Interim Condensed Consolidated Financial Statements

Consolidated Statements of Earnings

(unaudited) (in thousands of Canadian dollars, except per share amounts)

Three months ended March 31		**2023**		2022
Revenues				
Wealth management *(Note 4)*	**$**	**534,111**	$	561,211
Asset management		**236,154**		256,135
Dealer compensation expense		**(79,326)**		(91,116)
Net asset management *(Note 4)*		**156,828**		165,019
Net investment income and other		**10,949**		(2,495)
Gain on sale of Lifeco shares *(Note 8)*		**179,118**		–
Proportionate share of associates' earnings *(Note 8)*		**53,044**		48,400
		934,050		772,135
Expenses				
Advisory and business development		**245,641**		244,968
Operations and support		**201,775**		203,087
Sub-advisory		**15,846**		17,407
Interest		**28,055**		27,979
		491,317		493,441
Earnings before income taxes		**442,733**		278,694
Income taxes		**63,361**		62,291
Net earnings from continuing operations		**379,372**		216,403
Net earnings from discontinued operations *(Note 3)*		**3,129**		3,762
Net earnings		**382,501**		220,165
Non-controlling interest *(Note 3, 8)*		**(1,163)**		(849)
Net earnings available to common shareholders	**$**	**381,338**	$	219,316
Earnings per share *(in dollars) (Note 15)*				
Net earnings available to common shareholders from continuing operations				
– Basic	**$**	**1.59**	$	0.90
– Diluted	**$**	**1.59**	$	0.89
Net earnings available to common shareholders				
– Basic	**$**	**1.60**	$	0.91
– Diluted	**$**	**1.60**	$	0.91

(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	**2023**	2022
Net earnings	**$ 382,501**	$ 220,165
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) *(Note 5), net of tax of $(375) and $31,018*	**2,408**	(198,745)
Employee benefits		
Net actuarial gains (losses), *net of tax of $355 and $(25,771)*	**(963)**	69,688
Investment in associates – employee benefits and other		
Other comprehensive income (loss), *net of tax of nil*	**1,043**	(118)
Items that may be reclassified subsequently to Net earnings		
Investment in associates and other		
Other comprehensive income (loss), *net of tax of $689 and $1,337*	**7,393**	(8,557)
	9,881	(137,732)
Total comprehensive income	**$ 392,382**	$ 82,433

(See accompanying notes to interim condensed consolidated financial statements)

Consolidated Balance Sheets

(unaudited) (in thousands of Canadian dollars)

	March 31 2023	December 31 2022
		Restated *(Note 2)*
Assets		
Cash and cash equivalents	**$ 516,383**	$ 1,072,892
Other investments *(Note 5)*	**775,636**	774,536
Client funds on deposit	**4,210,875**	4,347,354
Accounts and other receivables	**367,310**	368,806
Income taxes recoverable	**23,995**	15,544
Loans *(Note 6)*	**4,890,290**	5,021,483
Derivative financial instruments	**52,739**	63,665
Other assets	**124,634**	156,240
Investment in associates *(Note 8)*	**2,795,438**	2,051,303
Capital assets	**306,816**	326,288
Capitalized sales commissions	**382,974**	372,173
Deferred income taxes	**778**	1,419
Assets held for sale *(Note 3)*	**710,685**	–
Intangible assets	**1,202,036**	1,363,642
Goodwill	**2,636,771**	2,802,173
	$ 18,997,360	$ 18,737,518
Liabilities		
Accounts payable and accrued liabilities	**$ 400,776**	$ 507,573
Income taxes payable	**6,603**	7,122
Derivative financial instruments	**47,224**	51,581
Deposits and certificates	**4,191,465**	4,333,997
Other liabilities	**339,512**	355,577
Obligations to securitization entities *(Note 7)*	**4,573,330**	4,610,438
Lease obligations	**177,027**	192,793
Deferred income taxes	**438,546**	451,005
Long-term debt	**2,100,000**	2,100,000
Liabilities held for sale *(Note 3)*	**339,336**	–
	12,613,819	12,610,086
Shareholders' Equity		
Share capital		
Common shares	**1,687,063**	1,672,799
Contributed surplus	**54,557**	54,134
Retained earnings	**4,227,792**	3,971,056
Accumulated other comprehensive income (loss)	**356,639**	362,766
Non-controlling interest	**57,490**	66,677
	6,383,541	6,127,432
	$ 18,997,360	$ 18,737,518

These interim condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on May 3, 2023.

(See accompanying notes to interim condensed consolidated financial statements)

Consolidated Statements of Changes in Shareholders' Equity

(unaudited) (in thousands of Canadian dollars)

Three months ended March 31	Share capital – Common shares *(Note 9)*	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss) *(Note 12)*	Non-controlling interest	Total shareholders' equity
2023						
Balance, beginning of period						
As previously reported	**$ 1,672,799**	**$ 54,134**	**$ 4,106,714**	**$ 362,766**	**$ 66,677**	**$ 6,263,090**
Change in accounting policy *(Note 2)*	**–**	**–**	**(135,658)**	**–**	**–**	**(135,658)**
As restated	**1,672,799**	**54,134**	**3,971,056**	**362,766**	**66,677**	**6,127,432**
Net earnings	**–**	**–**	**382,501**	**–**	**–**	**382,501**
Other comprehensive income (loss), net of tax	**–**	**–**	**–**	**9,881**	**–**	**9,881**
Total comprehensive income	**–**	**–**	**382,501**	**9,881**	**–**	**392,382**
Common shares						
Issued under stock option plan	**14,264**	**–**	**–**	**–**	**–**	**14,264**
Stock options						
Current period expense	**–**	**1,191**	**–**	**–**	**–**	**1,191**
Exercised	**–**	**(768)**	**–**	**–**	**–**	**(768)**
Common share dividends	**–**	**–**	**(133,896)**	**–**	**–**	**(133,896)**
Non-controlling interest	**–**	**–**	**(1,163)**	**–**	**(9,187)**	**(10,350)**
Disposal of investment in associate *(Note 8)*	**–**	**–**	**(2,017)**	**(16,008)**	**–**	**(18,025)**
Other	**–**	**–**	**11,311**	**–**	**–**	**11,311**
Balance, end of period	**$ 1,687,063**	**$ 54,557**	**$ 4,227,792**	**$ 356,639**	**$ 57,490**	**$ 6,383,541**
2022						
Balance, beginning of period						
As previously reported	$ 1,658,680	$ 51,069	$ 3,856,996	$ 883,083	$ 51,343	$ 6,501,171
Change in accounting policy *(Note 2)*	–	–	(135,658)	–	–	(135,658)
As restated	1,658,680	51,069	3,721,338	883,083	51,343	6,365,513
Net earnings	–	–	220,165	–	–	220,165
Other comprehensive income (loss), net of tax	–	–	–	(137,732)	–	(137,732)
Total comprehensive income	–	–	220,165	(137,732)	–	82,433
Common shares						
Issued under stock option plan	34,012	–	–	–	–	34,012
Purchased for cancellation	(3,985)	–	–	–	–	(3,985)
Stock options						
Current period expense	–	1,083	–	–	–	1,083
Exercised	–	(1,856)	–	–	–	(1,856)
Common share dividends	–	–	(135,017)	–	–	(135,017)
Non-controlling interest	–	–	(849)	–	849	–
Common share cancellation excess and other	–	–	(60,151)	–	–	(60,151)
Balance, end of period	$ 1,688,707	$ 50,296	$ 3,745,486	$ 745,351	$ 52,192	$ 6,282,032

(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	**2023**	2022
Operating activities		
Earnings before income taxes	**$ 447,112**	$ 283,919
Income taxes paid	**(67,324)**	(160,622)
Adjustments to determine net cash from operating activities		
Capitalized sales commission amortization	**21,929**	17,660
Capitalized sales commissions paid	**(33,314)**	(44,456)
Amortization of capital, intangible and other assets	**26,153**	25,291
Proportionate share of associates' earnings, net of dividends received	**(41,532)**	(30,105)
Pension and other post-employment benefits	**(186)**	913
Gain on sale of Lifeco shares *(Note 8)*	**(179,118)**	–
Changes in operating assets and liabilities and other	**(61,337)**	(22,257)
Cash from operating activities before restructuring provision payments	**112,383**	70,343
Restructuring provision cash payments	**(609)**	(5,391)
	111,774	64,952
Financing activities		
Net (decrease) increase in deposits and certificates	**(23)**	22
Increase in obligations to securitization entities	**196,194**	106,809
Repayments of obligations to securitization entities and other	**(216,603)**	(328,853)
Repayment of lease obligations	**(5,104)**	(6,320)
Issue of common shares	**13,496**	32,156
Common shares purchased for cancellation	**–**	(25,697)
Common share dividends paid	**(133,688)**	(134,816)
	(145,728)	(356,699)
Investing activities		
Purchase of other investments	**(21,599)**	(31,427)
Proceeds from the sale of other investments	**21,319**	5,265
Increase in loans	**(135,769)**	(300,011)
Repayment of loans and other	**271,798**	536,971
Net additions to capital assets	**(7,644)**	(12,266)
Net cash used in additions to intangible assets	**(18,746)**	(14,545)
Investment in ChinaAMC *(Note 8)*	**(1,154,100)**	–
Proceeds from sale of Lifeco shares *(Note 8)*	**552,655**	–
	(492,086)	183,987
Decrease in cash and cash equivalents	**(526,040)**	(107,760)
Cash and cash equivalents from continuing and discontinued operations, beginning of period	**1,072,892**	1,292,446
Cash and cash equivalents, end of period	**546,852**	$ 1,184,686
Less: Cash and cash equivalents from discontinued operations, end of period *(Note 3)*	**30,469**	
Cash and cash equivalents, end of period – continuing operations	**$ 516,383**	
Cash	**$ 263,570**	$ 349,565
Cash equivalents	**252,813**	835,121
	$ 516,383	$ 1,184,686
Supplemental disclosure of cash flow information related to operating activities		
Interest and dividends received	**$ 55,647**	$ 50,053
Interest paid	**$ 65,311**	$ 50,899

(See accompanying notes to interim condensed consolidated financial statements)

Notes to the Interim Condensed Consolidated Financial Statements

March 31, 2023 ***(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 (Mackenzie).

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, 2022, except as noted below. The Interim Financial Statements should be read in conjunction with the Consolidated Financial Statements in the 2022 IGM Financial Inc. Annual Report.

Changes in accounting policies

IFRS 17 – Insurance Contracts (IFRS 17)

The IASB issued IFRS 17 which requires insurance contracts to be measured using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts and is effective for periods beginning on or after January 1, 2023. Entities adopting IFRS 17 had the option to defer adoption of IFRS 9 – *Financial Instruments* (IFRS 9). Adoption of these standards is expected to affect the accounting for the carrying value of the Company's investment in Great-West Lifeco Inc. (Lifeco) and the amount that the Company records for its proportionate share of associate's earnings. In Q4 2022, Lifeco disclosed that the adoption of IFRS 17 and IFRS 9 is expected to decrease its total equity by $3.4 billion as at January 1, 2022. Accordingly, the Company has reduced the carrying value of its investment in Lifeco and retained earnings, at January 1, 2022, by $136 million to reflect its proportionate share of Lifeco's estimated decrease to total equity. The amounts disclosed by Lifeco were preliminary and are subject to change.

As Lifeco's 2023 first quarter results will be publicly released after the Company releases its results, the Company will finalize the restatement of its investment in Lifeco for the impacts of IFRS 17 and IFRS 9 in the second quarter of 2023. This change in timing has also resulted in the Company recording its proportionate share of Lifeco earnings using analysts' earnings estimates for Lifeco beginning this quarter.

Additional information of the impact on Lifeco is available in its public disclosures.

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.

Note 3. Discontinued operations

On April 3, 2023, the Company announced the sale of 100% of the common shares of Investment Planning Counsel Inc. (IPC) for cash consideration of $575 million (Note 18).

In accordance with IFRS 5 – *Non-Current Assets Held for Sale and Discontinued Operations*, the operating results and cash flows of IPC have been classified as discontinued operations within the Wealth Management segment. The related assets and liabilities have been classified as assets and liabilities held for sale.

Net earnings from discontinued operations

	Three months ended March 31	
	2023	2022
Revenues		
Wealth management	**$ 76,139**	$ 79,994
Net asset management	**4,342**	4,620
Net investment income and other	**1,015**	477
	81,496	85,091
Expenses	**77,117**	79,866
Earnings before income taxes	**4,379**	5,225
Income taxes	**1,250**	1,463
Net earnings from discontinued operations	**3,129**	3,762
Non-controlling interest	**(150)**	–
Net earnings available to common shareholders from discontinued operations	**$ 2,979**	$ 3,762

Cash flows from discontinued operations

Included within the Company's cash flows are the following amounts attributable to discontinued operations:

	Three months ended March 31	
	2023	2022
Net cash (used in) provided by operating activities	**$ (77)**	$ 1,688
Net cash (used in) provided by financing activities	**(344)**	7,666
Net cash (used in) provided by investing activities	**(8,388)**	(9,876)
Net decrease in cash and cash equivalents	**$ (8,809)**	$ (522)

Assets and liabilities held for sale

	2023 March 31
Assets	
Cash and cash equivalents	**$ 30,469**
Securities	**279**
Client funds on deposit	**284,426**
Accounts and other receivables	**33,690**
Income taxes recoverable	**1,451**
Other assets	**16,087**
Capital assets	**16,955**
Capitalized sales commissions	**719**
Deferred income taxes	**148**
Intangible assets	**161,059**
Goodwill	**165,402**
Assets of discontinued operations	**$ 710,685**
Liabilities	
Accounts payable and accrued liabilities	**$ 25,374**
Income taxes payable	**533**
Deposits and certificates	**284,426**
Other liabilities	**4,901**
Lease obligations	**12,491**
Deferred income taxes	**11,611**
Liabilities of discontinued operations	**$ 339,336**

Note 4. Revenues from contracts with customers

	Three months ended March 31 2023	2022
Advisory fees	$ 290,676	$ 292,322
Product and program fees	217,150	227,760
	507,826	520,082
Redemption fees	594	1,449
Other financial planning revenues	25,691	39,680
Wealth management	534,111	561,211
Asset management	236,154	256,135
Dealer compensation expense	(79,326)	(91,116)
Net asset management	156,828	165,019
Net revenues from contracts with customers	$ 690,939	$ 726,230

Wealth management revenue is earned by providing financial planning, investment advisory and related financial services. Advisory fees, related to financial planning, are associated with assets under management and advisement. Product and program fees, related to investment management and administration services, are associated with assets under management. Other financial planning revenues include insurance, banking products and services, and mortgage lending activities.

Asset management revenue, related to investment management advisory and administrative services, depends on the level and composition of assets under management.

Note 5. Other investments

	March 31, 2023		December 31, 2022	
	Cost	Fair value	Cost	Fair value
Fair value through other comprehensive income (FVTOCI)				
Corporate investments	$ 242,704	$ 605,395	$ 242,704	$ 602,612
Fair value through profit or loss (FVTPL)				
Equity securities	12,705	12,998	12,689	12,933
Proprietary investment funds	153,648	157,243	156,663	158,991
	166,353	170,241	169,352	171,924
	$ 409,057	$ 775,636	$ 412,056	$ 774,536

Wealthsimple Financial Corp. (Wealthsimple) is a financial company that provides simple digital tools for growing and managing your money. The Company's investment in Wealthsimple is held through a limited partnership controlled by Power Corporation of Canada. The investment is classified at Fair Value Through Other Comprehensive Income. IGM Financial Inc. holds directly and indirectly a 24% interest in Wealthsimple valued at $492 million at March 31, 2023, unchanged from December 31, 2022. Fair value is determined by using observable transactions in the investments' securities where available, discounted cash flows, and other valuation metrics, including revenue multiples used in the valuation of comparable public companies.

Note 6. Loans

	Contractual maturity				
	1 year or less	1 – 5 years	Over 5 years	March 31 2023 Total	December 31 2022 Total
Amortized cost					
Residential mortgages	**$ 1,058,757**	**$ 3,819,536**	**$ 1,211**	**$ 4,879,504**	$ 5,022,298
Less: Allowance for expected credit losses				**821**	815
				4,878,683	5,021,483
Fair value through profit or loss				**11,607**	–
				$ 4,890,290	$ 5,021,483
The change in the allowance for expected credit losses is as follows:					
Balance, beginning of period				**$ 815**	$ 648
Write-offs, net of recoveries				**416**	(689)
Expected credit losses				**(410)**	856
Balance, end of period				**$ 821**	$ 815

Total credit impaired loans as at March 31, 2023 were $3,243 (December 31, 2022 – $2,159).

Total interest income on loans was $39.3 million (2022 – $32.7 million). Total interest expense on obligations to securitization entities, related to securitized loans, was $33.6 million (2022 – $24.1 million). Losses realized on the sale of residential mortgages totalled $1.0 million (2022 – losses of $0.7 million). Fair value adjustments related to mortgage banking operations totalled negative $3.3 million (2022 – positive $4.0 million). These amounts were included in Wealth management revenue. Wealth management revenue also includes other mortgage banking related items including portfolio insurance, issue costs, and other items.

Note 7. 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 $1.4 million at March 31, 2023 (December 31, 2022 – positive $0.9 million).

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.

	Securitized mortgages	Obligations to securitization entities	Net
March 31, 2023			
Carrying value			
NHA MBS and CMB Program	**$ 2,539,267**	**$ 2,481,601**	**$ 57,666**
Bank sponsored ABCP	**2,100,684**	**2,091,729**	**8,955**
Total	**$ 4,639,951**	**$ 4,573,330**	**$ 66,621**
Fair value	**$ 4,540,679**	**$ 4,541,003**	**$ (324)**
December 31, 2022			
Carrying value			
NHA MBS and CMB Program	$ 2,494,400	$ 2,459,828	$ 34,572
Bank sponsored ABCP	2,143,241	2,150,610	(7,369)
Total	$ 4,637,641	$ 4,610,438	$ 27,203
Fair value	$ 4,532,493	$ 4,544,609	$ (12,116)

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 8. Investment in associates

	Lifeco	ChinaAMC	Northleaf	Other	Total
March 31, 2023					
Balance, beginning of period					
As previously reported	**$ 1,075,225**	**$ 787,171**	**$ 284,499**	**$ 40,066**	**$ 2,186,961**
Change in accounting policy *(Note 2)*	**(135,658)**	**–**	**–**	**–**	**(135,658)**
As restated	**939,567**	**787,171**	**284,499**	**40,066**	**2,051,303**
Additions	**–**	**1,154,100**	**–**	**542**	**1,154,642**
Disposition	**(391,564)**	**–**	**–**	**–**	**(391,564)**
Dividends	**(11,512)**	**(69,180)**	**–**	**–**	**(80,692)**
Proportionate share of:					
Earnings	**20,602**	**28,133**	**5,066** (1)	**(757)**	**53,044**
Other comprehensive income (loss) and other adjustments	**14,024**	**(5,319)**	**–**	**–**	**8,705**
Balance, end of period	**$ 571,117**	**$ 1,894,905**	**$ 289,565**	**$ 39,851**	**$ 2,795,438**
March 31, 2022					
Balance, beginning of period					
As previously reported	$ 1,020,700	$ 768,724	$ 258,831	$ –	$ 2,048,255
Change in accounting policy *(Note 2)*	(135,658)	–	–	–	(135,658)
As restated	885,042	768,724	258,831	–	1,912,597
Dividends	(18,295)	(31,319)	–	–	(49,614)
Proportionate share of:					
Earnings	30,668	13,489	4,243 (1)	–	48,400
Other comprehensive income (loss) and other adjustments	(806)	(7,185)	–	–	(7,991)
Balance, end of period	$ 896,609	$ 743,709	$ 263,074	$ –	$ 1,903,392

(1) For the three months ended March 31, 2023, the Company's proportionate share of Northleaf's earnings net of Non-controlling interest was $4,053 (2022 – $3,394).

The Company uses the equity method to account for its investments in associates, which include Great-West Lifeco Inc. (Lifeco), China Asset Management Co., Ltd. (ChinaAMC) and Northleaf Capital Group Ltd. (Northleaf), as it exercises significant influence.

On January 12, 2023, the Company closed the previously announced transaction to acquire Power Corporation of Canada's (Power) 13.9% interest in ChinaAMC for cash consideration of $1.15 billion, increasing the Company's equity interest in ChinaAMC from 13.9% to 27.8%. To partially fund the transaction, IGM Financial sold 15,200,662 common shares of Lifeco to Power for cash consideration of

$553 million which reduced the Company's equity interest in Lifeco from 4.0% to 2.4%. The remaining $597 million of consideration was funded from the Company's existing financial resources including $22 million in dividends received after March 31, 2022 with respect to the Lifeco shares that were sold. The Company continues to equity account for its 27.8% interest in ChinaAMC and 2.4% interest in Lifeco.

The Company recognized a gain on the sale of the Lifeco shares of $179.1 million before tax ($174.8 million after tax). Lifeco will be implementing IFRS 17 effective January 1, 2023, which will impact the gain ultimately recognized on the sale of Lifeco shares.

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, 2023		March 31, 2022	
	Shares	**Stated value**	Shares	Stated value
Common shares:				
Balance, beginning of period	**237,668,062**	**$ 1,672,799**	239,679,043	$ 1,658,680
Issued under Stock Option Plan	**369,737**	**14,264**	867,578	34,012
Purchased for cancellation	**–**	**–**	(570,000)	(3,985)
Balance, end of period	**238,037,799**	**$ 1,687,063**	239,976,621	$ 1,688,707

Normal course issuer bid

The Company commenced a normal course issuer bid on March 1, 2022 which was effective until February 28, 2023. Pursuant to this bid, the Company was authorized to purchase up to 6.0 million or approximately 2.5% of its common shares outstanding as at February 15, 2022.

There were no common shares purchased in the first quarter of 2023 (2022 – 570,000 shares purchased at a cost of $25.7 million). The premium paid to purchase the shares in excess of the stated value was charged to Retained earnings.

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 2023 Report to Shareholders and in Note 19 to the Consolidated Financial Statements in the 2022 IGM Financial Inc. Annual Report and have not changed significantly since December 31, 2022.

Note 11. Share-based payments

Stock option plan

	March 31 2023	December 31 2022
Common share options		
– Outstanding	**11,617,455**	11,725,342
– Exercisable	**7,323,933**	6,596,299

In the three months ended March 31, 2023, the Company granted 661,372 options to employees (2022 – 1,372,090). The weighted-average fair value of options granted during the three months ended March 31, 2023, has been estimated at $5.56 per option (2022 – $4.98) using the Black-Scholes option pricing model. The weighted-average closing share price at the grant dates was $42.37.

Other assumptions used in these valuation models include:

	Three months ended March 31 2023	2022
Exercise price	**$ 42.54**	$ 45.50
Risk-free interest rate	**3.44%**	1.93%
Expected option life	**7 years**	7 years
Expected volatility	**23.00%**	23.00%
Expected dividend yield	**5.31%**	5.02%

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 12. Accumulated other comprehensive income (loss)

	Employee benefits	Other investments	Investment in associates and other	Total
March 31, 2023				
Balance, beginning of period	**$ 4,383**	**$ 309,605**	**$ 48,778**	**$ 362,766**
Other comprehensive income (loss)	**(963)**	**2,408**	**8,436**	**9,881**
Disposal of investment in associate *(Note 8)*	**–**	**–**	**(16,008)**	**(16,008)**
Balance, end of period	**$ 3,420**	**$ 312,013**	**$ 41,206**	**$ 356,639**
March 31, 2022				
Balance, beginning of period	$ (95,666)	$ 919,152	$ 59,597	$ 883,083
Other comprehensive income (loss)	69,688	(198,745)	(8,675)	(137,732)
Balance, end of period	$ (25,978)	$ 720,407	$ 50,922	$ 745,351

Amounts are recorded net of tax.

Note 13. Risk management

The risk management policies and procedures of the Company are discussed in the Financial Risk section of the Company's Management's Discussion and Analysis contained in the First Quarter 2023 Report to Shareholders and in Note 22 to the Consolidated Financial Statements in the 2022 IGM Financial Inc. Annual Report and have not changed significantly since December 31, 2022.

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:

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.

Valuation methods used for Other investments classified as Level 3 include comparison to market transactions with arm's length third parties, use of market multiples, and discounted cash flow analysis.

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. Level 3 Other investments of $605 million are predominantly comprised of early-stage financial technology companies, including Wealthsimple with a fair value of $492 million. Fair value is determined by using observable transactions in the investments' securities, where available, forecasted cash flows, and other valuation metrics, including revenue multiples, used in the valuation of comparable public companies. A 5% increase (decrease) to forecasted cash flows or revenue multiples would result in an increase (decrease) in fair value of the Company's investment in Wealthsimple of approximately $25 million.

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, 2023					
Financial assets recorded at fair value					
Other investments					
– FVTOCI	**$ 605,395**	**$ –**	**$ –**	**$ 605,395**	**$ 605,395**
– FVTPL	**170,241**	**158,812**	**–**	**11,429**	**170,241**
Loans					
– FVTPL	**$ 11,607**	**$ –**	**$ 11,607**	**$ –**	**$ 11,607**
Derivative financial instruments	**52,739**	**–**	**30,908**	**21,831**	**52,739**
Financial assets recorded at amortized cost					
Loans					
– Amortized cost	**4,878,683**	**–**	**232,978**	**4,540,679**	**4,773,657**
Financial liabilities recorded at fair value					
Derivative financial instruments	**47,224**	**–**	**39,907**	**7,317**	**47,224**
Financial liabilities recorded at amortized cost					
Deposits and certificates	**4,191,465**	**–**	**4,191,488**	**–**	**4,191,488**
Obligations to securitization entities	**4,573,330**	**–**	**–**	**4,541,003**	**4,541,003**
Long-term debt	**2,100,000**	**–**	**2,075,951**	**–**	**2,075,951**
December 31, 2022					
Financial assets recorded at fair value					
Other investments					
– FVTOCI	$ 602,612	$ –	$ –	$ 602,612	$ 602,612
– FVTPL	171,924	160,495	–	11,429	171,924
Derivative financial instruments	63,665	–	37,900	25,765	63,665
Financial assets recorded at amortized cost					
Loans					
– Amortized cost	5,021,483	–	372,983	4,532,493	4,905,476
Financial liabilities recorded at fair value					
Derivative financial instruments	51,581	–	46,332	5,249	51,581
Financial liabilities recorded at amortized cost					
Deposits and certificates	4,333,997	–	4,334,010	–	4,334,010
Obligations to securitization entities	4,610,438	–	–	4,544,609	4,544,609
Long-term debt	2,100,000	–	2,013,917	–	2,013,917

There were no significant transfers between Level 1 and Level 2 in 2023 and 2022.

The following table provides a summary of changes in Level 3 assets and liabilities measured at fair value on a recurring basis. There were no transfers in or out of Level 3 in 2023 and 2022.

	Balance January 1	Gains (losses) included in Net earnings[1]	Gains (losses) included in Other comprehensive income	Purchases and issuances	Settlements	Balance March 31
March 31, 2023						
Other investments						
– FVTOCI	**$ 602,612**	**$ –**	**$ 2,783**	**$ –**	**$ –**	**$ 605,395**
– FVTPL	**11,429**	**–**	**–**	**–**	**–**	**11,429**
Derivative financial instruments, net	**20,516**	**(5,587)**	**–**	**(634)**	**(219)**	**14,514**
March 31, 2022						
Other investments						
– FVTOCI	$ 1,291,434	$ –	$ (229,763)	$ 1,165	$ –	$ 1,062,836
Derivative financial instruments, net	960	11,506	–	290	(1,078)	13,834

(1) Included in Wealth management revenue or Net investment income and other in the Consolidated Statements of Earnings.

Note 15. Earnings per common share

	Three months ended March 31 **2023**	2022
Earnings		
Net earnings from continuing operations	**$ 379,372**	$ 216,403
Non-controlling interest	**(1,013)**	(849)
Net earnings available to common shareholders – continuing operations	**$ 378,359**	$ 215,554
Net earnings from discontinued operations	**3,129**	3,762
Non-controlling interest	**$ (150)**	$ –
Net earnings available to common shareholders – discontinued operations	**2,979**	3,762
Net earnings available to common shareholders	**$ 381,338**	$ 219,316
Number of common shares *(in thousands)*		
Weighted average number of common shares outstanding	**237,838**	239,770
Add: Potential exercise of outstanding stock options[1]	**586**	1,481
Average number of common shares outstanding – diluted basis	**238,424**	241,251
Earnings per common share *(in dollars)*		
Basic		
From continuing operations	**$ 1.59**	$ 0.90
From discontinued operations	**0.01**	0.01
Net earnings available to common shareholders	**$ 1.60**	$ 0.91
Diluted		
From continuing operations	**$ 1.59**	$ 0.89
From discontinued operations	**$ 0.01**	$ 0.02
Net earnings available to common shareholders	**$ 1.60**	$ 0.91

(1) Excludes 876 thousand shares for the three months ended March 31, 2023 (2022 – 293 thousand) related to outstanding stock options that were anti-dilutive.

Note 16. Contingent liabilities

The Company is subject to legal actions arising in the normal course of its business. In December 2018, a proposed class action was filed in the Ontario Superior Court against Mackenzie Financial Corporation (Mackenzie) which alleges that the company should not have paid mutual fund trailing commissions to order execution only dealers. In August 2022, a second proposed class action concerning the same subject matter was filed against Mackenzie. Although it is difficult to predict the outcome of any such legal actions, based on current knowledge and consultation with legal counsel, management does not expect the outcome of any of these matters, individually or in aggregate, to have a material adverse effect on the Company's consolidated financial position.

In late March 2023, the Company was notified by one of its third-party vendors, InvestorCOM Inc., that they were compromised due to a cybersecurity incident related to a technology supplier to InvestorCOM, GoAnywhere. On becoming aware of this incident, the Company took immediate steps to mitigate the issue and began a full cyber forensics investigation. As part of the investigation, the Company discovered that Mackenzie client account numbers, names, addresses and social insurance numbers were part of this incident. The Company has notified impacted clients and offered credit monitoring at no cost for two years to all clients. At this time, the Company expects known costs to be covered by the Company's insurance and the Company is currently unaware of any legal or regulatory actions related to this incident.

Note 17. Segmented information

The Company's reportable segments are:

- Wealth Management
- Asset Management
- Strategic Investments and Other

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

- **Wealth Management** – reflects the activities of operating companies that are principally focused on providing financial planning and related services to Canadian households. This segment includes the activities of IG Wealth Management and Investment Planning Counsel, which has been classified as discontinued operations. These firms are retail distribution organizations who serve Canadian households through their securities dealers, mutual fund dealers and other subsidiaries licensed to distribute financial products and services. A majority of the revenues of this segment are derived from providing financial advice and distributing financial products and services to Canadian households. This segment also includes the investment management activities of these organizations, including mutual fund management and discretionary portfolio management services.
- **Asset Management** – reflects the activities of operating companies primarily focused on providing investment management services, and represents the operations of Mackenzie Investments. Investment management services are provided to a suite of investment funds that are distributed through third party dealers and financial advisors, and also through institutional advisory mandates to financial institutions, pensions and other institutional investors.
- **Strategic Investments and Other** – primarily represents the key strategic investments made by the Company, including China Asset Management Co., Ltd., Great-West Lifeco Inc., Northleaf Capital Group Ltd., Wealthsimple Financial Corp., and Portage Ventures LPs. Unallocated capital is also included within this segment.

2023

Three months ended March 31	Wealth Management	Asset Management	Strategic Investments and Other	Intersegment	Total Segment	Adjustments[1]	Total
Revenues							
Wealth management	$ 535,668	$ –	$ –	$ (1,557)	$ 534,111	$ –	$ 534,111
Asset management	–	261,814	–	(25,660)	236,154	–	236,154
Dealer compensation	–	(78,696)	–	(630)	(79,326)	–	(79,326)
Net asset management	–	183,118	–	(26,290)	156,828	–	156,828
Net investment income and other	3,428	4,504	3,365	(348)	10,949	–	10,949
Gain on sale of Lifeco shares *(Note 8)*	–	–	–	–	–	179,118	179,118
Proportionate share of associates' earnings	–	–	53,044	–	53,044	–	53,044
	539,096	187,622	56,409	(28,195)	754,932	179,118	934,050
Expenses							
Advisory and business development	222,977	22,666	–	(2)	245,641	–	245,641
Operations and support	108,199	92,505	1,141	(70)	201,775	–	201,775
Sub-advisory	42,583	1,109	–	(27,846)	15,846	–	15,846
	373,759	116,280	1,141	(27,918)	463,262	–	463,262
	165,337	71,342	55,268	(277)	291,670	179,118	470,788
Interest expense[2]	22,249	5,806	–	–	28,055	–	28,055
Earnings before income taxes	143,088	65,536	55,268	(277)	263,615	179,118	442,733
Income taxes	38,425	17,163	3,529	(75)	59,042	4,319	63,361
Net earnings from continuing operations	104,663	48,373	51,739	(202)	204,573	174,799	379,372
Net earnings from discontinued operations	2,927	–	–	202	3,129	–	3,129
	107,590	48,373	51,739	–	207,702	174,799	382,501
Non-controlling interest	(150)	–	(1,013)	–	(1,163)	–	(1,163)
	$ 107,440	$ 48,373	$ 50,726	$ –	206,539	174,799	381,338
Gain on sale of Lifeco shares, net of tax[1]					174,799	(174,799)	–
Net earnings available to common shareholders					$ 381,338	$ –	$ 381,338
Identifiable assets	$ 11,205,737	$ 1,422,963	$ 3,710,393	$ –	$ 16,339,093	$ –	$ 16,339,093
Goodwill	1,347,781	1,310,486	–	–	2,658,267	–	2,658,267
Total assets	$ 12,553,518	$ 2,733,449	$ 3,710,393	$ –	$ 18,997,360	$ –	$ 18,997,360

(1) Gain on sale of Lifeco shares is not related to a specific segment and therefore excluded from segment results. This item has been added back, including the impact to Income taxes, to reconcile Total Segment results to the Company's Consolidated Statements of Earnings.

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

2022

Three months ended March 31	Wealth Management	Asset Management	Strategic Investments and Other	Intersegment	Total
Revenues					
Wealth management	$ 561,211	$ –	$ –	$ –	$ 561,211
Asset management	–	284,833	–	(28,698)	256,135
Dealer compensation	–	(91,116)	–	–	(91,116)
Net asset management	–	193,717	–	(28,698)	165,019
Net investment income and other	(561)	(2,616)	688	(6)	(2,495)
Proportionate share of associates' earnings	–	–	48,400	–	48,400
	560,650	191,101	49,088	(28,704)	772,135
Expenses					
Advisory and business development	224,826	20,143	–	(1)	244,968
Operations and support	108,690	93,066	1,404	(73)	203,087
Sub-advisory	44,600	1,504	–	(28,697)	17,407
	378,116	114,713	1,404	(28,771)	465,462
	182,534	76,388	47,684	67	306,673
Interest expense[1]	22,137	5,842	–	–	27,979
Earnings before income taxes	160,397	70,546	47,684	67	278,694
Income taxes	42,814	18,405	1,054	18	62,291
Net earnings from continuing operations	117,583	52,141	46,630	49	216,403
Net earnings from discontinued operations	3,811	–	–	(49)	3,762
	121,394	52,141	46,630	–	220,165
Non-controlling interest	–	–	(849)	–	(849)
Net earnings available to common shareholders	$ 121,394	$ 52,141	$ 45,781	$ –	$ 219,316
Identifiable assets	$ 9,252,471	$ 1,607,961	$ 3,770,988	$ –	$ 14,631,420
Goodwill	1,491,687	1,310,486	–	–	2,802,173
Total assets	$ 10,744,158	$ 2,918,447	$ 3,770,988	$ –	$ 17,433,593

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

Note 18. Subsequent event

On April 3, 2023, the Company acquired a 20.5% interest in Rockefeller Capital Management (Rockefeller) for cash consideration of approximately USD $622 million, due on June 2, 2023. Rockefeller is a leading U.S. independent financial services advisory firm focused on the high-net-worth and ultra-high-net-worth segments.

The financial results of Rockefeller will be recorded in the Company's Strategic Investments and Other segment and will be accounted for using the equity method of accounting as the Company will exercise significant influence arising from board representation, participation in the policy making process and shared strategic initiatives.

On April 3, 2023, the Company also announced that it had entered into an agreement to sell 100% of Investment Planning Counsel Inc. (IPC) to The Canada Life Assurance Company (Canada Life) for cash consideration of $575 million. The transaction is expected to close by the end of 2023, subject to customary closing conditions and regulatory approvals. Canada Life is a subsidiary of the Company's affiliate, Lifeco, which is a subsidiary of Power Corporation of Canada.