FACILITY ASSOCIATION

TO: MEMBERS OF THE FACILITY ASSOCIATION
ATTENTION: CHIEF EXECUTIVE OFFICER
BULLETIN NO: F2026 – 032
DATE: August 31, 2026
SUBJECT: Risk Sharing Pool – July 2026 Operational Report

A copy of this bulletin should be provided to your Chief Financial Officer and Appointed Actuary.

Please be advised that the July 2026 Risk Sharing Pool IFRS 17 Operational Report is available on the Facility Association (FA) Portal at https://portal.facilityassociation.com. The results in this report are shown on the IFRS 17 accounting basis. The results presented in this bulletin reflect the combined results of the six pools unless otherwise specified.

Amounts in $000s	**Actual**	**Prior Year**	**%**	**2026 year-end**	**2025 year-end**	**%**
Income Statement Highlights	**(July 2026)**	**(July 2025)**	**Change**	**Projection**	**Actual**	**Change**
Insurance Revenue	85,729	77,597	10.5%	998,886	905,847	10.3%
Operating Result	(5,830)	(31,065)	(81.2%)	(372,552)	(590,594)	(36.9%)
Written Vehicle Counts	40,612	39,954	1.6%	440,184	458,609	(4.0%)
Average Written Premium ($s)	3,644	3,217	13.3%	3,432	3,156	8.7%
Combined Operating Ratio (%)	106.8%	140.0%	(33.2%) pts	137.3%	165.2%	(27.9%) pts
Balance Sheet Snapshot						
LIC	2,383,317	2,213,792	7.7%	2,487,890	2,255,709	10.3%
Nominal Unpaid Claims	2,452,018	2,275,823	7.7%	2,569,777	2,310,111	11.2%
Discount Amount	(244,286)	(212,245)	15.1%	(261,148)	(217,631)	20.0%
Risk Adjustment	175,585	150,215	16.9%	179,261	163,229	9.8%
LRC	1,212,821	1,412,306	(14.1%)	995,190	1,148,267	(13.3%)
LRC Excluding Loss Component	427,644	391,845	9.1%	454,054	431,835	5.1%
Loss Component	785,177	1,020,461	(23.1%)	541,136	716,432	(24.5%)

Related Links:

- LRC Calculation File
- RSP Catastrophe Report
- RSP Summary of Operations - Calendar Year 2026

FACILITY ASSOCIATION

RSP Summary of Financial Results

RSP Summary of IFRS17 Financial Results Amounts in $000s	Actual (July 2026)	Projection (July 2026)	Prior Year (July 2025)	2026 year-to-date as at 7 months	2025 year-to-date as at 7 months	2026 year-end Projection	Outlook* Full year 2026	2025 year-end Actual
Written Premium	147,992	131,779	128,546	890,297	797,067	1,545,221	1,419,853	1,447,483
Received Premium	146,479	147,166	126,656	854,938	784,082	1,547,161	1,423,462	1,449,542
Earned Premium	130,419	132,308	118,450	866,598	781,305	1,522,424	1,439,709	1,381,500
Earned Expense Allowance	(44,690)	(45,521)	(40,853)	(298,262)	(268,543)	(523,537)	(496,499)	(475,653)
Insurance Revenue	**85,729**	**86,787**	**77,597**	**568,336**	**512,762**	**998,886**	**943,210**	**905,847**
Total Claims Incurred	128,501	130,726	126,297	815,442	834,850	1,460,844	1,582,611	1,347,854
Claims incurred (CAY)	*132,882*	*134,568*	*130,078*	*893,918*	*867,869*	*1,557,431*	*1,636,493*	*1,404,124*
Adjustments to Liabilities for Incurred Claims (PAYs)	(4,381)	(3,841)	(3,781)	(78,476)	(33,019)	(96,587)	(53,883)	(56,270)
Administrative Expense	724	789	612	5,942	5,043	10,414	10,719	9,458
Losses on Onerous Contracts	2,997	0	30,488	449,765	690,719	449,765	671,202	631,836
Reversal of Losses on Onerous Contracts	(50,519)	(50,519)	(58,100)	(379,971)	(389,868)	(633,380)	(733,857)	(648,639)
Insurance Service Expenses	**81,703**	**80,997**	**99,297**	**891,178**	**1,140,743**	**1,287,642**	**1,530,675**	**1,340,508**
Insurance Service Result	**4,026**	**5,790**	**(21,700)**	**(322,842)**	**(627,981)**	**(288,756)**	**(587,464)**	**(434,661)**
Insurance Finance Expense from PV FCF	(7,150)	(7,150)	(6,360)	(32,786)	(54,505)	(69,981)	(88,386)	(85,765)
Discount Unwind PV FCF	*(7,150)*	*(7,150)*	*(6,360)*	*(48,249)*	*(48,765)*	*(85,444)*	*(88,386)*	*(81,155)*
Yield Impact PV FCF	*0*	*0*	*0*	*15,463*	*(5,740)*	*15,463*	*0*	*(4,609)*
Insurance Finance Expense from Risk Adjustment	(572)	(572)	(477)	(2,493)	(3,787)	(5,433)	(6,779)	(6,309)
Discount Unwind Risk Adjustment	*(572)*	*(572)*	*(477)*	*(3,804)*	*(3,540)*	*(6,744)*	*(6,779)*	*(6,076)*
Yield Impact Risk Adjustment	*0*	*0*	*0*	*1,311*	*(247)*	*1,311*	*0*	*(232)*
Insurance Finance Expense from Loss Component	(2,134)	(2,134)	(2,529)	986	(50,234)	(8,382)	(33,685)	(63,860)
Discount Unwind Loss Component	*(2,134)*	*(2,134)*	*(2,529)*	*(21,162)*	*(25,499)*	*(30,530)*	*(33,685)*	*(36,225)*
Yield Impact Loss Component	*0*	*0*	*0*	*22,210*	*(24,734)*	*22,210*	*0*	*(27,635)*
Insurance Finance Income (Expense)	**(9,857)**	**(9,857)**	**(9,365)**	**(34,293)**	**(108,526)**	**(83,796)**	**(128,850)**	**(155,933)**
Operating Result	***(5,830)***	***(4,067)***	***(31,065)***	***(357,135)***	***(736,507)***	***(372,552)***	***(716,314)***	***(590,594)***
Key Ratios:								
Loss Ratio	149.9%	150.6%	162.8%	143.5%	162.8%	146.2%	167.8%	148.8%
CAY Loss Ratio	155.0%	155.1%	167.6%	157.3%	169.3%	155.9%	173.5%	155.0%
PAY Loss Ratio	(5.1%)	(4.4%)	(4.9%)	(13.8%)	(6.4%)	(9.7%)	(5.7%)	(6.2%)
Onerous Contract Ratio (excluding IFIE)	(55.4%)	(58.2%)	(35.6%)	12.3%	58.7%	(18.4%)	(6.6%)	(1.9%)
Earned Expense allowance	34.3%	34.4%	34.5%	34.4%	34.4%	34.4%	34.5%	34.4%
Administrative Expenses	0.8%	0.9%	0.8%	1.0%	1.0%	1.0%	1.1%	1.0%
Insurance Service Ratio	**95.3%**	**93.3%**	**128.0%**	**156.8%**	**222.5%**	**128.9%**	**162.3%**	**148.0%**
Combined Operating Ratio	**106.8%**	**104.7%**	**140.0%**	**162.8%**	**243.6%**	**137.3%**	**175.9%**	**165.2%**

rounding differences may occur

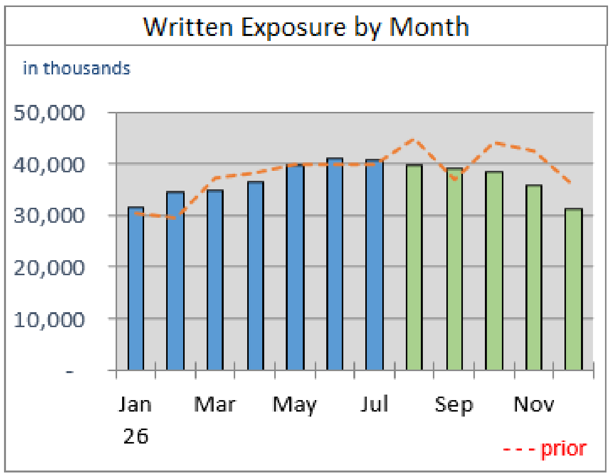
*as posted to FA's website Dec 23, 2025

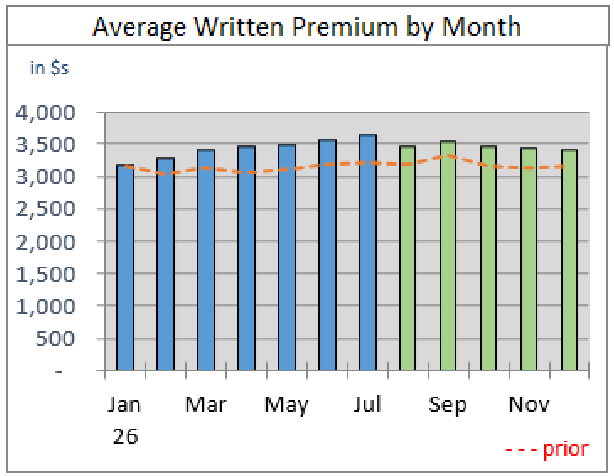
- **Claims Incurred**: The liabilities are assumed to be the best estimate, which means the view of ultimate losses remains fixed until the next quarterly valuation is implemented. Overall, the total loss ratio is slightly lower than the projected loss ratio for the current month, while the year-end compared to The Outlook is lower.

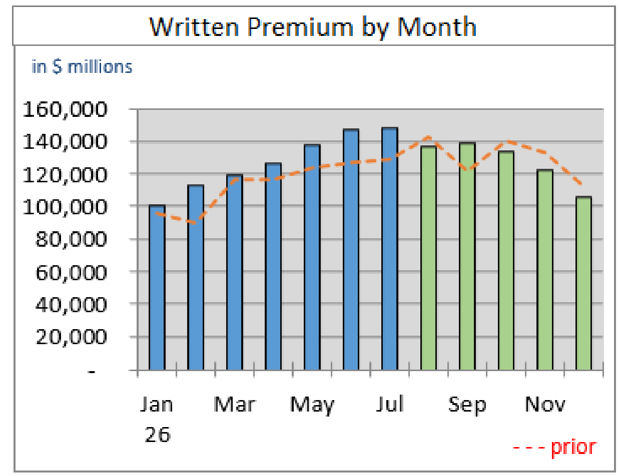
- **Losses on Onerous Contracts**: This represents a change in the loss component during the reporting period arising from initial recognition and subsequent re-estimation of the loss component (due to changes in premium or loss ratio projections, for example). This month, the losses on onerous contracts **increased by $3.0 million** driven by an increase in Alberta Non-Grid due to updated projection.
- **Reversal of Losses on Onerous Contracts**: This represents changes in the loss component during the reporting period arising from the portion of the opening LRC earned during the period. Excludes the impact of change in discount rates and completely aligns with projection.
- **Insurance Finance income/expense):** This is comprised of both the release of the effect of discounting due to the passage of time (also known as discount unwinding) and the effect due to changes in discounting assumptions. The latter is only reflected in implementation months (March, May, September, and November), when the yield curve is updated.

Premium

The charts below show the exposure by month where the blue bars represent the actual metric, the green bars represent the projected metric, and the orange dotted line represents the prior year metric.







The vehicle count transfer for the month was 40,612 vehicles, which was higher than prior year by 658 vehicles and 3,853 vehicles higher than The Outlook for the month. This is primarily driven by an increase in the Alberta Grid and Alberta Non-Grid pools, offset by a decrease in the Ontario RSP. Average Written Premiums for the month are up by 10% primarily driven by an increase in the Alberta Grid and Alberta Non-Grid RSP.

Should you require any further information, please contact Philippe Gosselin, VP Actuarial and CRO at pgosselin@facilityassociation.com or at (416) 863-1750 x4968.

Saskia Matheson
President & CEO