CONSOLIDATED STATEMENTS OF EARNINGS

(unaudited) *(in thousands of Canadian dollars, except shares and per share amounts)*	THREE MONTHS ENDED MARCH 31	
	2018	2017
Revenues		
Management fees	**$ 556,601**	$ 527,701
Administration fees	**107,534**	108,964
Distribution fees	**93,320**	105,260
Net investment income and other	**14,209**	19,757
Proportionate share of associates' earnings	**37,984**	28,019
	809,648	789,701
Expenses		
Commission	**286,098**	289,307
Non-commission	**253,145**	246,901
Interest	**30,264**	26,787
	569,507	562,995
Earnings before income taxes	**240,141**	226,706
Income taxes	**52,390**	47,374
Net earnings	**187,751**	179,332
Perpetual preferred share dividends	**2,213**	2,213
Net earnings available to common shareholders	**$ 185,538**	$ 177,119
Earnings per share *(in dollars) (Note 15)*		
– Basic	**$ 0.77**	$ 0.74
– Diluted	**$ 0.77**	$ 0.74

(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 2018	 2017
Net earnings	$ 187,751	$ 179,332
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to Net earnings		
Fair value through other comprehensive income securities		
Other comprehensive income (loss), *net of tax of $429*	(2,746)	N/A
Employee benefits		
Net actuarial gains (losses), *net of tax of $1,269 and $2,939*	(3,427)	(7,948)
Investment in associates – employee benefits and other		
Other comprehensive income (loss), *net of tax of nil*	(2,875)	13,590
Items that may be reclassified subsequently to Net earnings		
Available for sale securities		
Net unrealized gains (losses), *net of tax of $(193)*	N/A	1,007
Reclassification of realized (gains) losses to net earnings, *net of tax of $7*	N/A	(19)
	N/A	988
Investment in associates and other		
Other comprehensive income (loss), *net of tax of $(4,422) and $(1,663)*	40,937	6,333
	31,889	12,963
Total comprehensive income	$ 219,640	$ 192,295

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

CONSOLIDATED BALANCE SHEETS

(unaudited) *(in thousands of Canadian dollars)*	MARCH 31 2018	DECEMBER 31 2017
Assets		
Cash and cash equivalents	**$ 778,243**	$ 966,843
Securities *(Note 3)*	**421,922**	379,696
Client funds on deposit	**454,754**	489,626
Accounts and other receivables	**310,793**	305,062
Income taxes recoverable	**32,273**	33,928
Loans *(Note 4)*	**7,883,307**	7,849,873
Derivative financial instruments	**28,415**	35,692
Other assets	**47,444**	64,558
Investment in associates *(Note 6)*	**1,616,489**	1,551,013
Capital assets	**148,983**	150,468
Capitalized sales commissions *(Note 7)*	**77,168**	767,315
Deferred income taxes	**50,953**	60,661
Intangible assets	**1,184,469**	1,184,451
Goodwill	**2,660,267**	2,660,267
	$ 15,695,480	$ 16,499,453
Liabilities		
Accounts payable and accrued liabilities	**$ 359,264**	$ 406,821
Income taxes payable	**12,210**	8,018
Derivative financial instruments	**33,967**	28,444
Deposits and certificates	**473,133**	504,996
Other liabilities	**468,536**	491,280
Obligations to securitization entities *(Note 5)*	**7,604,249**	7,596,028
Deferred income taxes	**286,186**	463,862
Long-term debt *(Note 8)*	**2,025,000**	2,175,000
	11,262,545	11,674,449
Shareholders' Equity		
Share capital		
Perpetual preferred shares	**150,000**	150,000
Common shares	**1,608,960**	1,602,726
Contributed surplus	**42,877**	42,633
Retained earnings	**2,670,322**	3,100,775
Accumulated other comprehensive income (loss)	**(39,224)**	(71,130)
	4,432,935	4,825,004
	$ 15,695,480	$ 16,499,453

These interim condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on May 4, 2018.

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

						THREE MONTHS ENDED MARCH 31
	SHARE CAPITAL					
(unaudited) *(in thousands of Canadian dollars)*	PERPETUAL PREFERRED SHARES *(Note 9)*	COMMON SHARES *(Note 9)*	CONTRIBUTED SURPLUS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) *(Note 12)*	TOTAL SHAREHOLDERS' EQUITY
2018						
Balance, beginning of period						
As previously reported	**$ 150,000**	**$ 1,602,726**	**$ 42,633**	**$ 3,100,775**	**$ (71,130)**	**$ 4,825,004**
Change in accounting policy *(Note 2)*						
IFRS 9	**–**	**–**	**–**	**36,334**	**17**	**36,351**
IFRS 15	**–**	**–**	**–**	**(516,312)**	**–**	**(516,312)**
As restated	**150,000**	**1,602,726**	**42,633**	**2,620,797**	**(71,113)**	**4,345,043**
Net earnings	**–**	**–**	**–**	**187,751**	**–**	**187,751**
Other comprehensive income (loss), net of tax	**–**	**–**	**–**	**–**	**31,889**	**31,889**
Total comprehensive income	**–**	**–**	**–**	**187,751**	**31,889**	**219,640**
Common shares						
Issued under stock option plan	**–**	**6,234**	**–**	**–**	**–**	**6,234**
Stock options						
Current period expense	**–**	**–**	**906**	**–**	**–**	**906**
Exercised	**–**	**–**	**(662)**	**–**	**–**	**(662)**
Perpetual preferred share dividends	**–**	**–**	**–**	**(2,213)**	**–**	**(2,213)**
Common share dividends	**–**	**–**	**–**	**(135,451)**	**–**	**(135,451)**
Other	**–**	**–**	**–**	**(562)**	**–**	**(562)**
Balance, end of period	**$ 150,000**	**$ 1,608,960**	**$ 42,877**	**$ 2,670,322**	**$ (39,224)**	**$ 4,432,935**
2017						
Balance, beginning of period	$ 150,000	$ 1,597,208	$ 39,552	$ 3,042,442	$ (82,442)	$ 4,746,760
Net earnings	–	–	–	179,332	–	179,332
Other comprehensive income (loss), net of tax	–	–	–	–	12,963	12,963
Total comprehensive income	–	–	–	179,332	12,963	192,295
Common shares						
Issued under stock option plan	–	1,961	–	–	–	1,961
Stock options						
Current period expense	–	–	906	–	–	906
Exercised	–	–	(104)	–	–	(104)
Perpetual preferred share dividends	–	–	–	(2,213)	–	(2,213)
Common share dividends	–	–	–	(135,329)	–	(135,329)
Other	–	–	–	(80)	–	(80)
Balance, end of period	$ 150,000	$ 1,599,169	$ 40,354	$ 3,084,152	$ (69,479)	$ 4,804,196

(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 2018	2017
Operating activities		
Earnings before income taxes	$ 240,141	$ 226,706
Income taxes paid	(38,373)	(43,770)
Adjustments to determine net cash from operating activities		
Capitalized sales commission amortization	2,928	58,893
Amortization of capital and intangible assets	13,872	11,630
Changes in operating assets and liabilities and other	(72,544)	(55,405)
Cash from operating activities before payment of capitalized sales commissions	146,024	198,054
Capitalized sales commissions paid	(16,275)	(81,383)
	129,749	116,671
Financing activities		
Net (decrease) increase in deposits and certificates	(551)	718
Net increase (decrease) in obligations to securitization entities	2,324	(74,004)
Issue of debentures	–	600,000
Repayment of debentures	(150,000)	–
Issue of common shares	5,572	1,857
Perpetual preferred share dividends paid	(2,213)	(2,213)
Common share dividends paid	(135,375)	(135,290)
	(280,243)	391,068
Investing activities		
Purchase of securities	(50,240)	(27,034)
Proceeds from the sale of securities	25,805	25,450
Net decrease in loans	13,898	99,618
Net additions to capital assets	(4,512)	(5,989)
Net cash used in additions to intangible assets and acquisitions	(23,057)	(7,943)
	(38,106)	84,102
(Decrease) increase in cash and cash equivalents	(188,600)	591,841
Cash and cash equivalents, beginning of period	966,843	611,032
Cash and cash equivalents, end of period	$ 778,243	$ 1,202,873
Cash	$ 49,566	$ 65,945
Cash equivalents	728,677	1,136,928
	$ 778,243	$ 1,202,873
Supplemental disclosure of cash flow information related to operating activities		
Interest and dividends received	$ 69,925	$ 67,227
Interest paid	$ 65,917	$ 48,348

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018 *(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 this note and in Note 2 to the Consolidated Financial Statements for the year ended December 31, 2017. The Interim Financial Statements should be read in conjunction with the Consolidated Financial Statements in the 2017 IGM Financial Inc. Annual Report.

CHANGES IN ACCOUNTING POLICIES

IFRS 9 FINANCIAL INSTRUMENTS (IFRS 9)

As of January 1, 2018, the Company has adopted IFRS 9 which replaces IAS 39, *Financial Instruments: Recognition and Measurement* (IAS 39). IFRS 9 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 incurred loss model for impairment of financial assets with an expected credit loss model.
- Hedge accounting: This phase replaces the rule-based hedge accounting requirements with guidance that more closely aligns the accounting with an entity's risk management activities.

The Company has elected not to restate its comparative financial information for the effect of applying IFRS 9, as permitted by the transitional provisions within IFRS 9. The cumulative impact of applying IFRS 9 has therefore been recognized as an adjustment to the current period's opening retained earnings and comparative information continues to be presented in accordance with IAS 39.

The cumulative impact relating to classification and measurement under IFRS 9 has resulted in an after tax increase to opening retained earnings of approximately $36.3 million ($49.7 million before tax) as at January 1, 2018.

Loans of $282.6 million previously classified as held for trading were reclassified to amortized cost as a result of the Company's business model and contractual cash flow characteristics assessment.

A total remeasurement of $49.7 million was recorded due to the reversal of discounts related to fair value losses recognized on the loans and the capitalization of previously expensed mortgage issue costs.

Securities of $19.9 million were reclassified from available for sale to fair value through profit or loss (FVTPL).

The Company elected to classify securities of $262.8 million at fair value through other comprehensive income (FVTOCI). This reclassification had no impact to opening retained earnings, however under this election, unrealized gains and losses on these investments will never be recycled through profit or loss.

CHANGES IN ACCOUNTING POLICIES *(continued)*

IFRS 9 FINANCIAL INSTRUMENTS (IFRS 9) *(continued)*

The Company has adopted the hedge accounting requirements of IFRS 9. As a result of the business model assessment, mortgages previously classified as held for trading and subsequently reclassified to loans and receivables are now classified at amortized cost when originated. The Company has therefore designated certain derivative instruments as hedging instruments to avoid an accounting mismatch between derivative instruments and associated loans. Application of IFRS 9 hedge accounting requirements did not have a material impact in the first quarter of 2018.

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

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS (IFRS 15)

As of January 1, 2018, the Company has adopted 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.

IFRS 15 outlines various criteria for the eligibility of capitalizing contract costs. Determining whether the customer is the fund or the end investor impacts whether costs should be capitalized as a cost of obtaining a contract with a customer or whether they should be assessed as a cost of fulfilling a contract with a customer.

To determine whether sales commissions associated with the distribution of investment funds should be capitalized, the Company assesses whether the customer is the investment fund or the individual investor. Where it is determined that the investment fund is the customer, contract costs are expensed as incurred. Where it is determined that the individual investor is the customer, contract costs are capitalized and amortized over a period not exceeding seven years.

The Company has elected not to restate its comparative financial information for the effect of applying IFRS 15, as permitted by the transitional provisions within IFRS 15. The cumulative impact of applying IFRS 15 has therefore been recognized as an adjustment to the current period's opening retained earnings and comparative information continues to be presented in accordance with the Company's accounting policies in effect as at December 31, 2017.

The cumulative impact from the Company's application of IFRS 15 has resulted in an after tax decrease to opening retained earnings of approximately $514.6 million ($703.5 million before tax) as at January 1, 2018.

Capitalized sales commissions of $703.5 million were derecognized as they related to commissions paid on sales where the customer was the investment fund. This resulted in a decrease to the Company's Deferred income taxes liability of $188.9 million.

On January 1, 2018, Great-West Lifeco Inc. (Lifeco) also adopted IFRS 15 (Note 6). The impact from Lifeco's application of IFRS 15 has resulted in a decrease in the Company's investment in associates of $1.7 million and a decrease in opening retained earnings of $1.7 million as at January 1, 2018.

CHANGES IN ACCOUNTING POLICIES *(continued)*

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS (IFRS 15) *(continued)*

Impact of the changes in accounting policies on the Consolidated Balance Sheet:

	DECEMBER 31, 2017		ADJUSTMENT DUE TO CHANGES IN :		JANUARY 1, 2018	
	CLASSIFICATION	CARRYING VALUE	CLASSIFICATION	MEASUREMENT	CARRYING VALUE	CLASSIFICATION
Assets						
Loans[1]	Held for trading	286,682	(282,572)	–	4,110	FVTPL
	Loans & receivables	7,563,191	282,572	49,729	7,895,492	Amortized Cost
		7,849,873	–	49,729	7,899,602	
Securities[1]	Available for sale	282,756	(19,931)	–	262,825	FVTOCI
	FVTPL	96,940	19,931	–	116,871	FVTPL
Investment in associates[2]		1,551,013	–	(1,728)	1,549,285	
Capitalized sales commissions[2]		767,315	–	(703,494)	63,821	
			–	(655,493)		
Liabilities & Shareholders' Equity						
Income tax payable[1]		8,018	–	6,880	14,898	
Deferred income taxes[1][2]		463,862	–	(182,412)	281,450	
Retained earnings[1][2]		3,100,775	(17)	(479,961)	2,620,797	
AOCI[1]		(71,130)	17	–	(71,113)	
			–	(655,493)		

(1) Transition to IFRS 9
(2) Transition to IFRS 15

FINANCIAL INSTRUMENTS

All financial assets are initially recognized at fair value in the Consolidated Balance Sheets and are subsequently classified as measured at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVTOCI) or amortized cost based on the Company's assessment of the business model within which the financial asset is managed and the financial asset's contractual cash flow characteristics.

A financial asset is measured at amortized cost if it is held within a business model of holding financial assets and collecting contractual cash flows and those cash flows are comprised solely of payments of principal and interest. A financial asset is measured at FVTOCI if the financial asset is held within a business model of both collecting contractual cash flows and selling the financial assets or through an irrevocable election for equity instruments that are not held for trading. All other financial assets are measured at FVTPL. A financial asset that would otherwise be measured at amortized cost or FVTOCI can be designated as FVTPL through an irrevocable election if doing so eliminates or significantly reduces an accounting mismatch.

Financial assets can only be reclassified when there is a change to the business model within which they are managed. Such reclassifications are applied on a prospective basis.

Financial liabilities are classified either as measured at amortized cost using the effective interest method or as FVTPL, which are recorded at fair value.

Unrealized gains and losses on financial assets classified as FVTOCI as well as other comprehensive income amounts, including unrealized foreign currency translation gains and losses related to the Company's investment in its associates, are recorded in the Consolidated Statements of Comprehensive Income on a net of tax basis. Accumulated other comprehensive income forms part of Shareholders' equity.

SECURITIES

Securities, which are recorded on a trade date basis, are classified as either FVTOCI or FVTPL.

The Company has elected to classify equity securities held for long-term investments as FVTOCI. Unrealized gains and losses on FVTOCI securities are recorded in Other comprehensive income and transferred directly to Retained earnings when realized without being recorded through profit or loss. Dividends declared are recorded in Net investment income and other in the Consolidated Statements of Earnings.

FVTPL securities are held for trading and are comprised of fixed income and equity securities and investments in proprietary investment funds. Unrealized and realized gains and losses, dividends declared, and interest income on these securities are recorded in Net investment income and other in the Consolidated Statements of Earnings.

LOANS

Loans are classified as either FVTPL or amortized cost, based on the Company's assessment of the business model within which the loan is managed.

Changes in fair value of loans measured at FVTPL are recorded in Net investment income and other in the Consolidated Statements of Earnings. Loans measured at amortized cost are recorded net of an allowance for expected credit losses. Interest income is accounted for on the accrual basis using the effective interest method for all loans and is recorded in Net investment income and other in the Consolidated Statements of Earnings.

The Company applies a three-stage impairment approach to measure expected credit losses on loans: 1) On origination, an allowance for 12-month expected credit losses is established, 2) Lifetime expected credit losses are recognized where there is a significant deterioration of credit quality, and 3) A loan is considered credit impaired when there is no longer reasonable assurance of collection.

SALES COMMISSIONS

Commissions are paid on investment product sales where the Company either receives a fee directly from the client or where it receives a fee directly from the mutual fund.

Commissions paid on investment product sales where the Company receives a fee directly from the client are capitalized and amortized over their estimated useful lives, not exceeding a period of seven years. The Company regularly reviews the carrying value of capitalized sales commissions with respect to any events or circumstances that indicate impairment. Among the tests performed by the Company to assess recoverability is the comparison of the future economic benefits derived from the capitalized sales commission asset in relation to its carrying value.

All other commissions paid on investment product sales are expensed as incurred.

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 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

	MARCH 31, 2018		DECEMBER 31, 2017	
	COST	FAIR VALUE	COST	FAIR VALUE
Available for sale:				
Corporate investments	$ N/A	$ N/A	$ 215,050	$ 262,825
Proprietary investment funds	N/A	N/A	19,601	19,931
	N/A	N/A	234,651	282,756
Fair value through other comprehensive income				
Corporate investments	262,182	306,782	N/A	N/A
Fair value through profit or loss:				
Equity securities	18,468	17,365	17,115	17,062
Proprietary investment funds	97,788	97,775	79,575	79,878
	116,256	115,140	96,690	96,940
	$ 378,438	$ 421,922	$ 331,341	$ 379,696

FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

CORPORATE INVESTMENTS

In January 2018, the Company increased its investment in Wealthsimple by a total of $45.0 million including the conversion of a $15.0 million loan to equity. The loan was recorded in Other assets at December 31, 2017.

NOTE 4 LOANS

	CONTRACTUAL MATURITY				
	1 YEAR OR LESS	1 – 5 YEARS	OVER 5 YEARS	MARCH 31 2018 TOTAL	DECEMBER 31 2017 TOTAL
Amortized cost					
Residential mortgages	$ 1,236,046	$ 6,622,245	$ 10,983	$ 7,869,274	$ 7,563,997
Less: Allowance for expected credit losses				781	806
				7,868,493	7,563,191
Fair value through profit or loss				14,814	286,682
				$ 7,883,307	$ 7,849,873

The change in the collective allowance for expected credit losses is as follows:		
Balance, beginning of period	$ 806	$ 722
Write-offs, net of recoveries	(213)	(612)
Provision for credit losses	188	696
Balance, end of period	$ 781	$ 806

Total credit impaired loans as at March 31, 2018 were $4,492 (December 31, 2017 – $2,842).

Total interest income on loans was $52.0 million (2017 – $51.5 million). Total interest expense on obligations to securitization entities, related to securitized loans, was $39.9 million (2017 – $33.2 million). Gains realized on the sale of residential mortgages totalled $0.8 million (2017 – $2.1 million). Fair value adjustments related to mortgage banking operations totalled negative $3.9 million (2017 – negative $1.3 million). These amounts were included in Net investment income and other. Net investment income and other also includes other mortgage banking related items including 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 positive fair value of $5.4 million at March 31, 2018 (December 31, 2017 – positive $4.1 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.

MARCH 31, 2018	SECURITIZED MORTGAGES	OBLIGATIONS TO SECURITIZATION ENTITIES	NET
Carrying value			
NHA MBS and CMB Program	**$ 4,472,063**	**$ 4,449,451**	**$ 22,612**
Bank sponsored ABCP	**3,129,708**	**3,154,798**	**(25,090)**
Total	**$ 7,601,771**	**$ 7,604,249**	**$ (2,478)**
Fair value	**$ 7,615,396**	**$ 7,650,955**	**$ (35,559)**
DECEMBER 31, 2017			
Carrying value			
NHA MBS and CMB Program	$ 4,461,926	$ 4,470,908	$ (8,982)
Bank sponsored ABCP	3,076,083	3,125,120	(49,037)
Total	$ 7,538,009	$ 7,596,028	$ (58,019)
Fair value	$ 7,649,591	$ 7,657,761	$ (8,170)

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

			MARCH 31 2018	MARCH 31 2017
	LIFECO	CHINA AMC	TOTAL	TOTAL
Balance, beginning of period				
As previously reported	$ 903,133	$ 647,880	**$ 1,551,013**	$ 888,851
Change in accounting policy *(Note 2)*	(1,728)	–	**(1,728)**	–
	901,405	647,880	**1,549,285**	888,851
Proportionate share of earnings[1]	30,181	7,803	**37,984**	28,019
Dividends received	(15,458)	–	**(15,458)**	(14,584)
Proportionate share of other comprehensive income (loss) and other adjustments	5,836	38,842	**44,678**	9,057
Balance, end of period	$ 921,964	$ 694,525	**$ 1,616,489**	$ 911,343

(1) Recorded in Proportionate share of associates' earnings in the Consolidated Statements of Earnings.

GREAT-WEST LIFECO INC. (LIFECO)

At March 31, 2018, the Company held 39,737,388 (December 31, 2017 – 39,737,388) shares of Lifeco, which represented an equity interest of 4.0% (December 31, 2017 – 4.0%).

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 $638.3 million.

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

As at March 31, 2018, 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 board representation, participating in the policy making process, shared strategic initiatives including joint product launches and collaboration between management and investment teams.

NOTE 7 CAPITALIZED SALES COMMISSIONS

	MARCH 31 2018	DECEMBER 31 2017
Cost	**$ 85,864**	$ 1,429,042
Less: accumulated amortization	**(8,696)**	(661,727)
	$ 77,168	$ 767,315

	MARCH 31 2018	MARCH 31 2017
Changes in capitalized sales commissions:		
Balance, beginning of period		
As previously reported	**$ 767,315**	$ 726,608
Change in accounting policy *(Note 2)*	**(703,494)**	–
	63,821	726,608
Changes due to:		
Sales of investment products	**16,275**	81,382
Amortization	**(2,928)**	(58,892)
	13,347	22,490
Balance, end of period	**$ 77,168**	$ 749,098

NOTE 8 LONG-TERM DEBT

The Company's $150.0 million 6.58% debentures were due and repaid on March 7, 2018.

NOTE 9 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, 2018		MARCH 31, 2017	
	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	**240,666,131**	**$ 1,602,726**	240,515,968	$ 1,597,208
Issued under Stock Option Plan	**139,776**	**6,234**	67,955	1,961
Balance, end of period	**240,805,907**	**$ 1,608,960**	240,583,923	$ 1,599,169

NORMAL COURSE ISSUER BID

The Company commenced a normal course issuer bid on March 20, 2017 which was effective until March 19, 2018. Pursuant to this bid, the Company was authorized to purchase up to 12.0 million or 5% of its common shares outstanding as at February 28, 2017. There were no common shares purchased through the normal course issuer bid during 2017 and 2018.

NOTE 10 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 2018 Report to Shareholders and in Note 17 to the Consolidated Financial Statements in the 2017 IGM Financial Inc. Annual Report and have not changed significantly since December 31, 2017.

NOTE 11 SHARE-BASED PAYMENTS

STOCK OPTION PLAN

	MARCH 31 2018	DECEMBER 31 2017
Common share options		
– Outstanding	**9,920,491**	8,912,748
– Exercisable	**4,786,733**	4,063,668

In the first quarter of 2018, the Company granted 1,318,390 options to employees (2017 – 1,396,455). The weighted-average fair value of options granted during the three months ended March 31, 2018 has been estimated at $2.56 per option (2017 – $2.53) using the Black-Scholes option pricing model. The weighted-average closing share price at the grant dates was $39.10. The assumptions used in these valuation models include:

	THREE MONTHS ENDED MARCH 31	
	2018	2017
Exercise price	**$ 39.29**	$ 41.74
Risk-free interest rate	**2.35%**	1.53%
Expected option life	**6 years**	6 years
Expected volatility	**17.00%**	17.00%
Expected dividend yield	**5.73%**	5.39%

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 12 ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

MARCH 31, 2018	EMPLOYEE BENEFITS	SECURITIES	INVESTMENT IN ASSOCIATES AND OTHER	TOTAL
Balance, beginning of period				
As previously reported	$ (132,529)	$ 39,051	$ 22,348	$ (71,130)
Change in accounting policy *(Note 2)*	–	17	–	17
	(132,529)	39,068	22,348	(71,113)
Other comprehensive income (loss)	(3,427)	(2,746)	38,062	31,889
Balance, end of period	$ (135,956)	$ 36,322	$ 60,410	$ (39,224)

MARCH 31, 2017				
Balance, beginning of period	$ (110,913)	$ 8,617	$ 19,854	$ (82,442)
Other comprehensive income (loss)	(7,948)	988	19,923	12,963
Balance, end of period	$ (118,861)	$ 9,605	$ 39,777	$ (69,479)

Amounts are recorded net of tax.

NOTE 13 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 2018 Report to Shareholders and in Note 20 to the Consolidated Financial Statements in the 2017 IGM Financial Inc. Annual Report and have not changed significantly since December 31, 2017.

NOTE 14 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.

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.

		FAIR VALUE			
	CARRYING VALUE	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
MARCH 31, 2018					
Financial assets recorded at fair value					
Securities					
– FVTOCI	**$ 306,782**	**$ –**	**$ –**	**$ 306,782**	**$ 306,782**
– FVTPL	**115,140**	**113,854**	**605**	**681**	**115,140**
Loans					
– FVTPL	**14,814**	**–**	**14,814**	**–**	**14,814**
Derivative financial instruments	**28,415**	**–**	**15,067**	**13,348**	**28,415**
Financial assets recorded at amortized cost					
Loans					
– Amortized cost	**7,868,493**	**–**	**264,525**	**7,615,396**	**7,879,921**
Financial liabilities recorded at fair value					
Derivative financial instruments	**33,967**	**–**	**26,043**	**7,924**	**33,967**
Other financial liabilities	**9,913**	**9,840**	**73**	**–**	**9,913**
Financial liabilities recorded at amortized cost					
Deposits and certificates	**473,133**	**–**	**473,475**	**–**	**473,475**
Obligations to securitization entities	**7,604,249**	**–**	**–**	**7,650,955**	**7,650,955**
Long-term debt	**2,025,000**	**–**	**2,315,208**	**–**	**2,315,208**
DECEMBER 31, 2017					
Financial assets recorded at fair value					
Securities					
– Available for sale	$ 282,756	$ 19,931	$ –	$ 262,825	$ 282,756
– Held for trading	96,940	95,390	889	661	96,940
Loans					
– Held for trading	286,682	–	286,682	–	286,682
Derivative financial instruments	35,692	–	22,879	12,813	35,692
Financial assets recorded at amortized cost					
Loans					
– Loans and receivables	7,563,191	–	25,917	7,649,591	7,675,508
Financial liabilities recorded at fair value					
Derivative financial instruments	28,444	–	19,726	8,718	28,444
Other financial liabilities	9,262	9,146	116	–	9,262
Financial liabilities recorded at amortized cost					
Deposits and certificates	504,996	–	505,486	–	505,486
Obligations to securitization entities	7,596,028	–	–	7,657,761	7,657,761
Long-term debt	2,175,000	–	2,470,182	–	2,470,182

NOTE 14 FAIR VALUE OF FINANCIAL INSTRUMENTS *(continued)*

There were no significant transfers between Level 1 and Level 2 in 2018 and 2017.

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, 2018							
Assets							
Securities							
– FVTOCI	**$ 262,825**	**$ –**	**$ (3,175)**	**$ 47,132**	**$ –**	**$ –**	**$ 306,782**
– FVTPL	**661**	**20**	**–**	**–**	**–**	**–**	**681**
Derivative financial instruments, net	**4,095**	**(2,685)**	**–**	**194**	**3,820**	**–**	**5,424**
MARCH 31, 2017							
Assets							
Securities							
– Available for sale	$ 151,949	$ –	$ 962	$ 420	$ –	$ –	$ 153,331
– Held for trading	1,438	(101)	–	–	–	–	1,337
Liabilities							
Derivative financial instruments, net	23,055	(3,502)	–	36	4,207	–	22,386

(1) Included in Net investment income in the Consolidated Statements of Earnings.

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

NOTE 15 EARNINGS PER COMMON SHARE

	THREE MONTHS ENDED MARCH 31	
	2018	2017
Earnings		
Net earnings	**$ 187,751**	$ 179,332
Perpetual preferred share dividends	**2,213**	2,213
Net earnings available to common shareholders	**$ 185,538**	$ 177,119
Number of common shares *(in thousands)*		
Weighted average number of common shares outstanding	**240,759**	240,542
Add: Potential exercise of outstanding stock options(1)	**322**	275
Average number of common shares outstanding – Diluted basis	**241,081**	240,817
Earnings per common share *(in dollars)*		
Basic	**$ 0.77**	$ 0.74
Diluted	**$ 0.77**	$ 0.74

(1) Excludes 720 thousand shares in 2018 related to outstanding stock options that were anti-dilutive (2017 – 962 thousand).

NOTE 16 SEGMENTED INFORMATION

The Company's reportable segments are:

- Investors Group
- Mackenzie
- Corporate and Other

These segments reflect the Company's internal financial reporting and performance measurement. In 2017, the Company announced the combination of investment management functions of Investors Group and Mackenzie resulting in the formation of a single global investment management organization. As a result, the Company has changed the methodology used to charge its segments the costs associated with the single investment management function to better align it with internal reporting.

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 and China AMC (Note 6), net investment income on unallocated investments, other income, and also includes consolidation elimination entries.

2018

THREE MONTHS ENDED MARCH 31	INVESTORS GROUP	MACKENZIE	CORPORATE AND OTHER	TOTAL
Revenues				
Management fees	$ 360,807	$ 175,930	$ 19,864	$ 556,601
Administration fees	78,041	24,882	4,611	107,534
Distribution fees	43,318	2,066	47,936	93,320
Net investment income and other	10,336	(174)	4,047	14,209
Proportionate share of associates' earnings	–	–	37,984	37,984
	492,502	202,704	114,442	809,648
Expenses				
Commission	164,758	75,273	46,067	286,098
Non-commission	144,726	85,830	22,589	253,145
	309,484	161,103	68,656	539,243
Earnings before undernoted	$ 183,018	$ 41,601	$ 45,786	270,405
Interest expense				30,264
Earnings before income taxes				240,141
Income taxes				52,390
Net earnings				187,751
Perpetual preferred share dividends				2,213
Net earnings available to common shareholders				$ 185,538
Identifiable assets	$ 8,855,206	$ 1,203,987	$ 2,976,020	$ 13,035,213
Goodwill	1,347,781	1,168,580	143,906	2,660,267
Total assets	$ 10,202,987	$ 2,372,567	$ 3,119,926	$ 15,695,480

NOTE 16 SEGMENTED INFORMATION *(continued)*

2017

THREE MONTHS ENDED MARCH 31	INVESTORS GROUP	MACKENZIE	CORPORATE AND OTHER	TOTAL
Revenues				
Management fees	$ 341,071	$ 171,761	$ 14,869	$ 527,701
Administration fees	79,868	24,400	4,696	108,964
Distribution fees	57,108	2,339	45,813	105,260
Net investment income and other	18,026	80	1,651	19,757
Proportionate share of associates' earnings	–	–	28,019	28,019
	496,073	198,580	95,048	789,701
Expenses				
Commission	169,556	74,585	45,166	289,307
Non-commission	147,759	82,526	16,616	246,901
	317,315	157,111	61,782	536,208
Earnings before undernoted	$ 178,758	$ 41,469	$ 33,266	253,493
Interest expense				26,787
Earnings before income taxes				226,706
Income taxes				47,374
Net earnings				179,332
Perpetual preferred share dividends				2,213
Net earnings available to common shareholders				$ 177,119
Identifiable assets	$ 9,491,761	$ 1,300,493	$ 2,713,604	$ 13,505,858
Goodwill	1,347,781	1,168,580	143,906	2,660,267
Total assets	$ 10,839,542	$ 2,469,073	$ 2,857,510	$ 16,166,125