finalized its investment in China AMC which resulted in a 13.9% ownership interest at a total cost of $637.6 million. The $637.6 million is comprised of a cash payment made in the quarter of $439.3 million, conversion of a deposit made in the fourth quarter of 2016 and transaction costs.

China AMC is an asset management company established in Beijing, China and is controlled by CITIC Securities Company Limited.

As at September 30, 2017, the Company held a 13.9% ownership interest in China AMC. The Company uses the equity method to account for its investment in China AMC as it exercises significant influence. Significant influence arises from participating in the policy making process, board representation and an additional 13.9% holding by the Company's ultimate parent company, Power Corporation of Canada.

NOTE 7 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, 2017		SEPTEMBER 30, 2016	
	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	**240,515,968**	**$ 1,597,208**	244,788,138	$ 1,623,948
Issued under Stock Option Plan	**77,581**	**2,279**	54,850	1,546
Purchased for cancellation	**–**	**–**	(4,346,600)	(28,839)
Balance, end of period	**240,593,549**	**$ 1,599,487**	240,496,388	$ 1,596,655

NORMAL COURSE ISSUER BID

In the third quarter of 2017, there were no shares purchased (2016 – 127,000 shares purchased at a cost of $4.6 million). In the nine months ended September 30, 2017, there were no shares purchased (2016 – 4,346,600 shares purchased at a cost of $155.7 million). Any 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, 2017 which is effective until March 19, 2018. Pursuant to this bid, the Company may purchase up to 12.0 million or 5% of its common shares outstanding as at February 28, 2017. On March 20, 2016, the Company commenced a normal course issuer bid, effective until March 19, 2017, which authorized it to purchase up to 12.1 million or 5% of its common shares outstanding as at March 10, 2016.

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 8 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 2017 Report to Shareholders and in Note 17 to the Consolidated Financial Statements in the 2016 IGM Financial Inc. Annual Report and have not changed significantly since December 31, 2016.

NOTE 9 SHARE-BASED PAYMENTS

STOCK OPTION PLAN

	SEPTEMBER 30 2017	DECEMBER 31 2016
Common share options		
– Outstanding	**9,070,317**	8,484,030
– Exercisable	**4,125,261**	3,858,518

In the third quarter of 2017, the Company granted nil options to employees (2016 – 651,070). In the nine months ended September 30, 2017, the Company granted 1,418,930 options to employees (2016 – 2,226,665). The weighted-average fair value of options granted during the nine months ended September 30, 2017 has been estimated at $2.52 per option (2016 – $1.68) using the Black-Scholes option pricing model. The weighted-average closing share price at the grant dates was $41.67. The assumptions used in these valuation models include:

	NINE MONTHS ENDED SEPTEMBER 30	
	2017	2016
Exercise price	**$ 41.70**	$ 35.50
Risk-free interest rate	**1.53%**	0.95%
Expected option life	**6 years**	6 years
Expected volatility	**17.00%**	18.00%
Expected dividend yield	**5.40%**	6.34%

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.

NOTE 10 ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

SEPTEMBER 30, 2017	EMPLOYEE BENEFITS	AVAILABLE FOR SALE SECURITIES	INVESTMENT IN ASSOCIATES AND OTHER	TOTAL
Balance, beginning of period	**$ (110,913)**	**$ 8,617**	**$ 19,854**	**$ (82,442)**
Other comprehensive income (loss)	**(10,825)**	**973**	**(3,415)**	**(13,267)**
Balance, end of period	**$ (121,738)**	**$ 9,590**	**$ 16,439**	**$ (95,709)**
SEPTEMBER 30, 2016				
Balance, beginning of period	$ (111,874)	$ 2,658	$ 77,222	$ (31,994)
Other comprehensive income (loss)	(55,012)	(1,149)	(50,539)	(106,700)
Balance, end of period	$ (166,886)	$ 1,509	$ 26,683	$ (138,694)

Amounts are recorded net of tax.

NOTE 11 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 2017 Report to Shareholders and in Note 20 to the Consolidated Financial Statements in the 2016 IGM Financial Inc. Annual Report and have not changed significantly since December 31, 2016.

NOTE 12 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair values are management's estimates and are 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.

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.

NOTE 12 FAIR VALUE OF FINANCIAL INSTRUMENTS *(continued)*

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 12 FAIR VALUE OF FINANCIAL INSTRUMENTS *(continued)*

	CARRYING VALUE	FAIR VALUE LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
SEPTEMBER 30, 2017					
Financial assets recorded at fair value					
Securities					
– Available for sale	**$ 253,437**	**$ 25,964**	**$ –**	**$ 227,473**	**$ 253,437**
– Held for trading	**53,933**	**51,716**	**744**	**1,473**	**53,933**
Loans					
– Held for trading	**446,116**	**–**	**446,116**	**–**	**446,116**
Derivative financial instruments	**35,017**	**–**	**23,592**	**11,425**	**35,017**
Financial assets recorded at amortized cost					
Loans					
– Loans and receivables	**7,182,791**	**–**	**27,021**	**7,180,698**	**7,207,719**
Financial liabilities recorded at fair value					
Derivative financial instruments	**27,018**	**–**	**15,521**	**11,497**	**27,018**
Other financial liabilities	**9,093**	**9,040**	**53**	**–**	**9,093**
Financial liabilities recorded at amortized cost					
Deposits and certificates	**423,360**	**–**	**423,901**	**–**	**423,901**
Obligations to securitization entities	**7,301,606**	**–**	**–**	**7,362,453**	**7,362,453**
Long-term debt	**1,925,000**	**–**	**2,184,762**	**–**	**2,184,762**
DECEMBER 31, 2016					
Financial assets recorded at fair value					
Securities					
– Available for sale	$ 158,380	$ 6,431	$ –	$ 151,949	$ 158,380
– Held for trading	66,804	63,049	2,317	1,438	66,804
Loans					
– Held for trading	339,466	–	339,466	–	339,466
Derivative financial instruments	42,821	–	39,976	2,845	42,821
Financial assets recorded at amortized cost					
Loans					
– Loans and receivables	7,643,803	–	29,452	7,838,295	7,867,747
Financial liabilities recorded at fair value					
Derivative financial instruments	38,163	–	12,263	25,900	38,163
Other financial liabilities	9,781	9,770	11	–	9,781
Financial liabilities recorded at amortized cost					
Deposits and certificates	471,202	–	472,219	–	472,219
Obligations to securitization entities	7,721,024	–	–	7,873,118	7,873,118
Long-term debt	1,325,000	–	1,610,942	–	1,610,942

There were no significant transfers between Level 1 and Level 2 in 2017 and 2016.

NOTE 12 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	BALANCE SEPTEMBER 30
SEPTEMBER 30, 2017						
Assets						
Securities						
– Available for sale	**$ 151,949**	**$ –**	**$ 2,874**	**$ 72,650**	**$ –**	**$ 227,473**
– Held for trading	**1,438**	**35**	**–**	**–**	**–**	**1,473**
Liabilities						
Derivative financial instruments, net	**23,055**	**12,180**	**–**	**1,015**	**11,818**	**72**
SEPTEMBER 30, 2016						
Assets						
Securities						
– Available for sale	$ 9,273	$ –	$ (1,814)	$ 67,394	$ –	$ 74,853
– Held for trading	1,288	43	–	105	–	1,436
Liabilities						
Derivative financial instruments, net	47,414	(10,011)	–	3,353	12,787	47,991

(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.

There were no transfers in or out of Level 3 in 2017 or 2016.

NOTE 13 EARNINGS PER COMMON SHARE

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2017	2016	**2017**	2016
Earnings				
Net earnings	**$ 175,573**	$ 199,814	**$ 557,920**	$ 544,093
Perpetual preferred share dividends	**2,213**	2,213	**6,638**	6,638
Net earnings available to common shareholders	**$ 173,360**	$ 197,601	**$ 551,282**	$ 537,455
Number of common shares *(in thousands)*				
Average number of common shares outstanding	**240,589**	240,498	**240,573**	241,564
Add: Potential exercise of outstanding stock options(1)	**326**	91	**289**	93
Average number of common shares outstanding – diluted basis	**240,915**	240,589	**240,862**	241,657
Earnings per common share *(in dollars)*				
Basic	**$ 0.72**	$ 0.82	**$ 2.29**	$ 2.22
Diluted	**$ 0.72**	$ 0.82	**$ 2.29**	$ 2.22

(1) Excludes 766 thousand shares for the three months ended September 30, 2017 (2016 – 1,908 thousand) related to outstanding stock options that were anti-dilutive. Excludes 888 thousand shares for the nine months ended September 30, 2017 (2016 – 1,894 thousand) related to outstanding stock options that were anti-dilutive.

NOTE 14 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 investments in Lifeco and China AMC, net investment income on unallocated investments, other income, and also includes consolidation elimination entries.

2017

THREE MONTHS ENDED SEPTEMBER 30	INVESTORS GROUP	MACKENZIE	CORPORATE AND OTHER	TOTAL
Revenues				
Management fees	$ 352,508	$ 175,287	$ 14,041	$ 541,836
Administration fees	79,865	24,494	4,767	109,126
Distribution fees	41,569	1,687	46,599	89,855
Net investment income and other	5,274	(301)	2,671	7,644
Proportionate share of associates' earnings	–	–	24,875	24,875
	479,216	201,167	92,953	773,336
Expenses				
Commission	156,195	74,164	45,637	275,996
Non-commission	142,077	81,626	15,089	238,792
	298,272	155,790	60,726	514,788
Earnings before undernoted	$ 180,944	$ 45,377	$ 32,227	258,548
Interest expense				(28,949)
Earnings before income taxes				229,599
Income taxes				54,026
Net earnings				175,573
Perpetual preferred share dividends				2,213
Net earnings available to common shareholders				$ 173,360

NOTE 14 SEGMENTED INFORMATION *(continued)*

2016

THREE MONTHS ENDED SEPTEMBER 30	INVESTORS GROUP	MACKENZIE	CORPORATE AND OTHER	TOTAL
Revenues				
Management fees	$ 331,688	$ 170,357	$ 16,263	$ 518,308
Administration fees	79,164	24,001	4,766	107,931
Distribution fees	54,681	2,223	44,144	101,048
Net investment income and other	19,192	1,794	2,128	23,114
Proportionate share of associates' earnings	–	–	26,049	26,049
	484,725	198,375	93,350	776,450
Expenses				
Commission	155,469	73,595	44,138	273,202
Non-commission	130,903	78,826	15,151	224,880
	286,372	152,421	59,289	498,082
Earnings before undernoted	$ 198,353	$ 45,954	$ 34,061	278,368
Interest expense				(23,165)
Earnings before income taxes				255,203
Income taxes				55,389
Net earnings				199,814
Perpetual preferred share dividends				2,213
Net earnings available to common shareholders				$ 197,601

NOTE 14 SEGMENTED INFORMATION *(continued)*

2017

NINE MONTHS ENDED SEPTEMBER 30	INVESTORS GROUP	MACKENZIE	CORPORATE AND OTHER	TOTAL
Revenues				
Management fees	$ 1,048,162	$ 524,307	$ 44,070	$ 1,616,539
Administration fees	241,092	73,817	14,419	329,328
Distribution fees	145,162	5,875	138,853	289,890
Net investment income and other	45,380	(2,075)	9,561	52,866
Proportionate share of associates' earnings	–	–	77,750	77,750
	1,479,796	601,924	284,653	2,366,373
Expenses				
Commission	488,669	224,258	136,824	849,751
Non-commission	437,510	247,356	47,343	732,209
	926,179	471,614	184,167	1,581,960
Earnings before undernoted	$ 553,617	$ 130,310	$ 100,486	784,413
Interest expense				(84,439)
Pension plan				50,381
Restructuring and other charges				(22,940)
Proportionate share of associate's provision				(5,098)
Earnings before income taxes				722,317
Income taxes				164,397
Net earnings				557,920
Perpetual preferred share dividends				6,638
Net earnings available to common shareholders				$ 551,282
Identifiable assets	$ 9,301,439	$ 1,301,888	$ 2,586,247	$ 13,189,574
Goodwill	1,347,781	1,168,580	143,906	2,660,267
Total assets	$ 10,649,220	$ 2,470,468	$ 2,730,153	$ 15,849,841

NOTE 14 SEGMENTED INFORMATION *(continued)*

2016

NINE MONTHS ENDED SEPTEMBER 30	INVESTORS GROUP	MACKENZIE	CORPORATE AND OTHER	TOTAL
Revenues				
Management fees	$ 958,193	$ 494,392	$ 46,945	$ 1,499,530
Administration fees	229,309	69,231	14,069	312,609
Distribution fees	155,983	7,171	129,204	292,358
Net investment income and other	51,545	3,337	6,518	61,400
Proportionate share of associates' earnings	–	–	77,733	77,733
	1,395,030	574,131	274,469	2,243,630
Expenses				
Commission	455,017	217,504	129,324	801,845
Non-commission	404,454	234,014	46,019	684,487
	859,471	451,518	175,343	1,486,332
Earnings before undernoted	$ 535,559	$ 122,613	$ 99,126	757,298
Interest expense				(68,991)
Earnings before income taxes				688,307
Income taxes				144,214
Net earnings				544,093
Perpetual preferred share dividends				6,638
Net earnings available to common shareholders				$ 537,455
Identifiable assets	$ 9,389,687	$ 1,326,714	$ 1,800,315	$ 12,516,716
Goodwill	1,347,781	1,168,580	143,906	2,660,267
Total assets	$ 10,737,468	$ 2,495,294	$ 1,944,221	$ 15,176,983