CONSOLIDATED STATEMENTS OF EARNINGS

(unaudited) *(in thousands of Canadian dollars, except per share amounts)*	THREE MONTHS ENDED MARCH 31 2020	2019
Revenues		
Management and advisory fees	$ 562,079	$ 545,224
Administration fees	101,883	101,699
Distribution fees	88,570	89,274
Net investment income and other	9,486	20,233
Proportionate share of associates' earnings *(Note 6)*	20,045	32,650
	782,063	789,080
Expenses		
Commission	269,984	274,666
Non-commission	275,862	274,438
Interest	27,307	25,216
	573,153	574,320
Earnings before income taxes	208,910	214,760
Income taxes	48,034	45,044
Net earnings	160,876	169,716
Perpetual preferred share dividends	–	2,213
Net earnings available to common shareholders	$ 160,876	$ 167,503
Earnings per share *(in dollars) (Note 14)*		
– Basic	$ 0.68	$ 0.70
– Diluted	$ 0.68	$ 0.70

(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 2020	 2019
Net earnings	$ 160,876	$ 169,716
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to Net earnings		
Fair value through other comprehensive income investments		
Other comprehensive income (loss), *net of tax of $(322) and $1,113*	2,068	(7,138)
Employee benefits		
Net actuarial gains (losses), *net of tax of $(20,965) and $7,388*	56,696	(19,980)
Investment in associates – employee benefits and other		
Other comprehensive income (loss), *net of tax of nil*	5,569	(6,691)
Items that may be reclassified subsequently to Net earnings		
Investment in associates and other		
Other comprehensive income (loss), *net of tax of $(2,277) and $(646)*	51,581	29,358
	115,914	(4,451)
Total comprehensive income	$ 276,790	$ 165,265

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

CONSOLIDATED BALANCE SHEETS

(unaudited) *(in thousands of Canadian dollars)*	MARCH 31 2020	DECEMBER 31 2019
Assets		
Cash and cash equivalents	$ 709,463	$ 720,005
Other investments *(Note 3)*	365,590	357,362
Client funds on deposit	856,028	561,269
Accounts and other receivables	399,688	394,210
Income taxes recoverable	35,010	11,925
Loans *(Note 4)*	6,977,493	7,198,043
Derivative financial instruments	32,157	15,204
Other assets	42,243	45,843
Investment in associates *(Note 6)*	1,818,371	1,753,882
Capital assets	210,082	216,956
Capitalized sales commissions	175,164	149,866
Deferred income taxes	37,682	76,517
Intangible assets *(Note 7)*	1,233,288	1,230,127
Goodwill *(Note 7)*	2,660,267	2,660,267
	$ 15,552,526	$ 15,391,476
Liabilities		
Accounts payable and accrued liabilities	$ 368,668	$ 434,957
Income taxes payable	6,608	4,867
Derivative financial instruments	65,581	17,193
Deposits and certificates	876,407	584,331
Other liabilities	365,529	441,902
Obligations to securitization entities	6,729,364	6,913,636
Lease obligations	85,814	90,446
Deferred income taxes	312,934	305,049
Long-term debt	2,100,000	2,100,000
	10,910,905	10,892,381
Shareholders' Equity		
Share capital		
Common shares	1,598,381	1,597,860
Contributed surplus	49,467	48,677
Retained earnings	3,005,561	2,980,260
Accumulated other comprehensive income (loss)	(11,788)	(127,702)
	4,641,621	4,499,095
	$ 15,552,526	$ 15,391,476

These interim condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on May 8, 2020.

(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 8)*	COMMON SHARES *(Note 8)*	CONTRIBUTED SURPLUS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) *(Note 11)*	TOTAL SHAREHOLDERS' EQUITY
2020						
Balance, beginning of period	**$ –**	**$ 1,597,860**	**$ 48,677**	**$ 2,980,260**	**$ (127,702)**	**$ 4,499,095**
Net earnings	**–**	**–**	**–**	**160,876**	**–**	**160,876**
Other comprehensive income (loss), net of tax	**–**	**–**	**–**	**–**	**115,914**	**115,914**
Total comprehensive income	**–**	**–**	**–**	**160,876**	**115,914**	**276,790**
Common shares						
Issued under stock option plan	**–**	**521**	**–**	**–**	**–**	**521**
Stock options						
Current period expense	**–**	**–**	**814**	**–**	**–**	**814**
Exercised	**–**	**–**	**(24)**	**–**	**–**	**(24)**
Common share dividends	**–**	**–**	**–**	**(134,048)**	**–**	**(134,048)**
Common share cancellation excess and other	**–**	**–**	**–**	**(1,527)**	**–**	**(1,527)**
Balance, end of period	**$ –**	**$ 1,598,381**	**$ 49,467**	**$ 3,005,561**	**$ (11,788)**	**$ 4,641,621**
2019						
Balance, beginning of period	$ 150,000	$ 1,611,263	$ 45,536	$ 2,834,998	$ (45,798)	$ 4,595,999
Net earnings	–	–	–	169,716	–	169,716
Other comprehensive income (loss), net of tax	–	–	–	–	(4,451)	(4,451)
Total comprehensive income	–	–	–	169,716	(4,451)	165,265
Common shares						
Issued under stock option plan	–	3,908	–	–	–	3,908
Purchased for cancellation	–	(1,783)	–	–	–	(1,783)
Stock options						
Current period expense	–	–	923	–	–	923
Exercised	–	–	(212)	–	–	(212)
Perpetual preferred share dividends	–	–	–	(2,213)	–	(2,213)
Common share dividends	–	–	–	(135,498)	–	(135,498)
Transfer out of fair value through other comprehensive income	–	–	–	21,468	(21,468)	–
Common share cancellation excess and other	–	–	–	(87,812)	–	(87,812)
Balance, end of period	$ 150,000	$ 1,613,388	$ 46,247	$ 2,800,659	$ (71,717)	$ 4,538,577

(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 2020	2019
Operating activities		
Earnings before income taxes	$ 208,910	$ 214,760
Income taxes paid	(42,113)	(96,629)
Adjustments to determine net cash from operating activities		
Capitalized sales commission amortization	7,684	4,781
Capitalized sales commissions paid	(32,982)	(12,550)
Amortization of capital, intangible and other assets	20,124	19,968
Proportionate share of associates' earnings, net of dividends	9,995	(16,239)
Pension and other post-employment benefits	1,778	799
Changes in operating assets and liabilities and other	(80,417)	(66,419)
Cash from operating activites before restructuring provision payments	92,979	48,471
Restructuring provision cash payments	(2,661)	(19,625)
	90,318	28,846
Financing activities		
Net (decrease) increase in deposits and certificates	(2,480)	870
Increase in obligations to securitization entities	240,213	426,284
Repayments of obligations to securitization entities and other	(392,383)	(320,989)
Repayments of lease obligations	(6,066)	(5,570)
Issue of debentures	–	250,000
Issue of common shares	498	3,696
Common shares purchased for cancellation	–	(9,152)
Perpetual preferred share dividends paid	–	(2,213)
Common share dividends paid	(134,040)	(135,498)
	(294,258)	207,428
Investing activities		
Purchase of other investments	(19,085)	(35,351)
Proceeds from the sale of other investments	472	20,219
Increase in loans	(321,294)	(293,324)
Repayment of loans and other	547,121	341,255
Net additions to capital assets	(2,942)	(5,250)
Net cash used in additions to intangible assets	(10,874)	(10,151)
Investment in Personal Capital Corporation	–	(66,811)
	193,398	(49,413)
(Decrease) increase in cash and cash equivalents	(10,542)	186,861
Cash and cash equivalents, beginning of period	720,005	650,228
Cash and cash equivalents, end of period	$ 709,463	$ 837,089
Cash	$ 92,684	$ 56,119
Cash equivalents	616,779	780,970
	$ 709,463	$ 837,089
Supplemental disclosure of cash flow information related to operating activities		
Interest and dividends received	$ 69,444	$ 72,066
Interest paid	$ 65,834	$ 64,169

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 *(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 Corporation of Canada.

IGM Financial Inc. is a wealth and asset management 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, 2019. The Interim Financial Statements should be read in conjunction with the Consolidated Financial Statements in the 2019 IGM Financial Inc. Annual Report.

The three months ended March 31, 2020 were characterized by increased uncertainty due to COVID-19 which could impact the Company's significant assumptions related to critical estimates compared to those reported at December 31, 2019.

FUTURE ACCOUNTING CHANGES

The Company continuously monitors the potential changes proposed by the IASB and analyzes the effect that changes in the standards may have on the Company's operations.

NOTE 3 OTHER INVESTMENTS

	MARCH 31, 2020		DECEMBER 31, 2019	
	COST	FAIR VALUE	COST	FAIR VALUE
Fair value through other comprehensive income (FVTOCI)				
Corporate investments	$ 244,989	$ 303,586	$ 244,989	$ 301,196
Fair value through profit or loss (FVTPL)				
Equity securities	1,559	1,323	1,575	1,759
Proprietary investment funds	63,160	60,681	51,304	54,407
	64,719	62,004	52,879	56,166
	$ 309,708	$ 365,590	$ 297,868	$ 357,362

NOTE 4 LOANS

	CONTRACTUAL MATURITY				
	1 YEAR OR LESS	1 – 5 YEARS	OVER 5 YEARS	MARCH 31 2020 TOTAL	DECEMBER 31 2019 TOTAL
Amortized cost					
Residential mortgages	$ 1,668,971	$ 5,273,739	$ 3,817	$ 6,946,527	$ 7,198,718
Less: Allowance for expected credit losses				796	675
				6,945,731	7,198,043
Fair value through profit or loss				31,762	–
				$ 6,977,493	$ 7,198,043

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

Balance, beginning of period	$ 675	$ 801
Write-offs, net of recoveries	(337)	(863)
Provision for credit losses	458	737
Balance, end of period	$ 796	$ 675

Total credit impaired loans as at March 31, 2020 were $3,116 (December 31, 2019 – $2,381).

The Company is working with clients that have been financially impacted by COVID-19 to defer mortgage payments for up to six months.

The International Accounting Standards Board (IASB) has provided guidance intended to support the consistent application of IFRS requirements related to the assessment of expected credit losses in light of the current uncertainty resulting from the COVID-19 pandemic. Recommendations include assessing whether the risk of default has changed over the life of the mortgages, not applying the expected credit loss mechanically (for example the payment holiday extensions should not automatically result in a significant increase in credit risk), developing estimates based on the best available information about past events, current conditions and forecasts of economic conditions, and continuous monitoring for any possible changes and new information. At March 31, 2020, after incorporating the impact of the mortgage deferral program and the IASB guidance, the Company's allowance for expected credit losses was $796 compared to $675 at December 31, 2019.

Total interest income on loans was $50.4 million (2019 – $54.5 million). Total interest expense on obligations to securitization entities, related to securitized loans, was $39.8 million (2019 – $44.1 million). Gains realized on the sale of residential mortgages totalled $1.8 million (2019 – $0.3 million). Fair value adjustments related to mortgage banking operations totalled negative $2.7 million (2019 – negative $3.4 million). These amounts were included in Net investment income and other. Net investment income and other also includes other mortgage banking related items including 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, and the hedging swap used to manage exposure to changes in variable rate investment returns, are recorded as derivatives with a negative fair value of $4.3 million at March 31, 2020 (December 31, 2019 – negative $5.8 million).

The Government of Canada has introduced measures to support Canadians through the COVID-19 crisis where mortgage payments can be deferred for up to six months and repaid over the life of the mortgage. 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, 2020	SECURITIZED MORTGAGES	OBLIGATIONS TO SECURITIZATION ENTITIES	NET
Carrying value			
NHA MBS and CMB Program	$ 3,770,313	$ 3,790,156	$ (19,843)
Bank sponsored ABCP	2,919,513	2,939,208	(19,695)
Total	$ 6,689,826	$ 6,729,364	$ (39,538)
Fair value	$ 6,882,802	$ 6,935,970	$ (53,168)
DECEMBER 31, 2019			
Carrying value			
NHA MBS and CMB Program	$ 3,890,955	$ 3,938,732	$ (47,777)
Bank sponsored ABCP	2,938,910	2,974,904	(35,994)
Total	$ 6,829,865	$ 6,913,636	$ (83,771)
Fair value	$ 6,907,742	$ 6,996,953	$ (89,211)

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

	LIFECO	CHINA AMC	PERSONAL CAPITAL	TOTAL
MARCH 31, 2020				
Balance, beginning of period	**$ 896,651**	**$ 662,694**	**$ 194,537**	**$ 1,753,882**
Dividends	**(16,354)**	**(13,686)**	**–**	**(30,040)**
Proportionate share of:				
Earnings (losses)	**14,305**	**8,856**	**(3,116)**	**20,045**
Other comprehensive income (loss) and other adjustments	**12,415**	**45,566**	**16,503**	**74,484**
Balance, end of period	**$ 907,017**	**$ 703,430**	**$ 207,924**	**$ 1,818,371**
MARCH 31, 2019				
Balance, beginning of period	$ 967,830	$ 683,475	$ –	$ 1,651,305
Transfer from corporate investments (FVTOCI)	–	–	216,952	216,952
Dividends	(16,411)	–	–	(16,411)
Proportionate share of:				
Earnings (losses)	28,642	7,369	(3,361)	32,650
Other comprehensive income (loss) and other adjustments	19,445	1,936	143	21,524
Balance, end of period	$ 999,506	$ 692,780	$ 213,734	$ 1,906,020

The Company uses the equity method to account for its investments in Great-West Lifeco Inc., China Asset Management Co., Ltd. and Personal Capital Corporation as it exercises significant influence.

In March 2020, Lifeco recorded an adjustment which related to unfavourable basis changes and market related impacts due to significant market declines and volatility driven by the COVID-19 pandemic. The Company's after-tax proportionate share of this adjustment was approximately $8.1 million and is included in the proportionate share of earnings.

NOTE 7 GOODWILL AND INTANGIBLE ASSETS

The Company tests the fair value of goodwill and indefinite life intangible assets for impairment at least once a year and more frequently if an event or circumstance indicates the asset may be impaired. An impairment loss is recognized if the amount of the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units). Finite life intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable.

The carrying values of goodwill, indefinite life intangible assets consisting of investment fund management contracts and trade names, and definite life intangibles consisting of software and other management contracts are allocated by cash generating unit (CGU) and are summarized in the following table:

		INTANGIBLE ASSETS		
AS AT MARCH 31, 2020	GOODWILL	INDEFINITE LIFE	FINITE LIFE	TOTAL
IG Wealth Management	**$ 1,347,781**	**$ –**	**$ 127,003**	**$ 127,003**
Mackenzie	**1,168,580**	**1,002,681**	**21,011**	**1,023,692**
Other	**143,906**	**23,055**	**59,538**	**82,593**
Total	**$ 2,660,267**	**$ 1,025,736**	**$ 207,552**	**$ 1,233,288**
AS AT DECEMBER 31, 2019				
IG Wealth Management	$ 1,347,781	$ –	$ 125,295	$ 125,295
Mackenzie	1,168,580	1,002,681	21,800	1,024,481
Other	143,906	23,055	57,296	80,351
Total	$ 2,660,267	$ 1,025,736	$ 204,391	$ 1,230,127

NOTE 7 GOODWILL AND INTANGIBLE ASSETS *(continued)*

Based on March 31, 2020 financial information the Company determined there was no impairment in the value of those assets. The duration and severity of COVID-19 related economic disruptions and resulting depressed financial markets could materially impact the results and financial position of the Company. As a result, subsequent impairment tests may be based on different assumptions which could result in an impairment of goodwill or indefinite life intangible assets. Any such impairment would result in an adjustment to the carrying amount of the asset and a corresponding non-cash charge to the Company's earnings.

The Company tests whether goodwill and indefinite life intangible assets are impaired by assessing the carrying amounts with the recoverable amounts. The recoverable amount of the Company's CGUs is based on the best available evidence of fair value less costs of disposal. Fair value is initially assessed with reference to valuation multiples of comparable publicly traded financial institutions and precedent business acquisition transactions. These valuation multiples may include price-to-earnings or other conventionally used measures for investment managers or other financial service providers (multiples of value to assets under management, revenues, or other measures of profitability). This assessment may give regard to a variety of relevant considerations, including expected growth, risk and capital market conditions, among other factors. The valuation multiples used in assessing fair value represent Level 2 fair value inputs.

The fair value less costs of disposal of the Company's CGUs was compared with the carrying amount and it was determined there was no impairment. Changes in assumptions and estimates used in determining the recoverable amounts of CGUs can result in significant adjustments to the valuation of the CGUs

NOTE 8 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, 2020		MARCH 31, 2019	
	SHARES	STATED VALUE	SHARES	STATED VALUE
Perpetual preferred shares – classified as equity:				
First preferred shares, Series B	–	$ –	6,000,000	$ 150,000
Common shares:				
Balance, beginning of period	**238,294,090**	**$ 1,597,860**	240,885,317	$ 1,611,263
Issued under Stock Option Plan	**14,194**	**521**	138,598	3,908
Purchased for cancellation	–	–	(266,093)	(1,783)
Balance, end of period	**238,308,284**	**$ 1,598,381**	240,757,822	$ 1,613,388

NORMAL COURSE ISSUER BID

The Company commenced a normal course issuer bid on March 26, 2019 which was effective until March 25, 2020. Pursuant to this bid, the Company was authorized to purchase up to 4.0 million or 1.7% of its common shares outstanding as at March 14, 2019.

There were no common shares purchased in the first quarter of 2020 (2019 – 266,093 shares purchased at a cost of $9.2 million). The premium paid to purchase the shares in excess of the stated value was charged to Retained earnings.

NOTE 9 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 2020 Report to Shareholders and in Note 18 to the Consolidated Financial Statements in the 2019 IGM Financial Inc. Annual Report and have not changed significantly since December 31, 2019.

NOTE 10 SHARE-BASED PAYMENTS

STOCK OPTION PLAN

	MARCH 31 2020	DECEMBER 31 2019
Common share options		
– Outstanding	**11,672,984**	10,529,360
– Exercisable	**6,390,368**	5,470,178

In the first quarter of 2020, the Company granted 1,537,165 options to employees (2019 –1,485,310). The fair value of options granted during the three months ended March 31, 2020 has been estimated at $1.31 per option (2019 – $1.82) using the Black-Scholes option pricing model. The closing share price at the grant date was $36.41. Other assumptions used in these valuation models include:

	THREE MONTHS ENDED MARCH 31	
	2020	2019
Exercise price	**$ 38.65**	$ 34.29
Risk-free interest rate	**1.32%**	2.07%
Expected option life	**7 years**	7 years
Expected volatility	**17.00%**	18.00%
Expected dividend yield	**6.18%**	6.56%

Expected volatility has been estimated based on the historic volatility of the Company's share price over seven 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 11 ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

MARCH 31, 2020	EMPLOYEE BENEFITS	OTHER INVESTMENTS	INVESTMENT IN ASSOCIATES AND OTHER	TOTAL
Balance, beginning of period	**$ (165,947)**	**$ 46,363**	**$ (8,118)**	**$ (127,702)**
Other comprehensive income (loss)	**56,696**	**2,068**	**57,150**	**115,914**
Balance, end of period	**$ (109,251)**	**$ 48,431**	**$ 49,032**	**$ (11,788)**
MARCH 31, 2019				
Balance, beginning of period	$ (149,052)	$ 57,234	$ 46,020	$ (45,798)
Other comprehensive income (loss)	(19,980)	(7,138)	22,667	(4,451)
Transfer out of FVTOCI	–	(21,468)	–	(21,468)
Balance, end of period	$ (169,032)	$ 28,628	$ 68,687	$ (71,717)

Amounts are recorded net of tax.

NOTE 11 ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) *(continued)*

Primarily due to COVID-19, discount rates increased by 1.1% during the first quarter of 2020. The gain on the increased discount rates was partially offset by the decrease in assets caused by market reductions. As a result, during the first quarter of 2020, the Company recorded a net actuarial gain in Other comprehensive income of $56.7 million, net of tax, on its employee benefit plans.

NOTE 12 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 2020 Report to Shareholders and in Note 21 to the Consolidated Financial Statements in the 2019 IGM Financial Inc. Annual Report and have not changed significantly since December 31, 2019.

COVID-19 RELATED IMPACTS

The Company has identified impacts to its financial risks due to COVID-19 in the following areas:

LIQUIDITY AND FUNDING

The Government of Canada has introduced measures to support Canadians through the COVID-19 crisis where mortgage payments can be deferred for up to six months and repaid over the life of the mortgage.

As the Company securitizes mortgages through the NHA MBS program, it is obligated to make timely payment of interest and principal payments, which will create a timing difference between the receipt of cash from clients deferring mortgage payments and the payment to the NHA MBS program of those amounts. All mortgages in the NHA MBS program are insured against default.

The Company believes its ongoing cash flows from operations, available cash balances and liquidity available through its lines of credit are sufficient to address the Company's liquidity needs.

CREDIT RISK

The Company's allowance for expected credit losses was $0.8 million at March 31, 2020, compared to $0.7 million at December 31, 2019, and is considered adequate by management to absorb all credit-related losses in the mortgage portfolios based on: i) historical credit performance experience, ii) recent trends including the economic impact of COVID-19 and Canada's COVID-19 Economic Response Plan to support Canadians and businesses, iii) current portfolio credit metrics and other relevant characteristics, iv) our strong financial planning relationship with our clients, and v) stress testing of losses under adverse real estate market conditions.

The Company's exposure to and management of credit risk related to mortgage portfolios have not changed materially since December 31, 2019.

NOTE 13 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:

Other investments 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 investments 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 investments 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, 2020					
Financial assets recorded at fair value					
Other investments					
– FVTOCI	**$ 303,586**	**$ –**	**$ –**	**$ 303,586**	**$ 303,586**
– FVTPL	**62,004**	**61,661**	**–**	**343**	**62,004**
Loans					
– FVTPL	**31,762**	**–**	**31,762**	**–**	**31,762**
Derivative financial instruments	**32,157**	**–**	**29,750**	**2,407**	**32,157**
Financial assets recorded at amortized cost					
Loans					
– Amortized cost	**6,945,731**	**–**	**256,822**	**6,882,802**	**7,139,624**
Financial liabilities recorded at fair value					
Derivative financial instruments	**65,581**	**–**	**41,670**	**23,911**	**65,581**
Financial liabilities recorded at amortized cost					
Deposits and certificates	**876,407**	**–**	**876,717**	**–**	**876,717**
Obligations to securitization entities	**6,729,364**	**–**	**–**	**6,935,970**	**6,935,970**
Long-term debt	**2,100,000**	**–**	**2,274,390**	**–**	**2,274,390**
DECEMBER 31, 2019					
Financial assets recorded at fair value					
Other investments					
– FVTOCI	$ 301,196	$ –	$ –	$ 301,196	$ 301,196
– FVTPL	56,166	55,603	–	563	56,166
Derivative financial instruments	15,204	–	10,762	4,442	15,204
Financial assets recorded at amortized cost					
Loans					
– Amortized cost	7,198,043	–	366,020	6,907,743	7,273,763
Financial liabilities recorded at fair value					
Derivative financial instruments	17,193	–	11,845	5,348	17,193
Financial liabilities recorded at amortized cost					
Deposits and certificates	584,331	–	584,662	–	584,662
Obligations to securitization entities	6,913,636	–	–	6,996,953	6,996,953
Long-term debt	2,100,000	–	2,453,564	–	2,453,564

There were no significant transfers between Level 1 and Level 2 in the first quarter of 2020 and 2019.

NOTE 13 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	PURCHASES AND ISSUANCES	SETTLEMENTS	TRANSFERS IN (OUT)	BALANCE MARCH 31
MARCH 31, 2020							
Other investments							
– FVTOCI	**$ 301,196**	**$ –**	**$ 2,390**	**$ –**	**$ –**	**$ –**	**$ 303,586**
– FVTPL	**563**	**(220)**	**–**	**–**	**–**	**–**	**343**
Derivative financial instruments, net	**(906)**	**(21,718)**	**–**	**956**	**(164)**	**–**	**(21,504)**
MARCH 31, 2019							
Other investments							
– FVTOCI	$ 372,396	$ –	$ (8,251)	$ 17,891	$ –	$ (150,141)[2]	$ 231,895
– FVTPL	552	67	–	–	–	–	619
Derivative financial instruments, net	4,899	(9,148)	–	(973)	304	–	(5,526)

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

(2) Reclassification of investment in Personal Capital from Other investments (FVTOCI) to Investment in associates (equity method).

NOTE 14 EARNINGS PER COMMON SHARE

	THREE MONTHS ENDED MARCH 31	
	2020	2019
Earnings		
Net earnings	**$ 160,876**	$ 169,716
Perpetual preferred share dividends	**–**	2,213
Net earnings available to common shareholders	**$ 160,876**	$ 167,503
Number of common shares *(in thousands)*		
Weighted average number of common shares outstanding	**238,302**	240,941
Add: Potential exercise of outstanding stock options[1]	**14**	–
Average number of common shares outstanding – Diluted basis	**238,316**	240,941
Earnings per common share *(in dollars)*		
Basic	**$ 0.68**	$ 0.70
Diluted	**$ 0.68**	$ 0.70

(1) Excludes 2,025 thousand shares for the three months ended March 31, 2020 (2019 – 3,013 thousand) related to outstanding stock options that were anti-dilutive.

NOTE 15 COVID-19

Governments worldwide have enacted emergency measures to combat the spread of a novel strain of coronavirus (COVID-19). These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused significant volatility and weakness in global equity markets and material disruption to businesses globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

The Company has implemented its business continuity plan as a result of these events, which has included moving substantially all employees and consultants to work from home and further supporting the Company's information technology infrastructure.

The duration and impact of the COVID-19 pandemic is unknown at this time, as is the efficacy of the government and central bank interventions. As a result, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation and its operating subsidiaries in future periods.

NOTE 16 SEGMENTED INFORMATION

The Company's reportable segments are:

- IG Wealth Management
- Mackenzie Investments
- Corporate and Other

These segments reflect the Company's internal financial reporting and performance measurement.

IG Wealth Management 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, IG Wealth Management earns intermediary revenues primarily from mortgage banking and servicing activities and from the assets funded by deposit and certificate products.

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

NOTE 16 SEGMENTED INFORMATION *(continued)*

2020

THREE MONTHS ENDED MARCH 31	IG WEALTH MANAGEMENT	MACKENZIE INVESTMENTS	CORPORATE AND OTHER	TOTAL
Revenues				
Management and advisory fees	$ 368,105	$ 176,007	$ 17,967	$ 562,079
Administration fees	72,774	24,874	4,235	101,883
Distribution fees	38,695	1,481	48,394	88,570
Net investment income and other	8,713	(2,756)	3,529	9,486
Proportionate share of associates' earnings	–	–	20,045	20,045
	488,287	199,606	94,170	782,063
Expenses				
Commission	149,496	75,423	45,065	269,984
Non-commission	165,364	88,474	22,024	275,862
	314,860	163,897	67,089	545,846
Earnings before undernoted	$ 173,427	$ 35,709	$ 27,081	236,217
Interest expense[1]				27,307
Earnings before income taxes				208,910
Income taxes				48,034
Net earnings available to common shareholders				$ 160,876
Identifiable assets	$ 8,502,927	$ 1,160,888	$ 3,228,444	$ 12,892,259
Goodwill	1,347,781	1,168,580	143,906	2,660,267
Total assets	$ 9,850,708	$ 2,329,468	$ 3,372,350	$15,552,526

(1) Interest expense includes interest on long-term debt and interest on leases.

NOTE 16 SEGMENTED INFORMATION *(continued)*

2019

THREE MONTHS ENDED MARCH 31	IG WEALTH MANAGEMENT	MACKENZIE INVESTMENTS	CORPORATE AND OTHER	TOTAL
Revenues				
Management and advisory fees	$ 358,153	$ 168,278	$ 18,793	$ 545,224
Administration fees	73,949	23,272	4,478	101,699
Distribution fees	41,112	1,439	46,723	89,274
Net investment income and other	10,038	4,179	6,016	20,233
Proportionate share of associates' earnings	–	–	32,650	32,650
	483,252	197,168	108,660	789,080
Expenses				
Commission	156,984	72,448	45,234	274,666
Non-commission	162,926	88,790	22,722	274,438
	319,910	161,238	67,956	549,104
Earnings before undernoted	$ 163,342	$ 35,930	$ 40,704	239,976
Interest expense[1]				25,216
Earnings before income taxes				214,760
Income taxes				45,044
Net earnings				169,716
Perpetual preferred share dividends				2,213
Net earnings available to common shareholders				$ 167,503
Identifiable assets	9,065,689	1,183,641	3,060,625	13,309,955
Goodwill	1,347,781	1,168,580	143,906	2,660,267
Total assets	$ 10,413,470	$ 2,352,221	$ 3,204,531	$ 15,970,222

(1) Interest expense includes interest on long-term debt and interest on leases.