



# FARM Financial Insights

## Fiscal Q1 2026

For the quarter ending January 31, 2025

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As expected	Green
Moderately different than expected	Yellow
Significantly different than expected	Red

# FARM Headlines

**2026 Fiscal YTD FARM Operating Surplus: \$6.0 million**  
**2026 Fiscal YTD FARM Operating COR: 95.4% (see slide 4)**

**2026 Fiscal Outlook Operating Surplus: \$14 million**  
**2026 Fiscal Outlook Operating COR: 97.4%**

## Financial Highlights

- **The fiscal year to date written premium was \$95.9 million for FARM** which is a 7% decrease compared to the prior year to date. Vehicle counts are 3% higher and average written premium is 9% lower compared to prior year, due to a change in the business mix and declining average premiums in key segments. In particular, Ontario Interurban and Alberta interurban and taxi.
- Newfoundland & Labrador remains an area of uncertainty following the introduction of Bill 47 which prohibits FA from including a profit provision in all lines of business. This raises a concern over the profitability of all segments and possibly rising market share in the province. To that effect, management has agreed that Newfoundland & Labrador PPV will be onerous starting in 2026.
- The **fiscal year to date COR is 95.4%** which represents a 5.2 percentage point deterioration compared to prior year and a 4.9 percentage point deterioration compared to Outlook. Overall, there is a negative impact expected in 2026 continued growth in PPV from all regions.
- FARM's projected fiscal year COR for calendar year 2026 is 97.4%, excluding the impact of any rate changes not approved before September 30, 2026.

# FARM Fiscal YTD Operating Results

FISCAL YEAR (\$000s)	Actual FARM	Actual FARM	Change Q1 2026 - Q1 2025		Actual FARM	Actual FARM	Outlook FARM	Change 2026 - 2025		Change from Outlook	
	Q1 Jan 2026	Q1 Jan 2025	\$	%	YTD 3 mths to Jan 2026	YTD 3 mths to Jan 2025	YTD 3 mths to Jan 2026	\$	%	\$	%
Premium written	95,934	103,074	(7,140)	(7%)	95,934	103,074	106,599	(7,140)	(7%)	(10,665)	(10%)
Change in unearned premium	36,045	26,559	9,487	36%	36,045	26,559	37,969	9,487	36%	(1,923)	(5%)
<b>INSURANCE REVENUE</b>	<b>131,980</b>	<b>129,633</b>	<b>2,347</b>	<b>2%</b>	<b>131,980</b>	<b>129,633</b>	<b>144,568</b>	<b>2,347</b>	<b>2%</b>	<b>(12,588)</b>	<b>(9%)</b>
Claims incurred	99,007	92,303	6,705	7%	99,007	92,303	102,102	6,705	7%	(3,095)	(3%)
Adjustments to Liabilities for incurred claims	(4,812)	(5,076)	264	(5%)	(4,812)	(5,076)	(3,933)	264	(5%)	(879)	22%
Insurance acquisition cash flows	11,583	11,045	538	5%	11,583	11,045	12,523	538	5%	(940)	(8%)
Change in loss component	328	-	328	-	328	-	340	328	-	(12)	(4%)
Administration expense	14,221	14,857	(636)	(4%)	14,221	14,857	14,321	(636)	(4%)	(100)	(1%)
<b>INSURANCE SERVICE EXPENSES</b>	<b>120,327</b>	<b>113,128</b>	<b>7,199</b>	<b>6%</b>	<b>120,327</b>	<b>113,128</b>	<b>125,353</b>	<b>7,199</b>	<b>6%</b>	<b>(5,026)</b>	<b>(4%)</b>
<b>INSURANCE SERVICE RESULTS</b>	<b>11,653</b>	<b>16,505</b>	<b>(4,852)</b>	<b>(29%)</b>	<b>11,653</b>	<b>16,505</b>	<b>19,215</b>	<b>(4,852)</b>	<b>(29%)</b>	<b>(7,562)</b>	<b>(39%)</b>
Investment Income	2,695	3,681	(986)	(27%)	2,695	3,681	3,322	(986)	(27%)	(627)	(19%)
Finance income/expense - Discount Unwind	(8,334)	(7,513)	(821)	11%	(8,334)	(7,513)	(8,750)	(821)	11%	416	(5%)
Finance income/expense - Yield Impact	-	-	-	-	-	-	-	-	-	-	-
Net finance income/expense from insurance	(8,334)	(7,513)	(821)	11%	(8,334)	(7,513)	(8,750)	(821)	11%	416	(5%)
<b>OPERATING SURPLUS (DEFICIT)</b>	<b>6,014</b>	<b>12,673</b>	<b>(6,659)</b>	<b>(53%)</b>	<b>6,014</b>	<b>12,673</b>	<b>13,787</b>	<b>(6,659)</b>	<b>(53%)</b>	<b>(7,773)</b>	<b>(56%)</b>
<b>KEY PERFORMANCE METRICS - FARM</b>											
<b>Growth Indicators</b>											
Vehicle Counts	23,246	22,611	635	3%	23,246	22,611	23,108	635	3%	137	1%
Average Premium	4,127	4,559	(432)	(9%)	4,127	4,559	4,613	(432)	(9%)	(486)	(11%)
<b>Profitability Metrics</b>											
CY Claim Ratio	75.0%	71.2%	-	3.8%	75.0%	71.2%	70.6%	-	3.8%	-	4.4%
PY Claim Ratio	(3.6%)	(3.9%)	-	0.3%	(3.6%)	(3.9%)	(2.7%)	-	0.3%	-	(0.9%)
Total Claim Ratio (CY+PY)	71.4%	67.3%	-	4.1%	71.4%	67.3%	67.9%	-	4.1%	-	3.5%
Onerous Contract Ratio	0.2%	0.0%	-	0.2%	0.2%	0.0%	0.2%	-	0.2%	-	0.0%
Admin Expense Ratio	19.6%	20.0%	-	(0.4%)	19.6%	20.0%	18.6%	-	(0.4%)	-	1.0%
Insurance Service Result Ratio	91.2%	87.3%	-	3.9%	91.2%	87.3%	86.7%	-	3.9%	-	4.5%
Investment Income Ratio	(2.0%)	(2.8%)	-	0.8%	(2.0%)	(2.8%)	(2.3%)	-	0.8%	-	0.3%
Net Finance Income/Expense from Insurance Discount Unwind Ratio	6.3%	5.8%	-	0.5%	6.3%	5.8%	6.1%	-	0.5%	-	0.3%
Net Finance Income/Expense from Insurance Yield Impact Ratio	0.0%	0.0%	-	0.0%	0.0%	0.0%	0.0%	-	0.0%	-	0.0%
Net Finance Income/Expense from Insurance Ratio	6.3%	5.8%	-	0.5%	6.3%	5.8%	6.1%	-	0.5%	-	0.3%
Combined Ratio	95.4%	90.2%	-	5.2%	95.4%	90.2%	90.5%	-	5.2%	-	5.0%

## Key Messages:

Premium written decreased \$7 million from prior year mainly due to \$8 million decrease in Alberta (\$2 million interurban and \$6 million taxes) and a \$8 million decrease in Ontario interurban offset by PPV growth from all regions.

Loss ratios remained constant across FQ1, and therefore the adjustment to liability for incurred claims is favorable as the risk adjustment is released with the settlement of liabilities.

A loss component was recognized for NL PPV which was deemed onerous for 2026. No other segments are currently deemed onerous.

Insurance finance expense is driven by discount unwinding and is slightly elevated from prior year due to growth of the liabilities and changes in payment patterns which fluctuate from year to year – despite decline in average discount rate.

# FARM Premium Drivers

Written Premium	Fiscal Year to Date			Projected Fiscal Year End		
	Jurisdiction	Current	Prior	The Outlook	Current	Prior
Ontario	38,354	38,934	44,261	204,614	203,505	212,106
Alberta	23,880	33,096	32,952	160,276	169,842	167,128
Atlantics	31,626	30,718	32,029	153,204	148,926	158,594
Territories	1,981	2,039	2,242	11,488	10,936	12,317
<b>Total</b>	<b>95,840</b>	<b>104,788</b>	<b>111,483</b>	<b>529,583</b>	<b>533,210</b>	<b>550,144</b>

Fiscal Year to Date Change				Projected Year End Change			
Current vs. Prior		Current vs. Outlook		Current vs. Prior		Current vs. Outlook	
(581)	(1.5%)	(5,907)	(13.3%)	1,109	0.5%	(7,492)	(3.5%)
(9,217)	(27.8%)	(9,072)	(27.5%)	(9,566)	(5.6%)	(6,851)	(4.1%)
907	3.0%	(403)	(1.3%)	4,277	2.9%	(5,390)	(3.4%)
(58)	(2.8%)	(261)	(11.6%)	552	5.0%	(828)	(6.7%)
(8,948)	(8.5%)	(15,644)	(14.0%)	(3,627)	(0.7%)	(20,561)	(3.7%)

Written Vehicle Count	Fiscal Year to Date			Projected Fiscal Year End		
	Jurisdiction	Current	Prior	The Outlook	Current	Prior
Ontario	5,268	5,032	5,432	24,506	24,637	24,984
Alberta	5,323	5,559	5,843	32,602	32,912	32,823
Atlantics	11,418	10,768	11,585	60,353	58,008	62,247
Territories	1,237	1,322	1,378	6,667	6,548	7,107
<b>Total</b>	<b>23,246</b>	<b>22,680</b>	<b>24,238</b>	<b>124,128</b>	<b>122,105</b>	<b>127,161</b>

Fiscal Year to Date Change				Projected Year End Change			
Current vs. Prior		Current vs. Outlook		Current vs. Prior		Current vs. Outlook	
237	4.7%	(163)	(3.0%)	(131)	(0.5%)	(478)	(1.9%)
(236)	(4.2%)	(521)	(8.9%)	(310)	(0.9%)	(222)	(0.7%)
650	6.0%	(167)	(1.4%)	2,345	4.0%	(1,893)	(3.0%)
(85)	(6.4%)	(142)	(10.3%)	119	1.8%	(440)	(6.2%)
566	2.5%	(993)	(4.1%)	2,023	1.7%	(3,033)	(2.4%)

AWP	Fiscal Year to Date			Projected Fiscal Year End		
	Jurisdiction	Current	Prior	The Outlook	Current	Prior
Ontario	7,280	7,738	8,149	8,349	8,260	8,490
Alberta	4,486	5,954	5,639	4,916	5,161	5,092
Atlantics	2,770	2,853	2,765	2,538	2,567	2,548
Territories	1,602	1,543	1,627	1,723	1,670	1,733
<b>Total</b>	<b>4,123</b>	<b>4,620</b>	<b>4,599</b>	<b>4,266</b>	<b>4,367</b>	<b>4,326</b>

Fiscal Year to Date Change				Projected Year End Change			
Current vs. Prior		Current vs. Outlook		Current vs. Prior		Current vs. Outlook	
(458)	(5.9%)	(869)	(10.7%)	89	1.1%	(140)	(1.6%)
(1,468)	(24.7%)	(1,153)	(20.4%)	(244)	(4.7%)	(176)	(3.4%)
(83)	(2.9%)	5	0.2%	(29)	(1.1%)	(9)	(0.4%)
59	3.8%	(25)	(1.5%)	53	3.2%	(10)	(0.6%)
(497)	(10.8%)	(477)	(10.4%)	(100)	(2.3%)	(60)	(1.4%)

## Key Messages:

- The 2026 fiscal YTD written premiums is \$95.8 million, or 8.5% decrease compared to prior year and 14% lower than Outlook.
- Ontario AWP has decreased (5.9%) since the introduction of the mandatory DCPD Opt-Out endorsement in 2024, due to high uptake of the endorsement in our inter-urban (IU) book. In addition, Alberta AWP decreased sharply by 24.7% primarily driven by interurban and offloading of taxi fleet business.
- It is important to note that volumes can change rapidly in FARM and mix of business changes can create significant changes in AWP even where vehicle count changes are minor.

Jurisdiction	Business Segment	FA Minor Rating Class Desc	2026 Fiscal YTD			Change in Amount		
			Annualize Vehicle Count	Sum of Written Premium	AWP	Annualize Vehicle Count	Sum of Written Premium	AWP
Grand Total	PPV	Private Passenger (x Farmers)	9,770	34,609,817	3,543	663	2,580,702	26
	PPV Total		9,770	34,609,817	3,543	663	2,580,702	26
	non-PPV	Private Passenger (x Farmers)	-	-	-	-	-	-
		Commercial	5,461	31,935,186	5,848	(80)	1,706,515	393
		Interurban	2,368	17,564,706	7,419	(95)	(4,864,081)	(1,689)
		Taxi	1,109	1,350,451	1,218	(94)	(6,811,189)	(5,570)
		Recreational	3,072	1,662,698	541	163	182,330	32
		Other	1,193	8,574,656	7,185	178	1,985,814	(13,653)
	non-PPV Total		13,203	61,087,697	4,627	72	(7,800,611)	(1,133)
	<b>Grand Total</b>		<b>23,246</b>	<b>95,782,187</b>	<b>4,120</b>	<b>566</b>	<b>(9,005,802)</b>	<b>(500)</b>

\*Note: small differences exist when comparing premium across different slides due to timing of different data sources

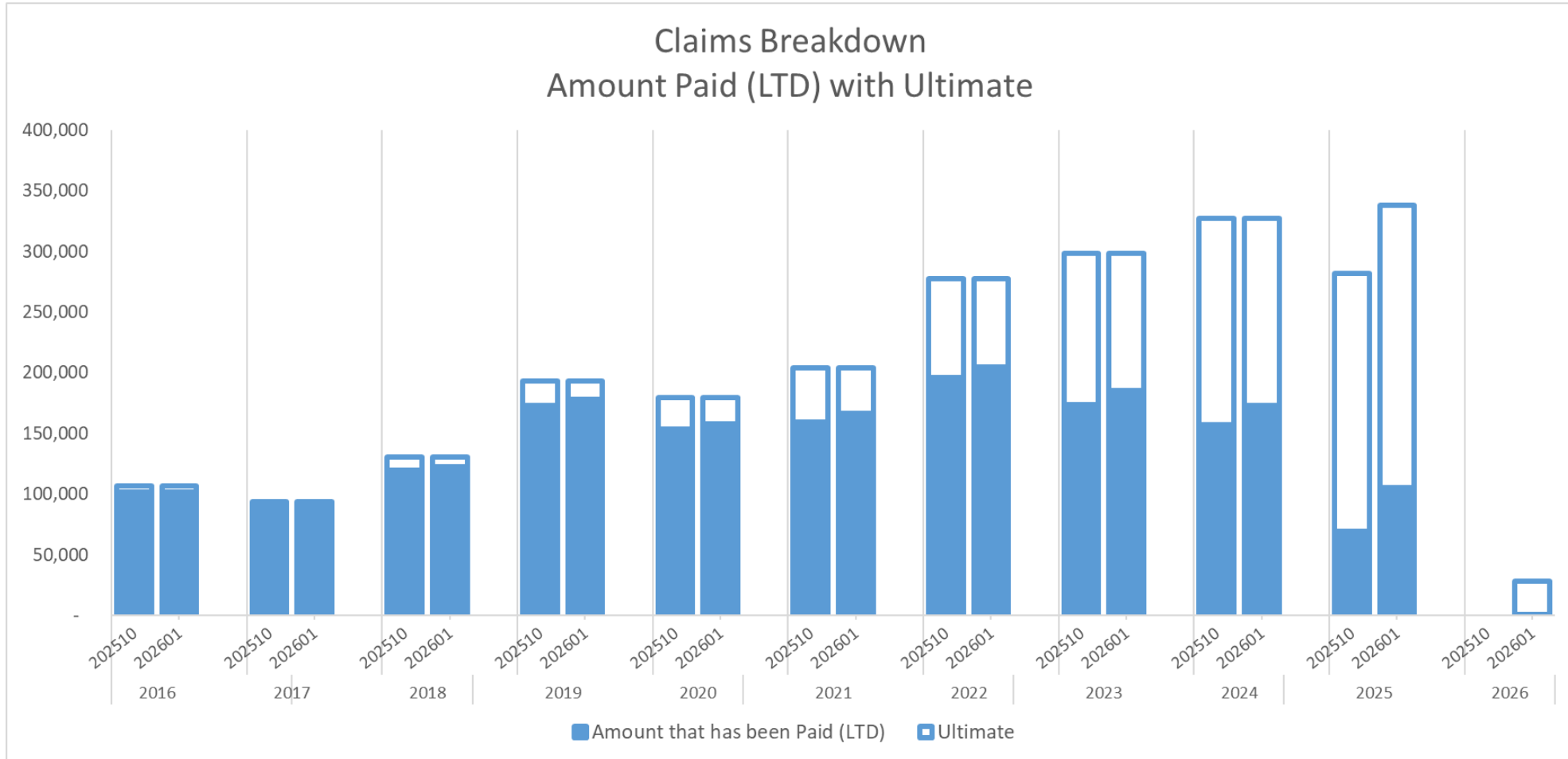
# FARM Premium Drivers Fiscal YTD

Jurisdiction	Business Segment	FA Minor Rating Class Desc	2026 Fiscal YTD			Change in Amount		
			Annualize Vehicle Count	Sum of Written Premium	A/WP	Annualize Vehicle Count	Sum of Written Premium	A/WP
Ontario	PPV	Private Passenger (x Farmers)	1,825	12,199,330	6,684	80	1,016,592	278
	<b>PPV Total</b>		<b>1,825</b>	<b>12,199,330</b>	<b>6,684</b>	<b>80</b>	<b>1,016,592</b>	<b>278</b>
	non-PPV	Private Passenger (x Farmers)	(1)	(4,509)	6,012	(4)	(34,792)	(2,851)
		Commercial	1,723	17,280,323	10,032	158	2,832,094	798
		Interurban	749	2,761,002	3,686	130	(2,220,572)	(4,359)
		Taxi	207	1,868,088	9,039	(24)	(383,192)	(703)
		Recreational	506	514,092	1,016	27	64,232	76
		Other	260	3,711,826	14,295	130	1,878,702	28,660
	<b>non-PPV Total</b>		<b>3,443</b>	<b>26,130,822</b>	<b>7,590</b>	<b>157</b>	<b>(1,620,932)</b>	<b>(855)</b>
<b>Ontario</b>	<b>TOTAL</b>		<b>5,268</b>	<b>38,330,152</b>	<b>7,276</b>	<b>237</b>	<b>(604,340)</b>	<b>(462)</b>
Alberta	PPV	Private Passenger (x Farmers)	244	1,739,031	7,130	1	(118,721)	(515)
	<b>PPV Total</b>		<b>244</b>	<b>1,739,031</b>	<b>7,130</b>	<b>1</b>	<b>(118,721)</b>	<b>(515)</b>
	non-PPV	Private Passenger (x Farmers)	223	86,073	385	86	16,093	(123)
		Commercial	2,018	10,657,303	5,282	13	(322,050)	(195)
		Interurban	1,347	12,354,294	9,169	(159)	(2,208,971)	(502)
		Taxi	291	(4,229,665)	(14,518)	(31)	(6,199,696)	(20,627)
		Recreational	751	238,467	318	(77)	(46,741)	(27)
		Other	448	3,033,709	6,767	(69)	(337,123)	252
	<b>non-PPV Total</b>		<b>5,079</b>	<b>22,140,181</b>	<b>4,359</b>	<b>(237)</b>	<b>(9,098,488)</b>	<b>(1,518)</b>
<b>Alberta</b>	<b>TOTAL</b>		<b>5,323</b>	<b>23,879,212</b>	<b>4,486</b>	<b>(236)</b>	<b>(9,217,209)</b>	<b>(1,468)</b>
Atlantic	PPV	Private Passenger (x Farmers)	7,312	19,999,021	2,735	585	1,681,745	12
	<b>PPV Total</b>		<b>7,312</b>	<b>19,999,021</b>	<b>2,735</b>	<b>585</b>	<b>1,681,745</b>	<b>12</b>
	non-PPV	Private Passenger (x Farmers)	(1)	(15,431)	15,431	3	4,885	9,761
		Commercial	1,211	3,320,994	2,742	(180)	(750,448)	(185)
		Interurban	262	2,303,750	8,801	(53)	(417,090)	161
		Taxi	563	3,550,455	6,306	(35)	(267,336)	(75)
		Recreational	1,692	878,295	519	210	162,341	36
		Other	379	1,554,924	4,105	121	459,603	(146)
	<b>non-PPV Total</b>		<b>4,106</b>	<b>11,592,987</b>	<b>2,823</b>	<b>65</b>	<b>(808,045)</b>	<b>(246)</b>
<b>Atlantic</b>	<b>TOTAL</b>		<b>11,418</b>	<b>31,592,008</b>	<b>2,767</b>	<b>650</b>	<b>873,700</b>	<b>(86)</b>
Territories	PPV	Private Passenger (x Farmers)	388	672,435	1,731	(3)	1,086	17
	<b>PPV Total</b>		<b>388</b>	<b>672,435</b>	<b>1,731</b>	<b>(3)</b>	<b>1,086</b>	<b>17</b>
	non-PPV	Private Passenger (x Farmers)	52	18,540	360	6	(14,675)	(377)
		Commercial	510	676,566	1,327	(71)	(53,081)	70
		Interurban	9	145,660	15,468	(13)	(17,448)	8,192
		Taxi	48	161,573	3,402	(3)	39,035	976
		Recreational	123	31,844	259	3	2,498	16
		Other	107	274,197	2,571	(4)	(15,368)	(48)
	<b>non-PPV Total</b>		<b>848</b>	<b>1,308,380</b>	<b>1,543</b>	<b>(82)</b>	<b>(59,039)</b>	<b>72</b>
<b>Territories</b>	<b>TOTAL</b>		<b>1,237</b>	<b>1,980,815</b>	<b>1,602</b>	<b>(85)</b>	<b>(57,953)</b>	<b>59</b>
<b>Grand Total</b>			<b>23,246</b>	<b>95,782,187</b>	<b>4,120</b>	<b>566</b>	<b>(9,005,802)</b>	<b>(500)</b>

## Key Messages:

- Significant reductions in high-premium segments: Alberta & Atlantic interurban, commercial and Taxi are the key drivers for the FARM's overall reduction in written premium compared to prior year. Significant count growth occurred in Ontario Interurban, but the average premium is lower due to use of DCPD Opt-Out endorsement.
- Growth has been observed for PPV across all regions, particularly in the Atlantic.

# FARM Movement in Unpaid Loss During the Quarter

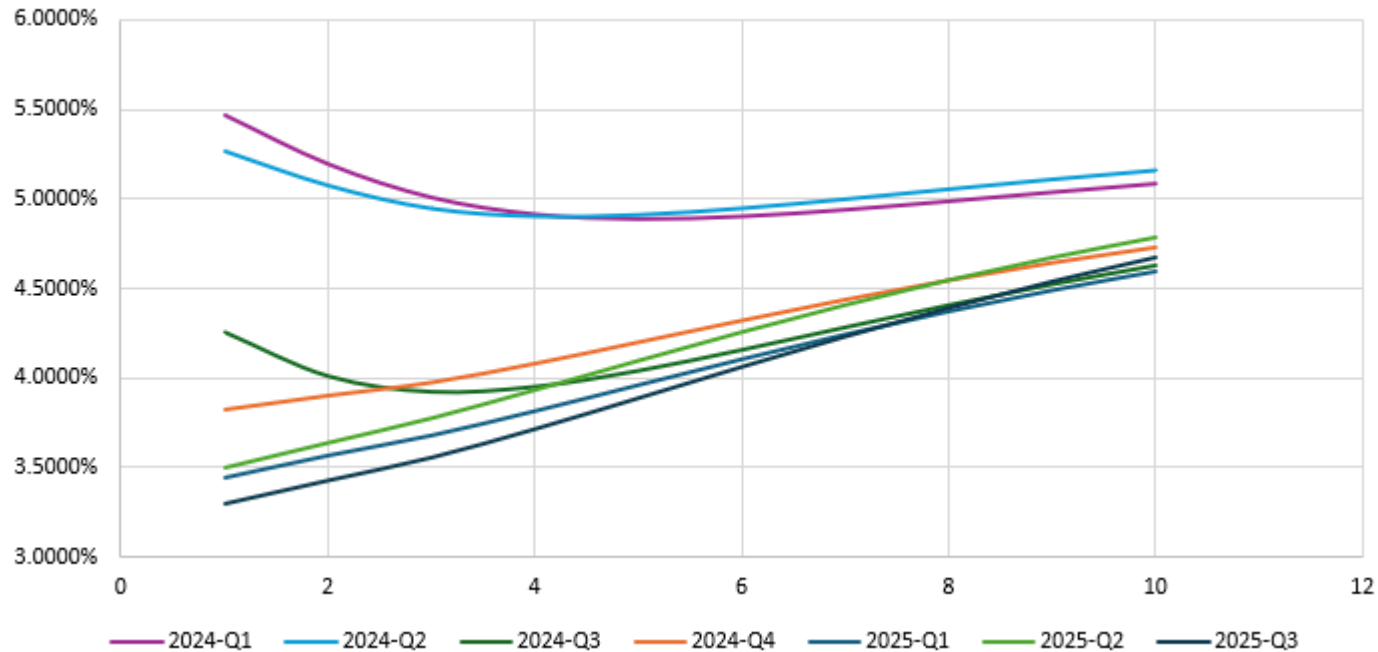


## Key Messages:

- Unpaid losses **decreased** slightly from \$720M to \$711M (-1.2%), driven by higher than expected paid losses for the recent quarter.
- This quarter the total paid amount is \$93.5 million compared to \$85.0 million projected in Oct 2025
- This slide shows the change in the incurred claims and paid claims during the quarter for claims from the last 10 accident years; there is a minimal amount of unpaid claims and claims payments related to years before 2016.

# FARM Discount Rates and Yield Curve Over Time

Fiera IFRS 17 Yield Curves Over Time



## Key Messages:

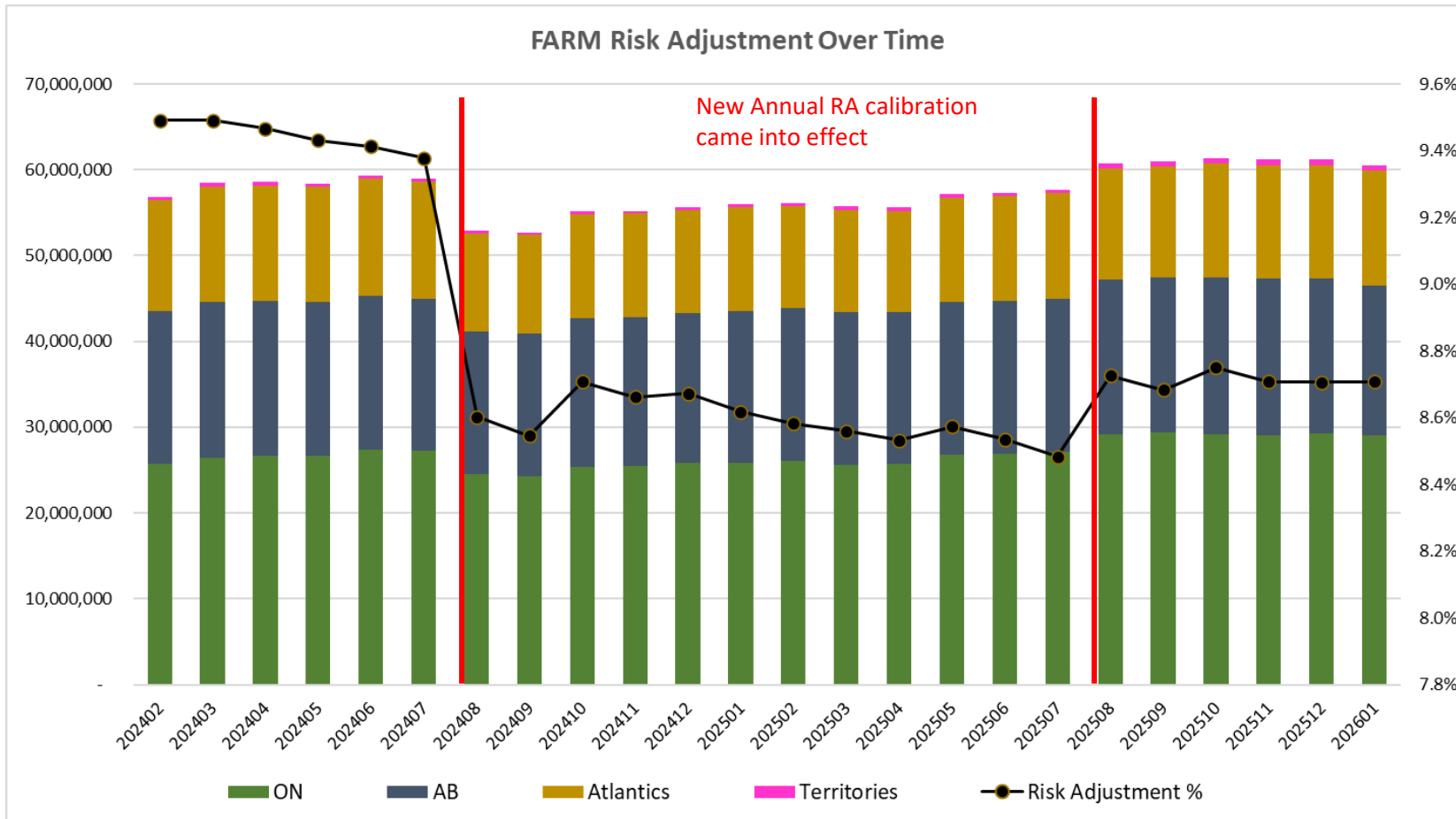
- Table shows the impact of yield curve movements on the FARM liabilities for the most recent implementations. Negative values here indicate that the yield change caused an increase in the liabilities.
- Yields have been more volatile since 2022 due to inflation shock. Yields began to decline in late 2023 and continued into 2025. Yields used in FARM's financials have not changed in the first fiscal quarter of 2026.
- Note that the yield impact presented in the table below includes the impact of the new payment pattern selected in 2024 Q4. This pattern is selected annually. This is why the discounting impact from 2024-Q4 is favourable despite the decrease in the average yield during that quarter.

## Impact on Liabilities due to Historical Yield Changes

	2024-Q2	2024-Q3	2024-Q4	2025-Q1	2025-Q2	2025-Q3
<b>Average FARM discount rate</b>	5.07%	4.13%	3.91%	3.66%	3.77%	3.59%
<b>Change from prior</b>	0.00%	-0.94%	-0.22%	-0.25%	0.11%	-0.18%
<b>Yield Impact LIC</b>	(1,166)	(14,080)	127	(4,203)	3,784	(2,576)
Yield Impact PV FCF	(1,079)	(13,023)	104	(3,864)	3,456	(2,423)
Yield Impact Risk Adjustment	(87)	(1,057)	22	(339)	328	(152)
<b>Yield Impact Loss Component</b>	-	-	-	-	-	-
<b>Total Yield Impact</b>	(1,166)	(14,080)	127	(4,203)	3,784	(2,576)

# FARM Risk Adjustment Over Time

**The total weighted risk adjustment is 8.7% as at January 2026, versus 8.6% as at January 2025.**

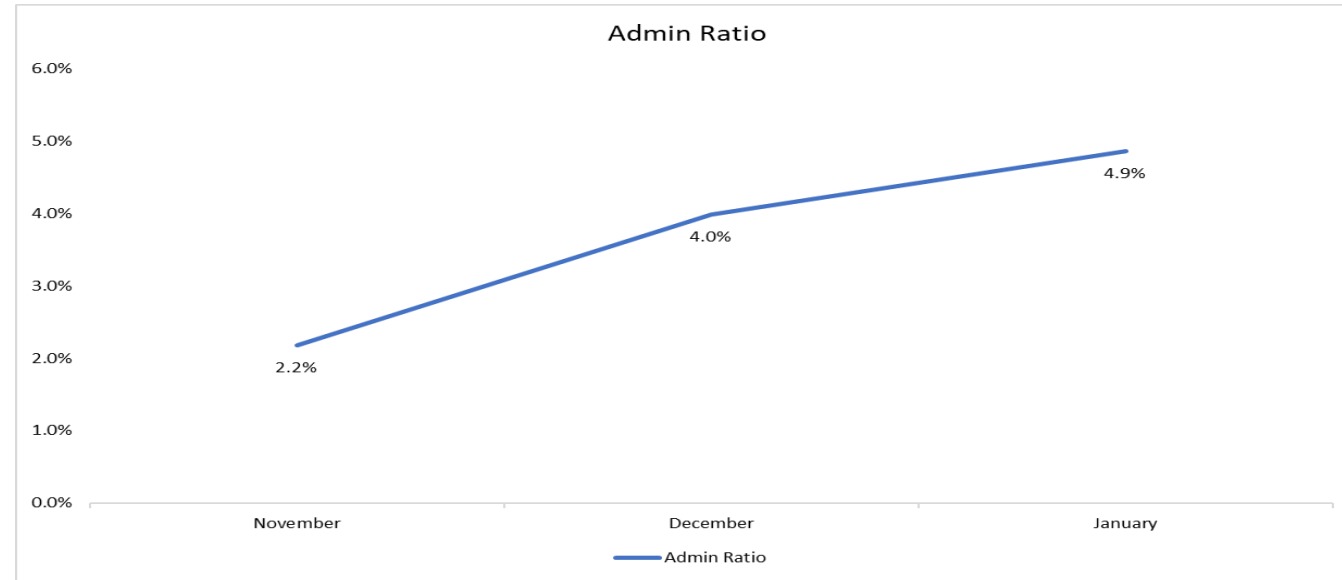
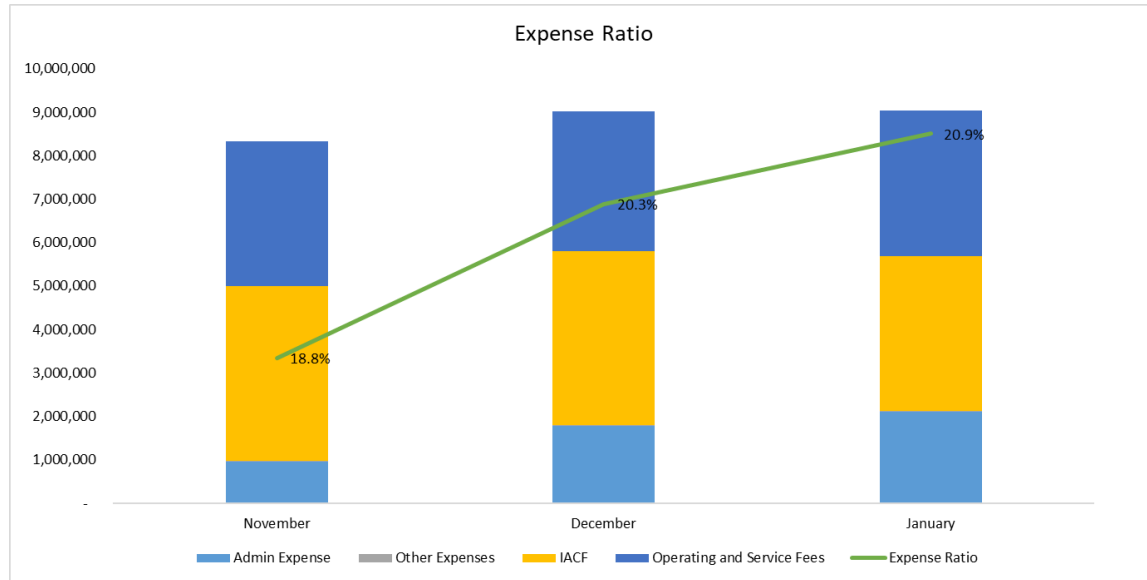


## Key Messages:

- Risk adjustment is calibrated annually at the coverage level and fluctuates throughout the year based on the mix of claim liabilities by coverage.
- Calibration uses cost of capital approach; factors at the time of calibration are carried forward until the next calibration.
- Risk adjustment has remained stable, hovering between 8-10%. The total weighted average varies depending on the mix of business.
- The latest calibration was implemented in August 2025 Participation Report.
- The next calibration will be implemented in the August 2026 Participation Report.

# FARM Expenses

*The YTD expense ratio is 20%, which is consistent with the prior year.*

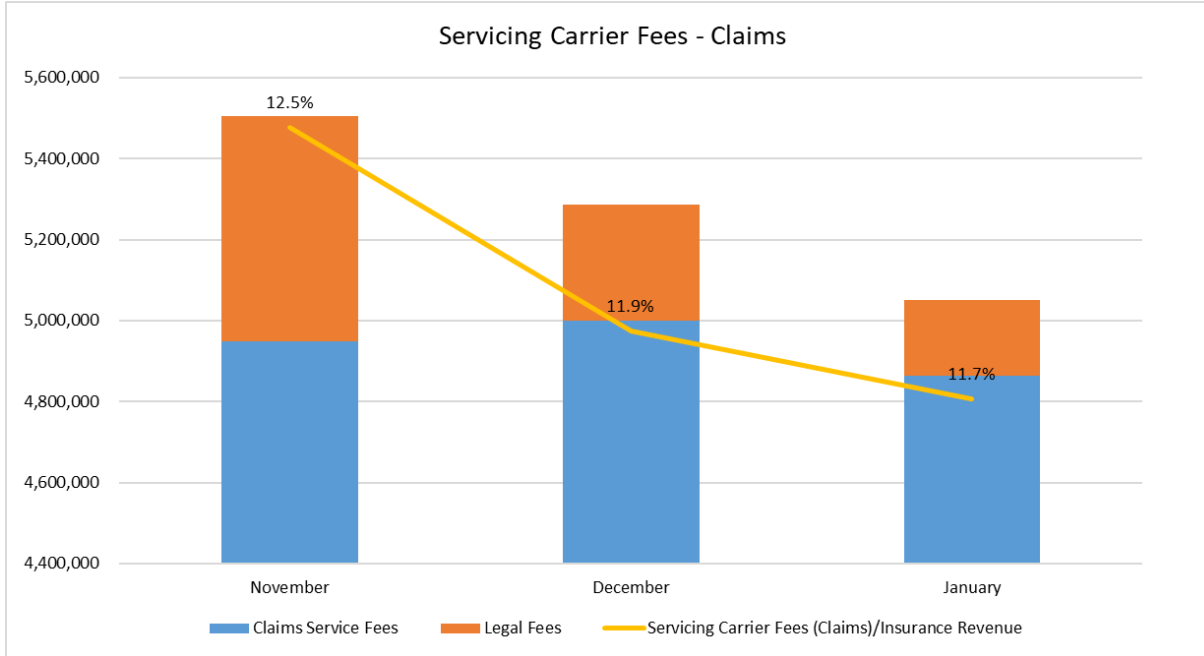


Impact on Expense Ratio	Current Year	Prior Year	Change (\$)	Change (%)
Premium Written	95,934,344	103,074,202	- 7,139,858	-6.9%
Insurance Revenue	131,979,759	129,633,103	2,346,657	1.8%
Total FACO Expenditure	24,219,584	23,624,754	594,830	2.5%
<b>Administrative Expense allocated to Mechanism</b>	<b>8,555,031</b>	<b>7,468,084</b>	<b>1,086,947</b>	<b>14.6%</b>
% Allocated to FARM	35%	32%		
<b>FACO Admin Expense Ratio</b>	<b>6.5%</b>	<b>5.8%</b>		

## Key Messages:

- The overall expense ratio, calculated as the sum of Admin Expenses, IACF, Operating & Service Fees, and other miscellaneous costs divided by insurance revenue, is averaging 20.0%. This is driven by the following components:
  - Acquisition Costs:** 8.8% of the expense ratio
  - Operating Expenses from Servicing Carrier(s):** 7.5% of the expense ratio reflects the operating fees for managing the FARM business by the servicing carrier, in line with the Board-approved allowance (further details are outlined in the Plan of Operation).
  - Admin Expense Ratio:** The admin expense ratio, which is admin expenses divided by insurance revenue, has remained consistent from the prior year, now trending at an average of 3.7% (FY2025: 3.3%).

# FARM Expenses



Servicing Carrier Fees	Current Year	Prior Year	Change (\$)	Change (%)
Premium Written	95,934,344	103,074,202	- 7,139,858	-6.9%
Insurance Revenue	131,979,759	129,633,103	2,346,657	1.8%
Claims Service Fees	14,810,390	14,528,398	281,992	1.9%
Legal Fees	1,030,706	903,116	127,590	14.1%
Total Claims Service & Legal Fees	15,841,095	15,431,514	409,582	2.7%
<b>Claims Service Fee Ratio</b>	<b>12.0%</b>	<b>11.9%</b>		
Operating Service Fees	9,900,285	10,605,263	- 704,978	-6.6%
<b>Operating Service Fees Ratio</b>	<b>7.5%</b>	<b>8.2%</b>		

## Key Messages:

- Servicing Carriers are reimbursed for servicing FA's business based on the guidelines set out in the Plan of Operation. The operating and service fee and claims expense allowance paid to the Servicing Carrier is in-line with the Board approved allowance
- Operating Cost (excluding claims expenses)
  - Over the last three months, the average operating cost (excluding claims expenses) has been 10.3% of the premiums written.
  - As a ratio of Insurance Revenue, operating cost (excluding claims expenses) has decreased slightly from 8.2% to 7.5%
- Claims expenses: The claims expenses, expressed as a percentage of Insurance Revenue, have increased slightly from 11.9% to 12.0% due to higher bodily injury claims driven by Alberta and Ontario Non-PPV and tariff impact.

# FARM Financial Position

*Cash and Accounts Payable has decreased due to the operating results distribution and available funds distributed. LRC has decreased due to a seasonal drop in written premiums.*

FARM - IFRS 17 (\$000s)	January 31, 2026	October 31, 2025	Change	
			(\$)	(%)
<b>Assets</b>				
Cash and cash equivalents	357,997	410,295	(52,298)	(13%)
Other receivables	1,127	11,385	(10,258)	(90%)
Accounts receivable from other pools	1,795	2,162	(367)	(17%)
Accrued investment income	900	971	(71)	(7%)
Total Funds held by members	578,605	592,976	(14,371)	(2%)
<b>Total Assets</b>	<b>940,424</b>	<b>1,017,789</b>	<b>(77,365)</b>	<b>(8%)</b>
<b>Liabilities</b>				
Liability for remaining coverage	156,693	181,977	(25,284)	(14%)
Liability for incurred claims	756,016	762,812	(6,796)	(1%)
Accounts payable and other liabilities	13,528	55,509	(41,981)	(76%)
Servicing carrier operating fees payable	14,187	17,492	(3,304)	(19%)
<b>Total Liabilities</b>	<b>940,424</b>	<b>1,017,789</b>	<b>(77,365)</b>	<b>(8%)</b>

## Key Messages:

- **Cash and cash equivalents** – The decrease is driven by settlement to members of \$35M for operating results distribution and available funds distributed.
- **Other receivables** – For FY 2025 the realignment of funds resulted in \$10M of receivables. These funds were received in January 2026.
- **Total funds held by members** – FARM’s liabilities are fully funded by our members. Any liabilities in excess of the other Assets are funded by the Total Funds held by members. The decrease in total funds held by members is mainly attributable to decreased liability.
- **Liability for remaining coverage** – Declined primarily due to a seasonal drop in written premiums. The period from November to February typically experiences lower volumes compared to the rest of the year.
- **Accounts payable** – \$45M was settled to members for the operating results distribution and available funds distributed.

# FARM Latest FY 2026 Projection

Latest 2026 FY Projection \$000s (as at 202601)						FY 2026 Outlook
FY 2026 Latest Projection (\$000s)	Ontario	Alberta	Atlantics	Territories	Total	Total
Written Premium	204,614	160,276	153,204	11,488	529,583	543,009
Received Premium	203,536	160,145	152,396	11,337	527,413	537,535
Earned Premium	206,196	162,290	151,380	10,916	530,782	540,659
<b>Insurance Revenue</b>	<b>206,196</b>	<b>162,290</b>	<b>151,380</b>	<b>10,916</b>	<b>530,782</b>	<b>540,659</b>
Total Claims Incurred	146,116	113,659	114,398	5,217	379,390	387,023
<i>Claims incurred (CAY)</i>	154,730	119,474	119,439	5,401	399,043	406,734
<i>Adjustments to Liabilities for Incurred Claims (PAYs)</i>	(8,614)	(5,814)	(5,041)	(184)	(19,653)	(19,711)
Administrative Expense	27,356	20,161	19,476	1,451	68,445	68,938
Amortization of IACFs	13,063	13,413	16,832	1,079	44,387	46,579
Change in Loss Component	0	0	3,097	0	3,097	3,167
<b>Insurance Service Expenses</b>	<b>186,536</b>	<b>147,233</b>	<b>153,803</b>	<b>7,747</b>	<b>495,319</b>	<b>505,707</b>
<b>Insurance Service Result</b>	<b>19,660</b>	<b>15,057</b>	<b>(2,423)</b>	<b>3,169</b>	<b>35,463</b>	<b>34,952</b>
<i>Insurance Finance Expense from PV FCF</i>	(13,952)	(7,527)	(7,099)	(249)	(28,826)	(29,007)
<i>Insurance Finance Expense from Risk Adjustment</i>	(1,389)	(544)	(507)	(18)	(2,458)	(2,474)
<i>Insurance Finance Expense from Loss Component</i>	0	0	(38)	0	(38)	(39)
<b>Insurance Finance Income (Expense)</b>	<b>(15,341)</b>	<b>(8,071)</b>	<b>(7,644)</b>	<b>(267)</b>	<b>(31,323)</b>	<b>(31,521)</b>
<b>Investment Income</b>	<b>4,177</b>	<b>2,856</b>	<b>2,716</b>	<b>115</b>	<b>9,864</b>	<b>10,814</b>
<b>Operating Result</b>	<b>8,497</b>	<b>9,841</b>	<b>(7,351)</b>	<b>3,017</b>	<b>14,004</b>	<b>14,246</b>
<b>Ratios (as a % of insurance revenue)</b>						
<b>Loss ratios</b>	<b>70.9%</b>	<b>70.0%</b>	<b>75.6%</b>	<b>47.8%</b>	<b>71.5%</b>	<b>71.6%</b>
<i>Claims incurred (CAY)</i>	75.0%	73.6%	78.9%	49.5%	75.2%	75.2%
<i>Adjustments to Liabilities for Incurred Claims (PAYs)</i>	(4.2%)	(3.6%)	(3.3%)	(1.7%)	(3.7%)	(3.6%)
<b>Underwriting and Admin Expenses</b>	<b>19.6%</b>	<b>20.7%</b>	<b>26.0%</b>	<b>23.2%</b>	<b>21.8%</b>	<b>22.0%</b>
<i>Administrative Expenses</i>	13.3%	12.4%	12.9%	13.3%	12.9%	12.8%
<i>Amortization of IACFs</i>	6.3%	8.3%	11.1%	9.9%	8.4%	8.6%
<i>Change in Loss Component</i>	0.0%	0.0%	2.0%	0.0%	0.6%	0.6%
<b>Insurance Service Ratio</b>	<b>90.5%</b>	<b>90.7%</b>	<b>101.6%</b>	<b>71.0%</b>	<b>93.3%</b>	<b>93.5%</b>
<b>Insurance Finance Income</b>	<b>7.4%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>2.4%</b>	<b>5.9%</b>	<b>5.8%</b>
<b>Investment Income Ratio</b>	<b>(2.0%)</b>	<b>(1.8%)</b>	<b>(1.8%)</b>	<b>(1.1%)</b>	<b>(1.9%)</b>	<b>(2.0%)</b>
<b>Combined Operating Ratio</b>	<b>95.9%</b>	<b>93.9%</b>	<b>104.9%</b>	<b>72.4%</b>	<b>97.4%</b>	<b>97.4%</b>

Note: This forecast is a projection of future events based on models and assumptions believed to be realistic simplifications of the real world, but as simplifications, inherent uncertainty exists in relation to how actual events will unfold relative to these projections. **The user of this Outlook should recognize that future Operating Results may deviate from these projections by material amounts.** Materiality is a relative concept. As used here, material deviations are those that could reasonably be expected to influence decisions by users of this Outlook.

# Updated FY 2026 Projection

	Ontario	Alberta	Atlantics	Territories	Total
<b>WRITTEN PREMIUM (\$000s)</b>					
The Outlook	209,430	160,146	160,951	12,482	543,009
Latest Projection	204,614	160,276	153,204	11,488	529,583
Change (\$)	(4,816)	130	(7,747)	(994)	(13,426)
Change (%)	(2.3%)	0.1%	(4.8%)	(8.0%)	(2.5%)
<b>WRITTEN VEHICLE COUNT</b>					
The Outlook	24,863	32,758	61,065	7,177	125,863
Latest Projection	24,506	32,602	60,353	6,667	124,128
Change (%)	(1.4%)	(0.5%)	(1.2%)	(7.1%)	(1.4%)
<b>LOSS RATIOS (%)</b>					
The Outlook CAY Loss Ratio	75.0%	73.7%	79.0%	49.2%	75.2%
Latest Projection CAY Loss Ratio	75.0%	73.6%	78.9%	49.5%	75.2%
Change	0.0%	(0.1%)	(0.1%)	0.3%	(0.0%)
The Outlook PAY Loss Ratio	(4.1%)	(3.6%)	(3.3%)	(1.7%)	(3.6%)
Latest Projection PAY Loss Ratio	(4.2%)	(3.6%)	(3.3%)	(1.7%)	(3.7%)
Change	(0.1%)	(0.0%)	(0.0%)	0.1%	(0.1%)
<b>CHANGE IN LOSS COMPONENT, UNDERWRITING AND ADMIN EXPENSES (% INSURANCE REVENUE)</b>					
The Outlook	19.6%	20.7%	26.4%	23.4%	22.0%
Latest Projection	19.6%	20.7%	26.0%	23.2%	21.8%
Change	0.0%	(0.0%)	(0.4%)	(0.2%)	(0.1%)
<b>COMBINED OPERATING RATIO (%)</b>					
The Outlook	95.7%	94.0%	105.1%	72.0%	97.4%
Latest Projection	95.9%	93.9%	104.9%	72.4%	97.4%
Change	0.2%	(0.1%)	(0.2%)	0.4%	(0.0%)
<b>OPERATING RESULT (\$000s)</b>					
The Outlook	9,178	9,764	(7,914)	3,218	14,246
Latest Projection	8,497	9,841	(7,351)	3,017	14,004
Change (\$)	(681)	77	563	(201)	(242)

## Key observations:

- FARM is projected to have a decrease in written premiums (2.5% overall increase compared to projected fiscal year-end 2025). We are projecting written premium of \$529 million, primarily driven by projected decreases of Ontario and Atlantics written premium.
- The CAY and PAY loss ratios remain in line with Outlook as loss ratio assumptions remain constant until the next implementation date (May Participation Report).
- The 2026 Outlook does not forecast any future change in the yield curve for 2026 as our future assumption is always a constant yield curve. The actual yields are updated throughout the year in line with the implementation schedule. Finally, there is a high level of uncertainty in the projected results as a result of the potential range of outcomes. Use caution when interpreting these estimates.

# Focus Area #1: FARM Rate Changes and Indications

# FARM Rate Activity & Indications

	TOTAL	PPV	Non-PPV
Jurisdiction	Cred-Weighted Indication	Cred-Weighted Indication	Cred-Weighted Indication
ON			
AB			
NL			
NB			
NS			
PE			
YT			
NT			
NU			
Grand Total			

## Key Messages:

- This table presents the red/green status of current credibility-weighted indications by province and segment.
  - Red indicates that the indication is below our internal target range for adequacy
  - Green indicates that the indication is rate adequate
- Since our last quarterly report, we have been approved for rate changes for:
  - Ontario interurban
  - Alberta PPV, taxis, buses and interurban
  - Nova Scotia PPV
- Other notes:
  - Alberta PPV rate change is impacted by Grid rates, as a significant portion of FARM PPV book is Grid-rated.
  - In Newfoundland, we have recognized a loss component as a result of Newfoundland & Labrador Bill 47 which prohibits inclusion of a provision for return on capital in FARM's rates.

# FARM Glossary of Acronyms/Legends

Acronyms	Definition
AY	Accident Year
AvP/AvsP	Actual versus Projection
AccBen	Accident Benefits
AB	Alberta
Atlantics	New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland & Labrador (combined)
BI	Bodily Injury
CAY	Current Accident Year
CM	Comprehensive
CAT	Catastrophe
CV	Commercial Vehicles
FtAY	Future Accident Year
IU	Interurban Vehicle
IFIE/IFE	Insurance Finance Income/Expense
IFIE/IFE	Insurance Finance Income/Expense
IBNR	Incurred but not Reported
LIC	Liability for Incurred Claims
LRC	Liability for Remaining Coverage
LL	Large Loss
LR	Loss Ratio

Acronyms	Definition
ON	Ontario
NB	New Brunswick
NS	Nova Scotia
NL	Newfoundland & Labrador
Non-PPV	Non-Private Passenger Vehicles – all vehicles insured by FARM that are not PPV
PPV	Personal Passenger Vehicles (automobiles)
PY	Prior Year
PAY	Prior Accident Year
RA	Risk Adjustment
Rec	Recreational vehicles: Motorcycles, Snowmobiles and ATVs
SP	Specified Perils
TX	Taxis/Limos
Territories	Yukon, Northwest Territories, Nunavut (combined)
YTD	Year to Date

# Supplementary Information

Additional exhibits and data files available in the monthly bulletins:

<https://www.facilityassociation.com/Members/MemberBulletins>