



IGM FINANCIAL

Adoption of International Financial Reporting Standards

April 21, 2011

STRENGTH | FOCUS | GROWTH

IGM
Financial

Caution Concerning Forward Looking Statements

Cautionary Note regarding Forward-looking Statements

Certain statements in this report, other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect IGM Financial's current expectations. Forward-looking statements are provided for the purposes of assisting the reader in understanding the Company's financial position and results of operations as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of the Company, as well as the outlook for North American and international economies, for the current fiscal year and subsequent periods. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "plans", "believes", "estimates", "seeks", "intends", "targets", "projects", "forecasts" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could".

This information is based upon certain material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking statements, including the perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate in the circumstances.

By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved.

A variety of material factors, many of which are beyond the Company's and its subsidiaries' control, affect the operations, performance and results of the Company, and its subsidiaries, and their businesses, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to: the impact or unanticipated impact of general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, management of market liquidity and funding risks, changes in accounting policies and methods used to report financial condition (including uncertainties associated with critical accounting assumptions and estimates), the effect of applying future accounting changes (including adoption of International Financial Reporting Standards), operational and reputational risks, business competition, technological change, changes in government regulations and legislation, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, the Company's ability to complete strategic transactions, integrate acquisitions and implement other growth strategies, and the Company's success in anticipating and managing the foregoing factors.

Caution Concerning Forward Looking Statements

Cautionary Note regarding Forward-looking Statements (continued)

The reader is cautioned that the foregoing list of factors is not exhaustive of the factors that may affect any of the Company's forward-looking statements. The reader is also cautioned to consider these and other factors, uncertainties and potential events carefully and not place undue reliance on forward-looking statements. Other than as specifically required by law, the Company undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date on which such statements are made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

Additional information about the risks and uncertainties of the Company's business is provided in its disclosure materials filed with the securities regulatory authorities in Canada, available at www.sedar.com.

Cautionary Note regarding Non-IFRS Financial Measures

Net earnings available to common shareholders, which is a financial measure in accordance with International Financial Reporting Standards (IFRS), may be divided into two components consisting of:

- Operating earnings available to common shareholders; and
- Other items, which include the after-tax impact of any item that management considers to be of a non-recurring nature or that could make the period-over-period comparison of results from operations less meaningful.

“Operating earnings available to common shareholders” and “operating diluted earnings per share” (EPS) are non-IFRS financial measures which are used to provide management and investors with additional measures to assess earnings performance. These non-IFRS financial measures do not have standard meanings prescribed by IFRS and may not be directly comparable to similar measures used by other companies.

Refer to the appropriate reconciliations of these non-IFRS financial measures to reported results in accordance with IFRS.

IFRS Adoption

- IGM Financial Inc. will commence reporting under IFRS for the quarter ended March 31, 2011.
 - Condensed financial statements will be prepared in accordance with IAS 34, *Interim Financial Statements*.
 - First full year financial statements under IFRS will be prepared for the year ended December 31, 2011.
- The information presented reflects the current views, assumptions and expectations of the Company.
- The Company has identified several differences between IFRS and Canadian GAAP that have resulted in a number of changes during 2010, including:
 - 2010 IFRS Net earnings which were \$735 million compared to 2010 Canadian GAAP Net earnings of \$726 million, an increase of \$9 million.
 - On transition to IFRS, mortgages related to securitization transactions totaling \$3,257 million that do not meet the derecognition criteria were recorded as Loans on the balance sheet, offset by an associated Obligation to Securitization Entities.
 - January 1, 2010 Shareholders' equity which decreased \$131 million under IFRS as compared to Canadian GAAP related to transitional adjustments.
- Additional information is available on the Company's transition to IFRS in the 2010 Annual Report of IGM Financial Inc.

2010 Quarterly Statements of Net Earnings

IGM Financial (in thousands, except per share information) (Unaudited)	CDN GAAP					Full Year IFRS Impact	IFRS				
	Q4	Q3	Q2	Q1	2010		Q4	Q3	Q2	Q1	2010
Revenues											
Management fees	479,028	452,522	455,458	449,734	1,836,742	-	479,028	452,522	455,458	449,734	1,836,742
Administration fees	90,795	87,795	89,168	88,514	356,272	-	90,795	87,795	89,168	88,514	356,272
Distribution fees	83,719	69,071	71,946	72,849	297,585	-	83,719	69,071	71,946	72,849	297,585
Net investment and other income	37,160	34,031	24,099	36,676	131,966	35,942	52,355	41,247	20,094	54,212	167,908
	690,702	643,419	640,671	647,773	2,622,565	35,942	705,897	650,635	636,666	665,309	2,658,507
Expenses											
Commission	227,004	211,549	214,881	214,299	867,733	(13,335)	221,417	207,280	212,005	213,696	854,398
Non-commission	156,892	153,404	159,123	159,412	628,831	36,832	189,760	157,860	159,016	159,027	665,663
Interest	28,631	27,870	27,571	27,302	111,374		28,631	27,870	27,571	27,302	111,374
	412,527	392,823	401,575	401,013	1,607,938	23,497	439,808	393,010	398,592	400,025	1,631,435
	278,175	250,596	239,096	246,760	1,014,627	12,445	266,089	257,625	238,074	265,284	1,027,072
Income taxes	78,004	70,533	57,764	64,581	270,882	3,515	73,723	73,034	57,589	70,051	274,397
Perpetual preferred share dividends	2,213	2,212	2,213	3,467	10,105		2,213	2,212	2,213	3,467	10,105
Operating earnings available to common shareholders	197,958	177,851	179,119	178,712	733,640	8,930	190,153	182,379	178,272	191,766	742,570
Proportionate share of affiliate's provision	-	(8,160)	-	-	(8,160)	-	-	(8,160)	-	-	(8,160)
Net earnings available to common shareholders	197,958	169,691	179,119	178,712	725,480	8,930	190,153	174,219	178,272	191,766	734,410
Earnings per share											
Operating Earnings Available to Common Shareholders											
Basic	0.76	0.68	0.68	0.68	2.80	0.03	0.73	0.70	0.68	0.73	2.84
Diluted	0.76	0.68	0.68	0.68	2.79	0.03	0.73	0.69	0.68	0.73	2.82
Net Earnings Available to Common Shareholders											
Basic	0.76	0.65	0.68	0.68	2.77	0.03	0.73	0.67	0.68	0.73	2.80
Diluted	0.76	0.65	0.68	0.68	2.76	0.03	0.73	0.66	0.68	0.73	2.79

2010 IFRS Impact on Net Earnings

- IFRS Net Earnings for the year ended December 31, 2010 increased by \$8.9 million as compared to Canadian GAAP Net Earnings.

IFRS Differences	Comments	Q4	Q3	Q2	Q1	2010
(in thousands) (Unaudited)						
Derecognition	Under Canadian GAAP, a gain on sale was recorded when residential mortgages were securitized, resulting in a securitization receivable that represented future net interest income. The Company hedges interest rate risk associated with its securitizations using interest rate swaps. Under Canadian GAAP, changes in the value of these interest rate swaps were offset by changes in the value of the securitization receivable. Under IFRS, these securitizations do not meet derecognition criteria and, as a result, net interest income is recorded over the life of the mortgages. The interest rate swaps will continue to be recorded at fair value and marked-to-market through income under IFRS.	15,428	7,647	(4,683)	17,587	35,979
Deferred selling commissions	Deferred selling commissions are amortized over their useful life. As units are redeemed, IFRS requires that the unamortized deferred selling commission asset related to these units be recorded as a disposal.	5,587	4,269	2,876	603	13,335
Employee benefits, provisions and other	Employee benefits - Reversal of amortization of actuarial gains and losses based on the Company's election to record actuarial gains and losses on its defined benefit plans in other comprehensive income. Graded vesting is required to recognize compensation expense related to share based payments and other adjustments. Provisions - Changes in criteria for recognition and measurement of provisions under IFRS. Other -Includes differences in depreciable assets and loan loss provisions.	(3,831)	(4,887)	785	334	(7,599)
Tax	Includes tax effect on the above differences	(3,152)	(2,501)	175	(5,470)	(10,948)
IFRS impact on net earnings before non-recurring items		14,032	4,528	(847)	13,054	30,767
Non-recurring items (after tax)	Restructuring and transaction costs are expensed under IFRS. Certain employee benefits that have become fully vested are expensed immediately. These costs were subject to amortization under Canadian GAAP.	(21,837)	-	-	-	(21,837)
IFRS Impact on Net Earnings		(7,805)	4,528	(847)	13,054	8,930

2010 Quarterly Balance Sheets

IGM Financial (in thousands) (Unaudited)	Balance sheet as at January 1, 2010			IFRS			
	CDN GAAP	IFRS		Q4	Q3	Q2	Q1
		Adjustments	IFRS				
Assets							
Cash and cash equivalents	945,081	-	945,081	1,573,626	1,400,333	1,114,330	1,177,108
Securities	1,246,259	-	1,246,259	954,691	953,080	974,393	1,063,592
Loans	671,556	3,256,805	3,928,361	4,094,652	4,073,459	4,102,926	3,928,493
Investment in affiliate	598,221	(23,467)	574,754	580,478	570,395	563,573	574,585
Deferred selling commissions	850,082	(2,655)	847,427	794,581	810,080	835,426	853,715
Other assets	592,908	(122,755)	470,153	405,579	398,507	405,996	416,777
Intangible assets	1,128,280	(7,011)	1,121,269	1,123,006	1,120,431	1,122,119	1,124,250
Goodwill	2,613,532	-	2,613,532	2,639,465	2,619,439	2,619,439	2,619,440
	8,645,919	3,100,917	11,746,836	12,166,078	11,945,724	11,738,202	11,757,960
Liabilities							
Deposits and certificates	907,343	-	907,343	834,801	877,140	862,637	901,551
Repurchase agreements	629,817	-	629,817	635,302	645,439	624,232	629,641
Other liabilities	780,329	(38,129)	742,200	823,913	766,160	709,426	697,838
Deferred income taxes	328,617	(40,161)	288,456	264,255	275,830	286,309	301,739
Obligations to securitization entities	-	3,310,084	3,310,084	3,505,451	3,460,096	3,364,151	3,324,564
Long-term debt	1,575,000	-	1,575,000	1,775,000	1,575,000	1,575,000	1,575,000
	4,221,106	3,231,794	7,452,900	7,838,722	7,599,665	7,421,755	7,430,333
Shareholders' Equity							
Share capital							
Perpetual preferred shares	150,000	-	150,000	150,000	150,000	150,000	150,000
Common shares	1,562,925	-	1,562,925	1,567,725	1,571,727	1,568,588	1,570,645
Contributed surplus	32,702	5,143	37,845	37,785	36,912	36,302	35,413
Retained earnings	2,737,785	(203,569)	2,534,216	2,596,909	2,612,640	2,591,338	2,572,906
Accumulated other comprehensive loss	(58,599)	67,549	8,950	(25,063)	(25,220)	(29,781)	(1,337)
	4,424,813	(130,877)	4,293,936	4,327,356	4,346,059	4,316,447	4,327,627
	8,645,919	3,100,917	11,746,836	12,166,078	11,945,724	11,738,202	11,757,960