

Interim Condensed Consolidated Financial Statements

Consolidated Statements of Earnings

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

Three months ended March 31	2025	2024
Revenues		
Wealth management (Note 3)	\$ 639,484	\$ 582,565
Asset management	257,932	241,866
Dealer compensation expense	(85,092)	(80,092)
Net asset management (Note 3)	172,840	161,774
Net investment income and other	7,732	15,627
Proportionate share of associates' earnings (Note 7)	55,743	51,700
	875,799	811,666
Expenses		
Advisory and business development	301,255	265,627
Operations and support	215,805	203,828
Sub-advisory	21,724	17,835
Interest	31,974	32,250
	570,758	519,540
Earnings before income taxes	305,041	292,126
Income taxes	69,600	67,318
Net earnings	235,441	224,808
Non-controlling interest (Note 7)	(1,664)	(1,423)
Net earnings available to common shareholders	\$ 233,777	\$ 223,385
Earnings per share (in dollars) (Note 14)		
– Basic	\$ 0.99	\$ 0.94
– Diluted	\$ 0.98	\$ 0.94

(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	2025	2024
Net earnings	\$ 235,441	\$ 224,808
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 4), net of tax of \$(2,060) and \$(15,266)	13,195	97,815
Employee benefits		
Net actuarial gains (losses), net of tax of \$165 and \$(10,082)	(447)	27,370
Investment in associates – employee benefits and other		
Other comprehensive income (loss), net of tax of nil	379	(428)
Items that may be reclassified subsequently to Net earnings		
Investment in associates and other		
Other comprehensive income (loss), net of tax of \$(508) and \$(401)	20,311	23,586
	33,438	148,343
Total comprehensive income	268,879	373,151
Non-controlling interest	(1,664)	(1,423)
Total comprehensive income available to common shareholders	\$ 267,215	\$ 371,728

(See accompanying notes to interim condensed consolidated financial statements)

Consolidated Balance Sheets

(unaudited) (in thousands of Canadian dollars)

	March 31 2025	December 31 2024
Assets		
Cash and cash equivalents	\$ 772,225	\$ 910,278
Other investments (Note 4)	1,463,707	1,468,457
Client funds on deposit	3,282,354	3,723,661
Accounts and other receivables	354,487	268,413
Income taxes recoverable	32,919	1,281
Loans (Note 5)	5,466,768	5,462,405
Derivative financial instruments	28,523	36,022
Other assets	182,933	187,139
Investment in associates (Note 7)	3,987,125	3,979,744
Capital assets	311,049	309,119
Capitalized sales commissions	429,986	418,996
Deferred income taxes	349	3,486
Intangible assets	1,275,989	1,277,200
Goodwill	2,636,771	2,636,771
Total assets	\$ 20,225,185	\$ 20,682,972
Liabilities		
Accounts payable and accrued liabilities	\$ 378,706	\$ 492,326
Income taxes payable	8,664	33,464
Derivative financial instruments	26,711	25,721
Client deposits	3,269,882	3,702,514
Other liabilities	418,439	409,524
Obligations to securitization entities (Note 6)	5,029,141	5,024,916
Lease obligations	160,292	160,804
Deferred income taxes	576,937	563,297
Long-term debt	2,400,000	2,400,000
Total liabilities	12,268,772	12,812,566
Equity		
Share capital		
Common shares	1,800,688	1,785,233
Contributed surplus	53,745	54,589
Retained earnings	4,924,993	4,890,896
Accumulated other comprehensive income (loss)	1,103,492	1,070,057
Total shareholders' equity	7,882,918	7,800,775
Non-controlling interest	73,495	69,631
Total equity	7,956,413	7,870,406
Total liabilities and equity	\$ 20,225,185	\$ 20,682,972

These interim condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on May 8, 2025.

(See accompanying notes to interim condensed consolidated financial statements)

Consolidated Statements of Changes in Equity

(unaudited) (in thousands of Canadian dollars)

Three months ended March 31	Share capital – Common shares (Note 8)	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss) (Note 11)	Non- controlling interest	Total equity
2025						
Balance, beginning of period	\$ 1,785,233	\$ 54,589	\$ 4,890,896	\$ 1,070,057	\$ 69,631	\$ 7,870,406
Net earnings	–	–	233,777	–	1,664	235,441
Other comprehensive income (loss), net of tax	–	–	–	33,438	–	33,438
Total comprehensive income (loss)	–	–	233,777	33,438	1,664	268,879
Common shares						
Issued under stock option plan	28,705	–	–	–	–	28,705
Purchased for cancellation	(13,250)	–	–	–	–	(13,250)
Stock options						
Current period expense	–	865	–	–	–	865
Exercised	–	(1,709)	–	–	–	(1,709)
Common share dividends	–	–	(133,213)	–	–	(133,213)
Issuance of non-controlling interest (Note 7)	–	–	–	–	2,200	2,200
Transfer out of fair value through other comprehensive income	–	–	3	(3)	–	–
Common share cancellation excess and other	–	–	(66,470)	–	–	(66,470)
Balance, end of period	\$ 1,800,688	\$ 53,745	\$ 4,924,993	\$ 1,103,492	\$ 73,495	\$ 7,956,413
2024						
Balance, beginning of period	\$ 1,690,626	\$ 57,926	\$ 4,595,620	\$ 316,290	\$ 59,946	\$ 6,720,408
Net earnings	–	–	223,385	–	1,423	224,808
Other comprehensive income (loss), net of tax	–	–	–	148,343	–	148,343
Total comprehensive income (loss)	–	–	223,385	148,343	1,423	373,151
Common shares						
Issued under stock option plan	185	–	–	–	–	185
Purchased for cancellation	(2,414)	–	–	–	–	(2,414)
Stock options						
Current period expense	–	870	–	–	–	870
Exercised	–	(8)	–	–	–	(8)
Common share dividends	–	–	(133,783)	–	–	(133,783)
Dividends to non-controlling interest	–	–	–	–	(2,240)	(2,240)
Common share cancellation excess and other	–	–	(10,576)	–	–	(10,576)
Balance, end of period	\$ 1,688,397	\$ 58,788	\$ 4,674,646	\$ 464,633	\$ 59,129	\$ 6,945,593

(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	2025	2024
Operating activities		
Earnings before income taxes	\$ 305,041	\$ 292,126
Income taxes paid	(102,807)	(57,339)
Adjustments to determine net cash from operating activities		
Capitalized sales commission amortization	27,811	25,457
Capitalized sales commissions paid	(34,212)	(33,184)
Amortization of capital, intangible and other assets	24,808	23,571
Proportionate share of associates' earnings, net of dividends received	(42,240)	(31,512)
Pension and other post-employment benefits	1,138	2,439
Changes in operating assets and liabilities and other	(102,342)	(74,974)
Cash from operating activities before restructuring provision payments	77,197	146,584
Restructuring provision cash payments	(7,117)	(14,681)
	70,080	131,903
Financing activities		
Net increase (decrease) in client certificates	–	(14)
Increase in obligations to securitization entities	285,363	256,425
Repayments of obligations to securitization entities and other	(284,939)	(294,897)
Repayment of lease obligations	(5,882)	(6,171)
Issue of common shares	26,997	177
Common shares purchased for cancellation	(78,784)	(11,993)
Common share dividends paid	(133,817)	(133,949)
	(191,062)	(190,422)
Investing activities		
Purchase of other investments	(15,809)	(22,919)
Proceeds from the sale of other investments	16,026	34,616
Increase in loans	(389,725)	(246,586)
Repayment of loans and other	393,130	268,203
Net additions to capital assets	(7,679)	(3,504)
Net cash used in additions to intangible assets and other	(13,014)	(15,796)
	(17,071)	14,014
Decrease in cash and cash equivalents	(138,053)	(44,505)
Cash and cash equivalents, beginning of period	910,278	544,633
Cash and cash equivalents, end of period	\$ 772,225	\$ 500,128
Cash	\$ 596,151	\$ 232,460
Cash equivalents	176,074	267,668
	\$ 772,225	\$ 500,128
Supplemental disclosure of cash flow information related to operating activities		
Interest and dividends received	\$ 70,988	\$ 68,796
Interest paid	\$ 74,444	\$ 73,286

(See accompanying notes to consolidated financial statements)

Notes to the Interim Condensed Consolidated Financial Statements

March 31, 2025 (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 (Power).

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 material 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, 2024. The Interim Financial Statements should be read in conjunction with the Consolidated Financial Statements in the 2024 IGM Financial Inc. Annual Report.

Future accounting changes

The Company continuously monitors 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. Revenues from contracts with customers

Three months ended March 31	2025	2024
Advisory fees	\$ 342,073	\$ 309,137
Product and program fees	260,603	232,246
	602,676	541,383
Other financial planning revenues	36,808	41,182
Wealth management	639,484	582,565
Asset management	257,932	241,866
Dealer compensation expense	(85,092)	(80,092)
Net asset management	172,840	161,774
Net revenues from contracts with customers	\$ 812,324	\$ 744,339

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 4. Other investments

	March 31, 2025		December 31, 2024	
	Cost	Fair value	Cost	Fair value
Fair value through other comprehensive income (FVTOCI)				
Corporate investments	\$ 292,180	\$ 1,367,903	\$ 289,904	\$ 1,350,376
Fair value through profit or loss (FVTPL)				
Equity securities	1,792	1,997	1,772	1,974
Proprietary investment funds	85,324	93,807	107,782	116,107
	87,116	95,804	109,554	118,081
	\$ 379,296	\$ 1,463,707	\$ 399,458	\$ 1,468,457

Wealthsimple Financial Corp. (Wealthsimple) is a financial company that provides simple digital tools for growing and managing client money. The Company's investment in Wealthsimple is primarily held through a limited partnership controlled by Power. The investment is classified at FVTOCI. IGM Financial Inc. holds a 27.2% economic interest in Wealthsimple (December 31, 2024 – 27.2%). At March 31, 2025, the fair value of the Company's investment in Wealthsimple was \$1,219 million, unchanged from December 31, 2024. 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 5. Loans

	Contractual maturity			March 31 2025 Total	December 31 2024 Total
	1 year or less	1 – 5 years	Over 5 years		
Amortized cost					
Residential mortgages	\$ 1,393,872	\$ 4,012,851	\$ 8,800	\$ 5,415,523	\$ 5,463,188
Less: Allowance for expected credit losses				760	783
				5,414,763	5,462,405
Fair value through profit or loss				52,005	–
				\$ 5,466,768	\$ 5,462,405
The change in the allowance for expected credit losses is as follows:					
Balance, beginning of period				\$ 783	\$ 737
Write-offs, net of recoveries				(29)	(111)
Change in expected credit losses				6	157
Balance, end of period				\$ 760	\$ 783

Total credit impaired loans as at March 31, 2025 were \$3.9 million (December 31, 2024 – \$3.5 million).

Total interest income on loans was \$53.3 million (2024 – \$47.6 million). Total interest expense on obligations to securitization entities, related to securitized loans, was \$47.1 million (2024 – \$40.5 million). Gains realized on the sale of residential mortgages totalled \$1.2 million (2024 – \$0.5 million). Fair value adjustments related to mortgage banking operations totalled negative \$0.8 million (2024 – positive \$2.0 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 6. 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 fair value of negative \$5.7 million at March 31, 2025 (December 31, 2024 – negative \$7.9 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, 2025			
Carrying value			
NHA MBS and CMB Program	\$ 2,523,137	\$ 2,515,916	\$ 7,221
Bank sponsored ABCP	2,530,156	2,513,225	16,931
Total	\$ 5,053,293	\$ 5,029,141	\$ 24,152
Fair value	\$ 5,113,281	\$ 5,129,977	\$ (16,696)
December 31, 2024			
Carrying value			
NHA MBS and CMB Program	\$ 2,494,701	\$ 2,475,814	\$ 18,887
Bank sponsored ABCP	2,551,546	2,549,102	2,444
Total	\$ 5,046,247	\$ 5,024,916	\$ 21,331
Fair value	\$ 5,078,431	\$ 5,098,441	\$ (20,010)

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 7. Investment in associates

	Lifeco	ChinaAMC	Rockefeller	Northleaf	Other	Total
March 31, 2025						
Balance, beginning of period	\$ 633,475	\$ 2,030,081	\$ 903,208	\$ 353,565	\$ 59,415	\$ 3,979,744
Additions	–	–	–	11,000	–	11,000
Dividends	(13,503)	(66,004)	–	–	–	(79,507)
Proportionate share of:						
Earnings (losses)	20,535	30,602	(4,350)	8,321 ⁽¹⁾	635	55,743
Other comprehensive income (loss) and other adjustments	16,244	8,358	(1,161)	(3,296)	–	20,145
Balance, end of period	\$ 656,751	\$ 2,003,037	\$ 897,697	\$ 369,590	\$ 60,050	\$ 3,987,125
March 31, 2024						
Balance, beginning of period	\$ 589,288	\$ 1,885,223	\$ 844,795	\$ 301,845	\$ 38,023	\$ 3,659,174
Additions	–	–	85	–	–	85
Dividends	(12,285)	(72,926)	–	(7,903)	–	(93,114)
Proportionate share of:						
Earnings (losses)	22,793	26,878	(4,417)	7,117 ⁽¹⁾	(671)	51,700
Other comprehensive income (loss) and other adjustments	(1,635)	3,794	18,997	–	–	21,156
Balance, end of period	\$ 598,161	\$ 1,842,969	\$ 859,460	\$ 301,059	\$ 37,352	\$ 3,639,001

(1) The Company's proportionate share of Northleaf's earnings net of Non-controlling interest was \$6,657 (2024 – \$5,694).

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), Rockefeller Capital Management (Rockefeller), and Northleaf Capital Group Ltd. (Northleaf), as it exercises significant influence.

Northleaf

Additional consideration of up to \$245.0 million may be payable in the fourth quarter of 2025, subject to Northleaf achieving exceptional growth in certain performance measures. As at March 31, 2025, the estimated fair value of the additional consideration was \$51.0 million (December 31, 2024 – \$40.0 million). The change in fair value of \$11.0 million during the quarter was recorded as an adjustment to the cost of the Company's investment in Northleaf, of which \$2.2 million was attributable to Non-controlling interest.

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, 2025		March 31, 2024	
	Shares	Stated value	Shares	Stated value
Common shares:				
Balance, beginning of period	237,878,838	\$ 1,785,233	238,131,738	\$ 1,690,626
Issued under Stock Option Plan	689,326	28,705	5,075	185
Purchased for cancellation	(1,754,700)	(13,250)	(340,000)	(2,414)
Balance, end of period	236,813,464	\$ 1,800,688	237,796,813	\$ 1,688,397

Normal course issuer bid

On December 23, 2024, the Company commenced a Normal Course Issuer Bid (NCIB) which will continue until December 22, 2025, when the bid expires, or such earlier date as the Company completes its purchases pursuant to the notice of intention filed with the TSX. Pursuant to this bid, the Company may purchase up to 5.0 million or 2.1% of its common shares outstanding as at December 9, 2024. On December 21, 2023, the Company commenced a NCIB, effective until December 20, 2024, which authorized it to purchase up to 3 million or 1.3% of its common shares outstanding as at December 7, 2023.

In the three months ended March 31, 2025, there were 1,754,700 shares (2024 – 340,000) purchased at a cost of \$78.8 million (2024 – \$12.0 million). The premium paid to purchase the shares in excess of the stated value was charged to Retained earnings.

In connection with its NCIB, the Company has established an automatic securities purchase plan for its common shares. The automatic securities purchase plan provides standard instructions regarding how IGM Financial's common shares are to be purchased under the NCIB during certain pre-determined trading blackout periods, subject to pre-established parameters. Outside of these pre-determined trading blackout periods, purchases under the Company's NCIB will be completed based upon management's discretion.

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 2025 Report to Shareholders and in Note 20 to the Consolidated Financial Statements in the 2024 IGM Financial Inc. Annual Report and have not changed significantly since December 31, 2024.

Note 10. Share-based payments

Stock option plan

	March 31 2025	December 31 2024
Common share options		
– Outstanding	7,874,094	8,026,118
– Exercisable	4,944,165	4,786,815

In the three months ended March 31, 2025, the Company granted 538,146 options to employees (2024 – 664,576). The weighted-average fair value of options granted during the three months ended March 31, 2025, has been estimated at \$6.58 per option (2024 – \$4.14) using the Black-Scholes option pricing model. The weighted-average closing share price at the grant date was \$45.18.

Other assumptions used in these valuation methods include:

Three months ended March 31	2025	2024
Exercise price	\$ 44.55	\$ 35.65
Risk-free interest rate	3.09%	3.61%
Expected option life	7 years	7 years
Expected volatility	24.00%	24.00%
Expected dividend yield	4.98%	6.33%

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)

	Employee benefits	Other investments	Investment in associates and other	Total
March 31, 2025				
Balance, beginning of period	\$ 34,075	\$ 917,297	\$ 118,685	\$ 1,070,057
Other comprehensive income (loss)	(447)	13,195	20,690	33,438
Transfer out of FVTOCI	–	(3)	–	(3)
Balance, end of period	\$ 33,628	\$ 930,489	\$ 139,375	\$ 1,103,492
March 31, 2024				
Balance, beginning of period	\$ (13,995)	\$ 393,956	\$ (63,671)	\$ 316,290
Other comprehensive income (loss)	27,370	97,815	23,158	148,343
Balance, end of period	\$ 13,375	\$ 491,771	\$ (40,513)	\$ 464,633

Amounts are recorded net of tax.

Note 12. 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 2025 Report to Shareholders and in Note 23 to the Consolidated Financial Statements in the 2024 IGM Financial Inc. Annual Report and have not changed significantly since December 31, 2024.

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.

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.

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 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 is 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 \$1,367.9 million are predominantly comprised of early-stage financial technology companies, including Wealthsimple with a fair value of \$1,219 million. 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. 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 \$61 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, client funds on deposit, accounts and other receivables, certain other financial assets, accounts payable and accrued liabilities, client deposits, credit facility and certain other financial liabilities.

		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
March 31, 2025					
Financial assets recorded at fair value					
Other investments					
– FVTOCI	\$ 1,367,903	\$ –	\$ –	\$ 1,367,903	\$ 1,367,903
– FVTPL	95,804	95,804	–	–	95,804
Loans					
– FVTPL	52,005	–	52,005	–	52,005
Derivative financial instruments	28,523	–	23,529	4,994	28,523
Financial assets recorded at amortized cost					
Loans					
– Amortized cost	5,414,763	–	360,672	5,113,281	5,473,953
Financial liabilities recorded at fair value					
Derivative financial instruments	26,711	–	12,689	14,022	26,711
Financial liabilities recorded at amortized cost					
Obligations to securitization entities	5,029,141	–	–	5,129,977	5,129,977
Long-term debt	2,400,000	–	2,507,751	–	2,507,751
December 31, 2024					
Financial assets recorded at fair value					
Other investments					
– FVTOCI	\$ 1,350,376	\$ –	\$ –	\$ 1,350,376	\$ 1,350,376
– FVTPL	118,081	118,081	–	–	118,081
Derivative financial instruments	36,022	–	30,212	5,810	36,022
Financial assets recorded at amortized cost					
Loans					
– Amortized cost	5,462,405	–	413,443	5,078,431	5,491,874
Financial liabilities recorded at fair value					
Derivative financial instruments	25,721	–	16,317	9,404	25,721
Financial liabilities recorded at amortized cost					
Obligations to securitization entities	5,024,916	–	–	5,098,441	5,098,441
Long-term debt	2,400,000	–	2,485,403	–	2,485,403

There were no significant transfers between Level 1 and Level 2 in 2025 and 2024.

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 2025 and 2024.

	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, 2025						
Other investments						
– FVTOCI	\$ 1,350,376	\$ –	\$ 15,251	\$ 3,009	\$ 733	\$ 1,367,903
Derivative financial instruments, net	(3,594)	(2,555)	–	(61)	2,818	(9,028)
March 31, 2024						
Other investments						
– FVTOCI	\$ 721,379	\$ –	\$ 113,081	\$ 2,072	\$ –	\$ 836,532
– FVTPL	11,429	–	–	–	–	11,429
Derivative financial instruments, net	7,721	5,790	–	(305)	(1,497)	14,703

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

Note 14. Earnings per common share

Three months ended March 31	2025	2024
Earnings		
Net earnings	\$ 235,441	\$ 224,808
Non-controlling interest	(1,664)	(1,423)
Net earnings available to common shareholders	\$ 233,777	\$ 223,385
Number of common shares (in thousands)		
Weighted average number of common shares outstanding	237,269	238,062
Add: Potential exercise of outstanding stock options ⁽¹⁾	964	50
Average number of common shares outstanding – diluted basis	238,233	238,112
Earnings per common share (in dollars)		
Basic	\$ 0.99	\$ 0.94
Diluted	\$ 0.98	\$ 0.94

(1) Excludes 107 thousand shares for the three months ended March 31, 2025, related to outstanding stock options that were anti-dilutive (2024 – 1,877 thousand).

Note 15. 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. This action was certified in January 2024. In August 2022, a second proposed class action concerning the same subject matter was filed against Mackenzie.

In late March 2023, the Company was notified by one of our third-party vendors, InvestorCOM Inc., that they were compromised due to a cybersecurity incident related to a technology supplier to InvestorCOM, GoAnywhere. The Company has notified impacted clients and offered credit monitoring at no cost for all clients. Four proposed class actions have been filed against Mackenzie concerning this incident.

Although it is difficult to predict the outcome of any such legal actions, based on current knowledge, 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.

Note 16. Segmented information

The Company's reportable segments are:

- Wealth Management
- Asset Management
- Corporate and Other

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

- **Wealth Management** – reflects the activities of its core business and strategic investments that are principally focused on providing financial planning and related services to retail client households. This segment includes the activities of IG Wealth Management which is a retail distribution organization that serves Canadian households through its securities dealer, mutual fund dealer 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. This segment also includes the Company's strategic investments in Rockefeller and Wealtheasy. Rockefeller is classified as an investment in associate and accounted for using the equity method, with the proportionate share of earnings included in revenue. Wealtheasy is classified as an investment which is accounted for at FVTOCI and therefore has no impact on the segment earnings.
- **Asset Management** – reflects the activities of its core business and strategic investments primarily focused on providing investment management services. This segment includes the operations of Mackenzie Investments which provides investment management services to a suite of investment funds that are distributed through third party dealers and financial advisors, and through institutional advisory mandates to financial institutions, pensions and other institutional investors. This segment also includes the Company's strategic investment in ChinaAMC and Northleaf which are classified as investments in associates and accounted for using the equity method. The proportionate share of earnings on these investments are included in the segment's revenue.
- **Corporate and Other** – primarily represents investments in Lifeco and Portage Ventures LPs, the Company's unallocated capital, as well as consolidation elimination entries.

2025

Three months ended March 31	Wealth Management	Asset Management	Corporate and Other	Total Segment	Adjustments ⁽¹⁾	Total
Revenues						
Wealth management	\$ 642,831	\$ –	\$ (3,347)	\$ 639,484	\$ –	\$ 639,484
Asset management	–	284,441	(26,509)	257,932	–	257,932
Dealer compensation	–	(83,732)	(1,360)	(85,092)	–	(85,092)
Net asset management	–	200,709	(27,869)	172,840	–	172,840
Net investment income and other	2,027	1,465	4,240	7,732	–	7,732
Proportionate share of associates' earnings	(3,715)	38,923	24,520	59,728	(3,985)	55,743
	641,143	241,097	(2,456)	879,784	(3,985)	875,799
Expenses						
Advisory and business development	275,059	26,198	(2)	301,255	–	301,255
Operations and support	117,893	97,095	817	215,805	–	215,805
Sub-advisory	51,537	1,403	(31,216)	21,724	–	21,724
	444,489	124,696	(30,401)	538,784	–	538,784
	196,654	116,401	27,945	341,000	(3,985)	337,015
Interest expense ⁽²⁾	25,517	6,457	–	31,974	–	31,974
Earnings before income taxes	171,137	109,944	27,945	309,026	(3,985)	305,041
Income taxes	46,874	21,800	926	69,600	–	69,600
	124,263	88,144	27,019	239,426	(3,985)	235,441
Non-controlling interest	–	(1,664)	–	(1,664)	–	(1,664)
	\$ 124,263	\$ 86,480	\$ 27,019	237,762	(3,985)	233,777
Lifeco other items ⁽¹⁾				(3,985)	3,985	–
Net earnings available to common shareholders				\$ 233,777	\$ –	\$ 233,777
Identifiable assets	\$ 12,307,225	\$ 3,851,092	\$ 1,430,097	\$ 17,588,414	\$ –	\$ 17,588,414
Goodwill	1,346,245	1,290,526	–	2,636,771	–	2,636,771
Total assets	\$ 13,653,470	\$ 5,141,618	\$ 1,430,097	\$ 20,225,185	\$ –	\$ 20,225,185

(1) The proportionate share of Lifeco other items is not related to a specific segment and therefore excluded from segment results. This item has been adjusted 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.

Three months ended March 31	Wealth Management	Asset Management	Corporate and Other	Total Segment	Adjustments ⁽¹⁾	Total
Revenues						
Wealth management	\$ 584,499	\$ –	\$ (1,934)	\$ 582,565	\$ –	\$ 582,565
Asset management	–	267,922	(26,056)	241,866	–	241,866
Dealer compensation	–	(79,296)	(796)	(80,092)	–	(80,092)
Net asset management	–	188,626	(26,852)	161,774	–	161,774
Net investment income and other	5,274	6,526	3,827	15,627	–	15,627
Proportionate share of associates' earnings	(5,088)	33,995	23,900	52,807	(1,107)	51,700
	584,685	229,147	(1,059)	812,773	(1,107)	811,666
Expenses						
Advisory and business development	244,176	21,453	(2)	265,627	–	265,627
Operations and support	114,954	88,517	357	203,828	–	203,828
Sub-advisory	45,337	1,285	(28,787)	17,835	–	17,835
	404,467	111,255	(28,432)	487,290	–	487,290
	180,218	117,892	27,373	325,483	(1,107)	324,376
Interest expense ⁽²⁾	25,750	6,500	–	32,250	–	32,250
Earnings before income taxes	154,468	111,392	27,373	293,233	(1,107)	292,126
Income taxes	43,270	23,134	914	67,318	–	67,318
	111,198	88,258	26,459	225,915	(1,107)	224,808
Non-controlling interest	–	(1,423)	–	(1,423)	–	(1,423)
	\$ 111,198	\$ 86,835	\$ 26,459	224,492	(1,107)	223,385
Lifeco other items ⁽¹⁾				(1,107)	1,107	–
Net earnings available to common shareholders				\$ 223,385	\$ –	\$ 223,385
Identifiable assets						
Identifiable assets	\$ 11,041,278	\$ 3,633,123	\$ 1,121,040	\$ 15,795,441	\$ –	\$ 15,795,441
Goodwill	1,346,245	1,290,526	–	2,636,771	–	2,636,771
Total assets	\$ 12,387,523	\$ 4,923,649	\$ 1,121,040	\$ 18,432,212	\$ –	\$ 18,432,212

(1) The proportionate share of Lifeco other items is not related to a specific segment and therefore excluded from segment results. This item has been adjusted 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.