

A modern office interior with large glass walls and a high ceiling. In the foreground, a person in a white shirt and dark pants is walking past the camera. In the background, two people are sitting at a wooden table, working. The office has a clean, minimalist design with exposed ceiling infrastructure and modern furniture.

FARM Financial Insights

Fiscal Q3 2026

For the quarter ending July 31, 2025

Table of Contents

Contents	RAG Status
Executive Summary	
Fiscal YTD Operating Results	
Premium Drivers	
Claim Drivers	
Discounting & Risk Adjustment	
Expenses	
Summary of Financial Position	
Fiscal Year 2026 Outlook	
Focus Area #1: Rate Changes and Indications	
Focus Area #2: Results of the 2026-Q1 Claims Analysis	

As expected	
Moderately different than expected	
Significantly different than expected	

FARM Headlines

2026 Fiscal YTD FARM Operating Deficit: \$22.9 million
2026 Fiscal YTD FARM Operating COR: 105.8% (see slide 4)

2026 Latest Fiscal Projection Operating Deficit: \$23.0 million
2026 Latest Fiscal Projection Operating COR: 104.3%

Financial Highlights

- **The fiscal year to date written premium was \$391.8 million for FARM** which is fairly consistent with the prior year, counts are 1.7% higher and average written premium is inline compared to prior year. There has been a notable decrease in Non-PPV Alberta and Ontario business and an increase PPV in most jurisdictions.
- The **fiscal year to date COR is 105.8%** which represents a 10.6 percentage point deterioration compared to prior year and a 9.9 percentage point deterioration compared to Outlook. This is largely driven by unfavorable trends in interurban trucking (bodily injury) in Alberta and Ontario, particularly from higher-than-expected prior year claims in Alberta and current-year deterioration and reserve strengthening in Ontario.
- FARM's latest projected fiscal year COR for calendar year 2026 is 104.3%, excluding the impact of any rate changes not approved before December 31, 2025.

FARM Fiscal YTD Operating Results

	Actual FARM	Actual FARM	Change Q3 2026 - Q3 2025		Actual FARM	Actual FARM	Outlook FARM	Change 2026 - 2025		Change from Outlook	
FISCAL YEAR (\$000s)	Q3 Jul 2026	Q3 Jul 2025	\$	%	YTD 9 mths to Jul 2026	YTD 9 mths to Jul 2025	YTD 9 mths to Jul 2026	\$	%	\$	%
Premium written	172,732	164,549	8,182	5%	392,028	385,188	396,953	6,840	2%	(4,925)	(1%)
Change in unearned premium	(34,714)	(31,335)	(3,379)	11%	5,312	2,455	11,810	2,857	116%	(6,498)	(55%)
INSURANCE REVENUE	138,017	133,214	4,803	4%	397,341	387,643	408,763	9,698	3%	(11,422)	(3%)
Claims incurred	106,740	96,946	9,794	10%	305,180	280,052	301,644	25,128	9%	3,536	1%
Adjustments to Liabilities for incurred claims	(2,946)	5,873	(8,820)	(150%)	19,148	(12,212)	(14,023)	31,360	(257%)	33,172	(237%)
Insurance acquisition cash flows	12,034	11,316	718	6%	34,605	32,756	35,214	1,849	6%	(609)	(2%)
Change in loss component	1,028	-	1,028	-	2,323	-	2,313	2,323	-	9	0%
Administration expense	21,823	20,178	1,644	8%	52,414	50,193	50,733	2,220	4%	1,680	3%
INSURANCE SERVICE EXPENSES	138,678	134,314	4,364	3%	413,670	350,790	375,882	62,880	18%	37,788	10%
INSURANCE SERVICE RESULTS	(661)	(1,099)	438	(40%)	(16,329)	36,853	32,881	(53,183)	(144%)	(49,211)	(150%)
Investment Income	2,563	2,814	(251)	(9%)	7,725	9,215	8,734	(1,491)	(16%)	(1,010)	(12%)
Finance income/expense - Discount Unwind	(8,470)	(7,550)	(920)	12%	(25,233)	(22,850)	(24,581)	(2,383)	10%	(652)	3%
Finance income/expense - Yield Impact	7,188	(4,203)	11,391	(271%)	10,973	(4,329)	-	15,302	(353%)	10,973	-
Net finance income/expense from insurance	(1,282)	(11,753)	10,471	(89%)	(14,260)	(27,179)	(24,581)	12,919	(48%)	10,321	(42%)
OPERATING SURPLUS (DEFICIT)	620	(10,039)	10,659	(106%)	(22,865)	18,889	17,034	(41,754)	(221%)	(39,899)	(234%)
KEY PERFORMANCE METRICS - FARM											
<u>Growth Indicators</u>											
Vehicle Counts	28,187	39,991	(11,804)	(30%)	78,774	89,757	92,823	(10,982)	(12%)	(14,049)	(15%)
Average Premium	6,128	4,115	2,013	49%	4,977	4,291	4,276	685	16%	700	16%
<u>Profitability Metrics</u>											
CY Claim Ratio	77.3%	72.8%	-	4.6%	76.8%	72.2%	73.8%	-	4.6%	-	3.0%
PY Claim Ratio	(2.1%)	4.4%	-	(6.5%)	4.8%	(3.2%)	(3.4%)	-	8.0%	-	8.2%
Total Claim Ratio (CY+PY)	75.2%	77.2%	-	(2.0%)	81.6%	69.1%	70.4%	-	12.5%	-	11.3%
Onerous Contract Ratio	0.7%	0.0%	-	0.7%	0.6%	0.0%	0.6%	-	0.6%	-	0.0%
Admin Expense Ratio	24.5%	23.6%	-	0.9%	21.9%	21.4%	21.0%	-	0.5%	-	0.9%
Insurance Service Result Ratio	100.5%	100.8%	-	(0.3%)	104.1%	90.5%	92.0%	-	13.6%	-	12.2%
Investment Income Ratio	(1.9%)	(2.1%)	-	0.3%	(1.9%)	(2.4%)	(2.1%)	-	0.4%	-	0.2%
Net Finance Income/Expense from Insurance Discount Unwind Ratio	2.1%	1.9%	-	0.2%	6.4%	5.9%	6.0%	-	0.5%	-	0.3%
Net Finance Income/Expense from Insurance Yield Impact Ratio	(1.8%)	1.1%	-	(2.9%)	(2.8%)	1.1%	0.0%	-	(3.9%)	-	(2.8%)
Net Finance Income/Expense from Insurance Ratio	0.3%	3.0%	-	(2.7%)	3.6%	7.0%	6.0%	-	(3.4%)	-	(2.4%)
Combined Ratio	99.6%	107.5%	-	(8.0%)	105.8%	95.1%	95.8%	-	10.6%	-	9.9%

Key Messages:

Premium written increased by \$6.8 million from the prior year, largely due to a \$7.3 million increase in Alberta PPV business, driven by continued demand for Section C coverage from risks unable to secure coverage in the voluntary market. Compared to outlook, premium written was \$4.9 million lower, primarily due to Ontario PPV and Non-PPV volumes and Alberta Non-PPV volumes being below expectations.

Loss ratios have deteriorated from the prior year as well as from outlook mainly because of worse than expected BI for IU in AB and ON causing unfavorable change in the adjustment to liability for incurred claims.

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 favourable compared to outlook, driven by impact of yield curve increase of 24 basis points while the prior year had a yield curve decrease of 47 basis points.

FARM Premium Drivers

Written Premium	Fiscal Year to Date			Projected Fiscal Year End		
Jurisdiction	Current	Prior	The Outlook	Current	Prior	The Outlook
Ontario	146,740	152,593	158,027	196,945	203,505	209,430
Alberta	123,568	118,144	112,660	176,052	169,842	160,146
Atlantics	112,453	106,310	114,895	157,051	148,926	160,951
Territories	9,034	8,113	9,120	12,333	10,936	12,482
Total	391,795	385,160	394,702	542,380	533,210	543,009

Fiscal Year to Date Change				Projected Year End Change			
Current vs. Prior		Current vs. Outlook		Current vs. Prior		Current vs. Outlook	
(5,853)	(3.8%)	(11,287)	(7.1%)	(6,560)	(3.2%)	(12,485)	(6.0%)
5,424	4.6%	10,908	9.7%	6,209	3.7%	15,905	9.9%
6,143	5.8%	(2,442)	(2.1%)	8,125	5.5%	(3,900)	(2.4%)
921	11.4%	(86)	(0.9%)	1,397	12.8%	(149)	(1.2%)
6,634	1.7%	(2,907)	(0.7%)	9,171	1.7%	(629)	(0.1%)

Written Vehicle Count	Fiscal Year to Date			Projected Fiscal Year End		
Jurisdiction	Current	Prior	The Outlook	Current	Prior	The Outlook
Ontario	18,505	18,556	18,973	24,222	24,640	24,984
Alberta	24,678	24,620	24,626	33,019	32,911	32,823
Atlantics	43,344	42,054	45,192	59,596	58,014	62,247
Territories	4,989	4,798	5,162	6,922	6,548	7,107
Total	91,515	90,028	93,953	123,759	122,112	127,161

Fiscal Year to Date Change				Projected Year End Change			
Current vs. Prior		Current vs. Outlook		Current vs. Prior		Current vs. Outlook	
(52)	(0.3%)	(468)	(2.5%)	(418)	(1.7%)	(763)	(3.1%)
57	0.2%	51	0.2%	108	0.3%	196	0.6%
1,291	3.1%	(1,848)	(4.1%)	1,583	2.7%	(2,650)	(4.3%)
191	4.0%	(173)	(3.3%)	374	5.7%	(185)	(2.6%)
1,487	1.7%	(2,438)	(2.6%)	1,647	1.3%	(3,402)	(2.7%)

AWP	Fiscal Year to Date			Projected Fiscal Year End		
Jurisdiction	Current	Prior	The Outlook	Current	Prior	The Outlook
Ontario	7,930	8,223	8,329	8,131	8,259	8,382
Alberta	5,007	4,799	4,575	5,332	5,161	4,879
Atlantics	2,594	2,528	2,542	2,635	2,567	2,586
Territories	1,811	1,691	1,767	1,782	1,670	1,756
Total	4,281	4,278	4,201	4,383	4,367	4,270

Fiscal Year to Date Change				Projected Year End Change			
Current vs. Prior		Current vs. Outlook		Current vs. Prior		Current vs. Outlook	
(293)	(3.6%)	(399)	(4.8%)	(128)	(1.6%)	(252)	(3.0%)
209	4.3%	433	9.5%	171	3.3%	453	9.3%
66	2.6%	52	2.0%	68	2.7%	50	1.9%
120	7.1%	44	2.5%	112	6.7%	25	1.4%
3	0.1%	80	1.9%	16	0.4%	112	2.6%

Key Messages:

- The 2026 fiscal YTD written premiums is \$391.8 million, or 1.7% increase compared to prior year and 0.7% lower than Outlook.
- Ontario AWP has decreased (3.6%) due to high uptake of the DCPD Opt-Out endorsement in our inter-urban (IU) book. In addition, Alberta AWP increased by 4.3% mainly coming from Interurban as can be seen on next slide.
- 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.

			2026 Fiscal YTD			Change in Amount		
Jurisdiction	Business Segment	FA Minor Rating Class Desc	Annualize Vehicle Count	Sum of Written Premium	AWP	Annualize Vehicle Count	Sum of Written Premium	AWP
			Count	Premium		Count	Premium	
Grand Total	PPV	Private Passenger (x Farmers)	33,908	122,533,436	3,614	2,292	11,973,069	117
	PPV Total		33,908	122,533,436	3,614	2,292	11,973,069	117
	non-PPV	Private Passenger (x Farmers)	-	-	-	-	-	-
		Commercial	21,065	126,946,392	6,026	621	674,262	(151)
		Interurban	8,443	75,409,989	8,932	142	(4,351,342)	(677)
		Taxi	3,476	17,772,714	5,114	(224)	(7,766,586)	(1,790)
		Recreational	19,104	11,917,803	624	(1,382)	(713,759)	7
		Other	4,992	34,023,587	6,816	291	(20,661)	(4,161)
	non-PPV Total		57,079	266,070,485	4,661	(551)	(12,178,086)	(264)
	Grand Total		91,515	389,121,827	4,252	1,487	3,900,723	(27)

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

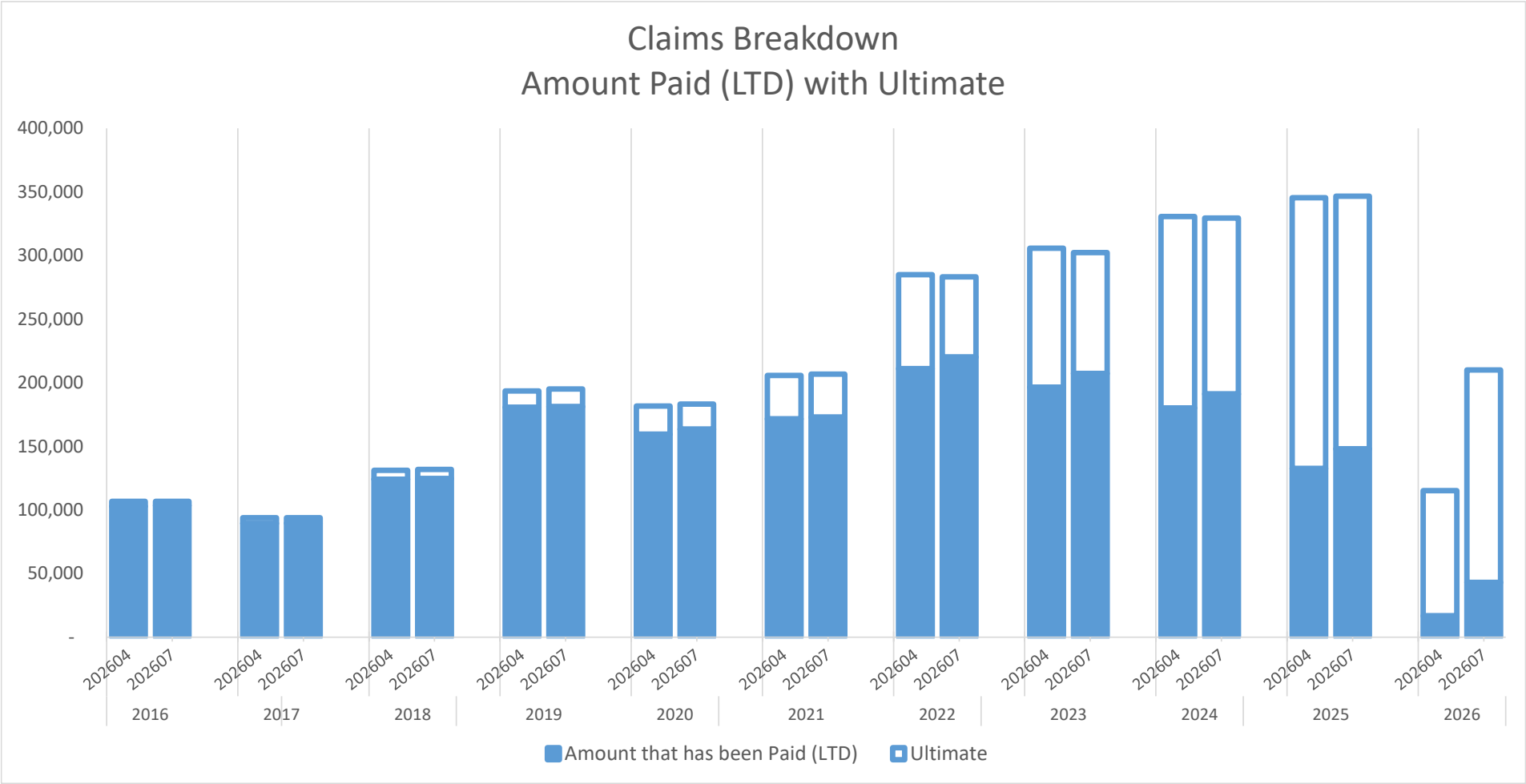
FARM Premium Drivers Fiscal YTD

Jurisdiction	Business Segment	FA Minor Rating Class Desc	2026 Fiscal YTD			Change in Amount			2025 Fiscal YTD		
			Annualize Vehicle Count	Sum of Written Premium	AWP	Annualize Vehicle Count	Sum of Written Premium	AWP	Annualize Vehicle Count	Sum of Written Premium	AWP
Ontario	PPV	Private Passenger (x Farmers)	6,001	38,656,919	6,442	(353)	(1,751,718)	82	6,354	40,408,637	6,360
		PPV Total	6,001	38,656,919	6,442	(353)	(1,751,718)	82	6,354	40,408,637	6,360
	non-PPV	Private Passenger (x Farmers)	0	6,445	25,780	(5)	(44,627)	16,052	5	51,072	9,728
		Commercial	6,307	60,122,612	9,532	(250)	(3,010,634)	(96)	6,557	63,133,246	9,628
		Interurban	3,348	23,524,360	7,027	743	(3,753,794)	(3,447)	2,604	27,278,154	10,474
		Taxi	591	6,115,232	10,353	(121)	(1,761,764)	(710)	712	7,876,996	11,063
		Recreational	1,268	2,431,847	1,918	(48)	(259,919)	(128)	1,316	2,691,766	2,046
		Other	990	13,248,891	13,383	18	(2,089,786)	24,453	(1,008)	11,159,105	(11,070)
		non-PPV Total	12,503	105,449,387	8,434	301	(6,740,952)	(760)	12,202	112,190,339	9,194
	Ontario TOTAL		18,505	144,106,306	7,788	(51)	(8,492,670)	(436)	18,556	152,598,976	8,224
Alberta	PPV	Private Passenger (x Farmers)	1,870	14,250,051	7,619	976	7,337,008	(112)	894	6,913,043	7,731
		PPV Total	1,870	14,250,051	7,619	976	7,337,008	(112)	894	6,913,043	7,731
	non-PPV	Private Passenger (x Farmers)	396	345,999	873	(245)	(79,052)	210	641	425,051	663
		Commercial	8,640	50,717,453	5,870	817	3,524,000	(163)	7,823	47,193,453	6,033
		Interurban	4,101	43,108,276	10,513	(584)	(601,353)	1,182	4,685	43,709,629	9,331
		Taxi	817	(901,243)	(1,103)	7	(5,546,039)	(6,835)	810	4,644,796	5,732
		Recreational	6,924	2,973,548	429	(970)	(404,736)	1	7,894	3,378,284	428
		Other	1,929	13,069,690	6,776	56	1,144,257	409	1,873	11,925,433	6,367
		non-PPV Total	22,807	109,313,723	4,793	(919)	(1,962,923)	103	23,726	111,276,646	4,690
	Alberta TOTAL		24,678	123,563,774	5,007	57	5,374,085	207	24,620	118,189,689	4,800
Atlantic	PPV	Private Passenger (x Farmers)	24,524	66,754,237	2,722	1,608	6,142,675	77	22,916	60,611,562	2,645
		PPV Total	24,524	66,754,237	2,722	1,608	6,142,675	77	22,916	60,611,562	2,645
	non-PPV	Private Passenger (x Farmers)	15	205	14	(4)	(21,488)	(1,133)	19	21,693	1,147
		Commercial	4,239	13,395,949	3,160	(57)	(226,528)	(11)	4,296	13,622,477	3,171
		Interurban	906	7,740,285	8,542	(19)	(162,028)	(3)	925	7,902,313	8,545
		Taxi	1,757	11,822,222	6,728	(73)	(361,322)	71	1,830	12,183,544	6,657
		Recreational	10,351	6,311,802	610	(338)	(27,638)	17	10,688	6,339,440	593
		Other	1,553	6,393,006	4,118	173	754,888	30	1,379	5,638,118	4,088
		non-PPV Total	18,821	45,663,469	2,426	(317)	(44,116)	38	19,138	45,707,585	2,388
	Atlantic TOTAL		43,344	112,417,706	2,594	1,291	6,098,559	66	42,054	106,319,147	2,528
Territories	PPV	Private Passenger (x Farmers)	1,512	2,872,229	1,899	61	245,104	89	1,451	2,627,125	1,810
		PPV Total	1,512	2,872,229	1,899	61	245,104	89	1,451	2,627,125	1,810
	non-PPV	Private Passenger (x Farmers)	117	165,257	1,412	35	71,335	263	82	93,922	1,149
		Commercial	1,879	2,710,378	1,443	112	387,424	129	1,767	2,322,954	1,314
		Interurban	89	1,037,068	11,707	1	165,833	1,712	87	871,235	9,995
		Taxi	311	736,503	2,372	(36)	(97,461)	(34)	347	833,964	2,406
		Recreational	561	200,606	358	(26)	(21,466)	(20)	588	222,072	378
		Other	521	1,312,000	2,521	44	169,980	124	476	1,142,020	2,397
		non-PPV Total	3,477	6,161,812	1,772	130	675,645	133	3,347	5,486,167	1,639
	Territories TOTAL		4,989	9,034,041	1,811	191	920,749	120	4,798	8,113,292	1,691

Key Messages:

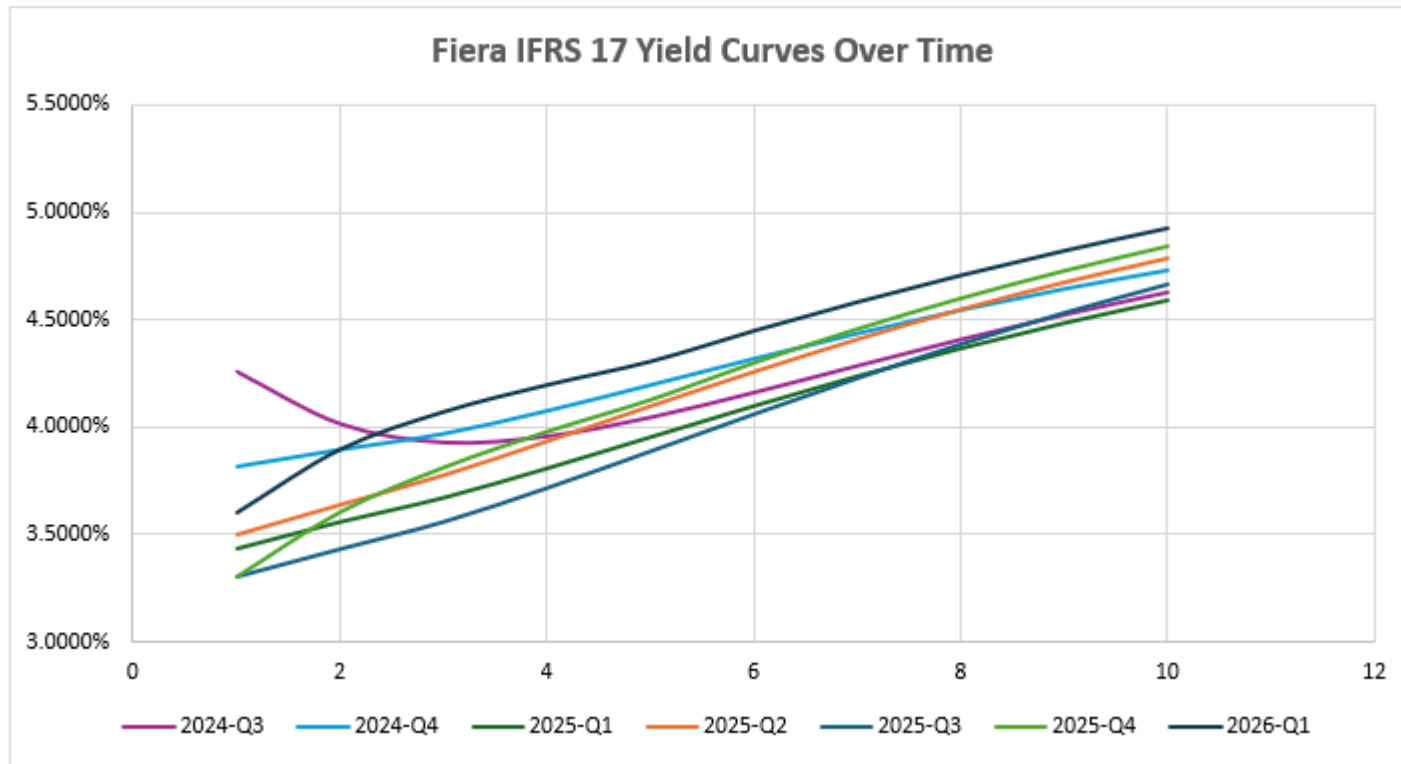
- Significant reductions in high-premium segments:
 - Alberta Taxi
 - Ontario Interurban, Commercial & TaxiThese are the key drivers for the FARM's overall reduction in written premium compared to prior year.
- There has been significant growth in Alberta PPV and Commercial & Atlantic PPV
- Significant count growth occurred in Ontario Interurban, but the average premium is lower due to continued use of DCPD Opt-Out endorsement.

FARM Movement in Unpaid Loss During the Quarter



- Key Messages:**
- Unpaid losses **increased** slightly from \$749M to \$765M (2.1%), driven by sustained growth of the FARM portfolio adding more reserves for the current year at a faster rate than prior year losses were paid out. Ultimate loss estimates for prior years remained stable over Fiscal Q3.
 - This quarter the total paid amount is \$80.7 million compared to \$78.0 million projected in Jan 2026
 - 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



Key Messages:

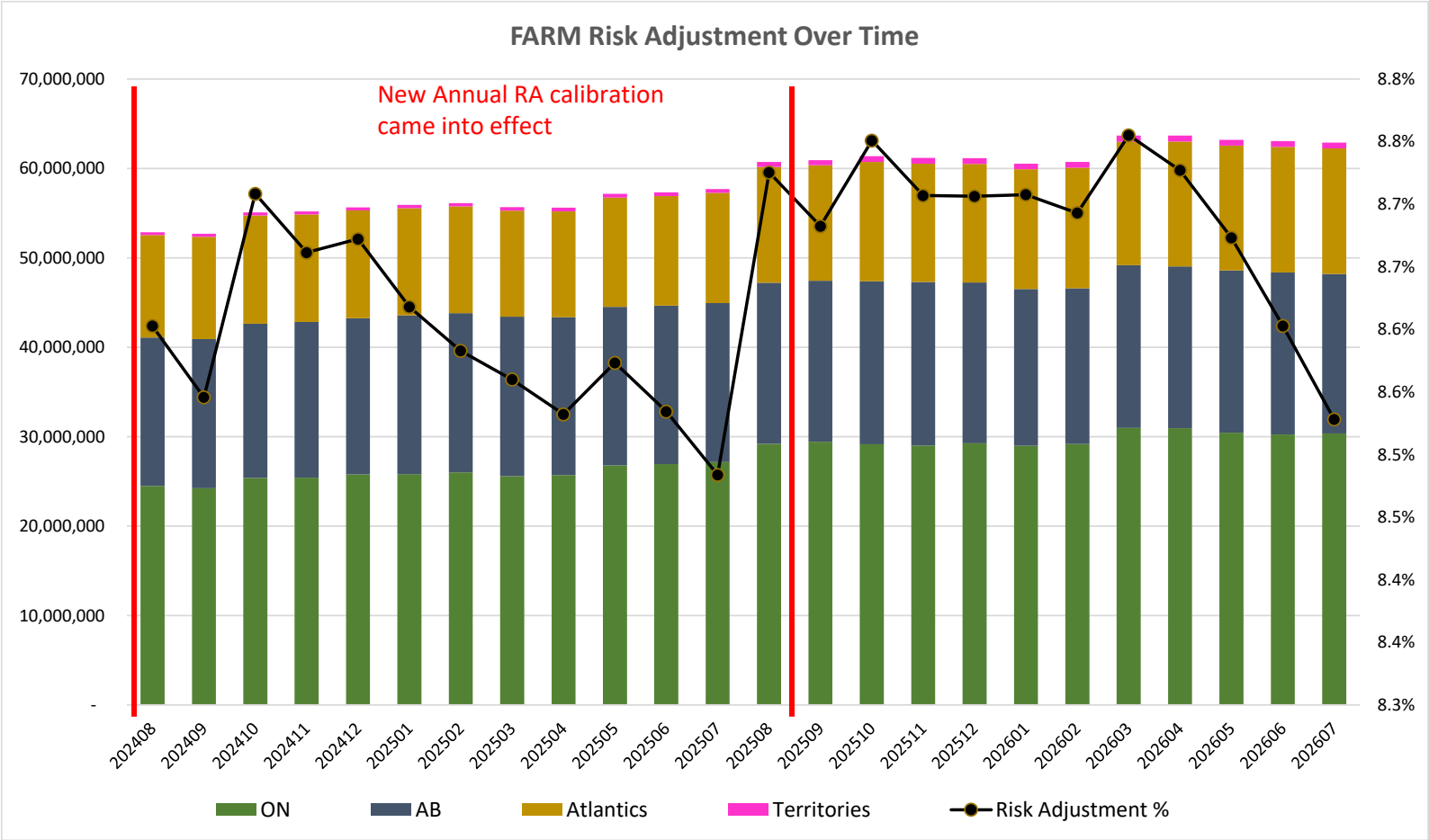
- This table shows the impact of yield curve movements on the FARM liabilities for the most recent implementations. Negative values here indicate that the yield change caused an increase in the liabilities.
- Yields have been more volatile since 2022 due to inflation shock. Yields began to decline in late 2023 and continued into 2025. Yields were quite stable during 2025. The 2026 fiscal year to date yield impact is driven by a 20-basis point increase.
- Note that the yield impact presented in the table below includes the impact of the payment pattern selected in 2025 Q4. This pattern is selected annually.

Impact on Liabilities due to Historical Yield Changes

	2024-Q4	2025-Q1	2025-Q2	2025-Q3	2025-Q4	2026-Q1
Average FARM discount rate	3.91%	3.66%	3.77%	3.59%	3.77%	3.97%
Change from prior		-0.25%	0.11%	-0.18%	0.18%	0.20%
Yield Impact LIC	127	(4,203)	3,784	(2,576)	8,768	6,843
Yield Impact PV FCF	104	(3,864)	3,456	(2,423)	8,054	6,321
Yield Impact Risk Adjustment	22	(339)	328	(152)	714	522
Yield Impact Loss Component	-	-	-	-	145	345
Total Yield Impact	127	(4,203)	3,784	(2,576)	8,913	7,188

FARM Risk Adjustment Over Time

The total weighted risk adjustment is 8.5% as at July 2026, versus 8.5% as at July 2025.

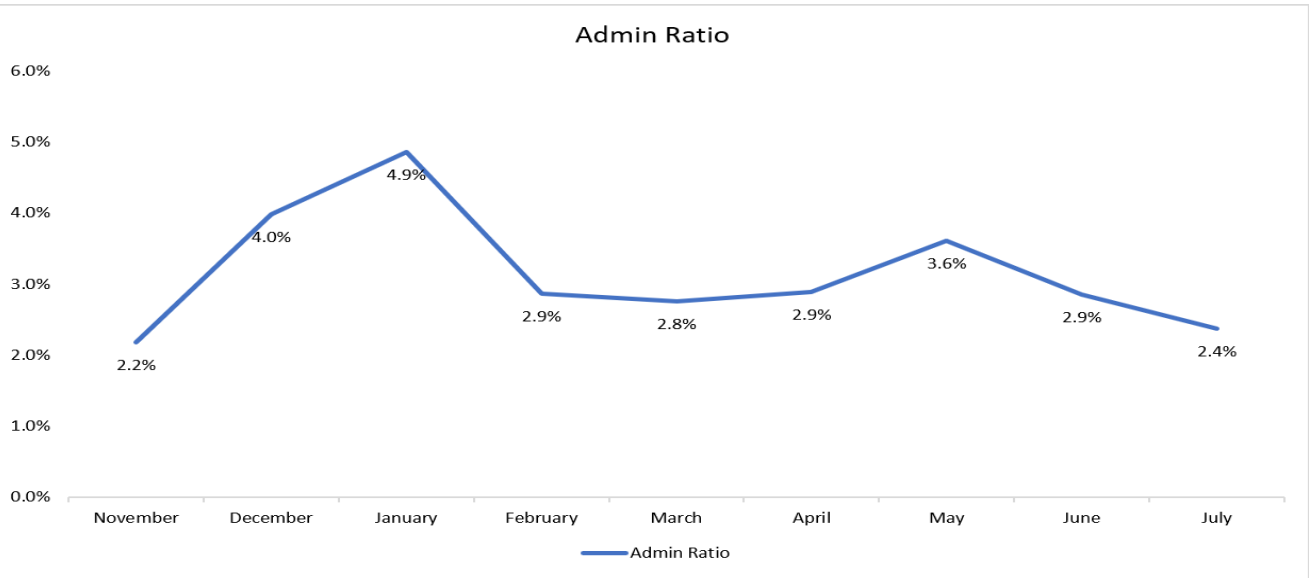
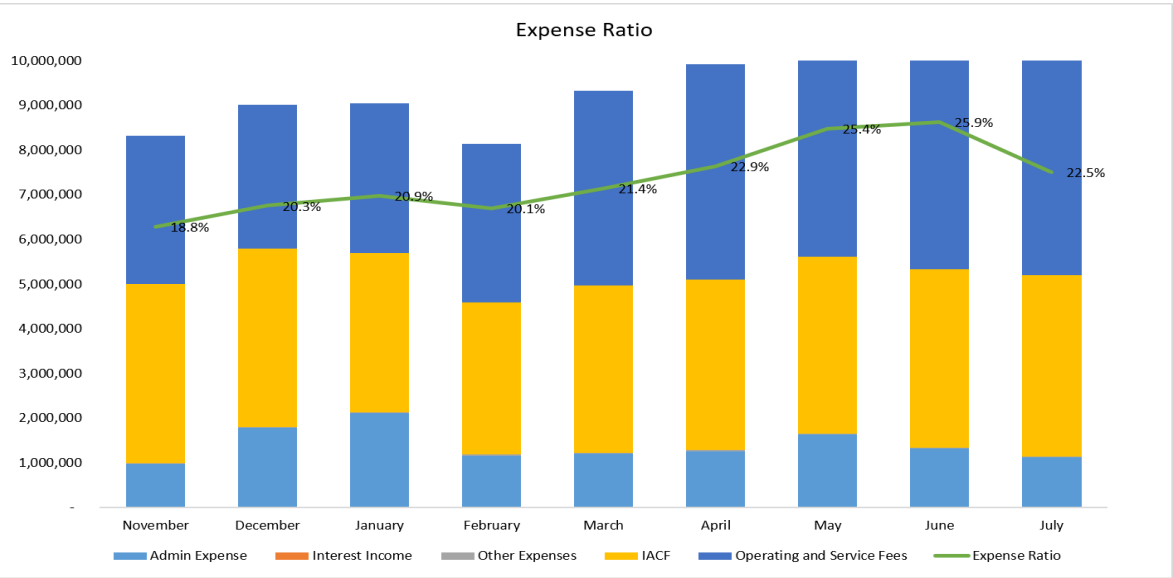


Key Messages:

- 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 22.5%, showing an increase in admin expenses by 0.4% due to increase in FACO costs as compared to the prior year.

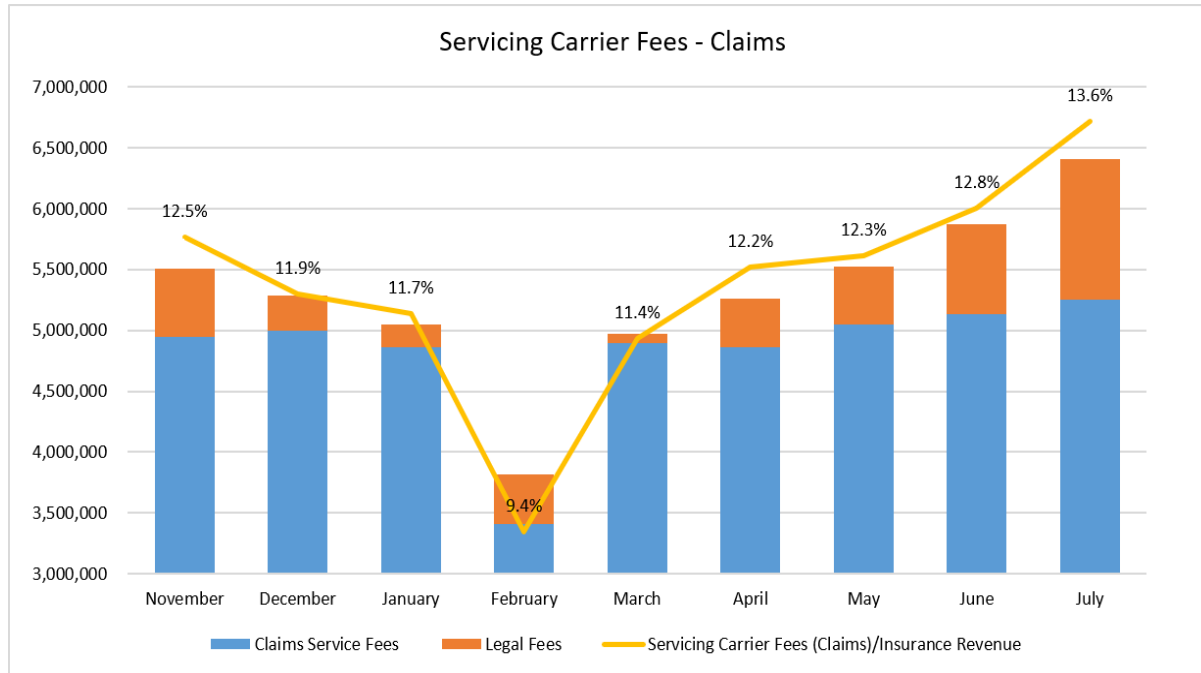


Impact on Expense Ratio	Current Year	Prior Year	Change (\$)	Change (%)
Premium Written	392,028,022	385,187,807	6,840,215	1.8%
Insurance Revenue	397,340,512	387,642,973	9,697,539	2.5%
Total FACO Expenditure	21,036,176	18,021,046	3,015,130	16.7%
Administrative Expense allocated to Mechanism	12,503,363	10,372,377	2,130,986	20.5%
% Allocated to FARM	59%	58%		
FACO Admin Expense Ratio	3.1%	2.7%		

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 22%. This is driven by the following components:
 - Acquisition Costs:** 8.7% of the expense ratio
 - Operating Expenses from Servicing Carrier(s):** 10.2% 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 increased by 0.4% from the prior year, now trending at an average of 3.1% (FY2025: 2.7%).

FARM Expenses



Servicing Carrier Fees	Current Year	Prior Year	Change (\$)	Change (%)
Premium Written	392,028,022	385,187,807	6,840,215	1.8%
Insurance Revenue	397,340,512	387,642,973	9,697,539	2.5%
Claims Service Fees	43,408,517	41,682,476	1,726,041	4.1%
Legal Fees	4,294,074	2,681,493	1,612,581	60.1%
Total Claims Service & Legal Fees	47,702,591	44,363,969	3,338,622	7.5%
Claims Service Fee Ratio	12.0%	11.4%		
Operating Service Fees	40,376,282	39,739,357	636,925	1.6%
Operating Service Fees Ratio	10.2%	10.3%		

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 nine months, the average operating cost (excluding claims expenses) has been 10.2% of the premiums written.
 - As a ratio of Insurance Revenue, operating cost (excluding claims expenses) has decreased slightly from 10.3% to 10.2%
- Claims expenses: The claims expenses, expressed as a percentage of Insurance Revenue, have increased slightly from 11.4% to 12.0% due to higher bodily injury claims driven by Alberta and Ontario.
- Legal Expenses increased due to the processing of a backlog of previously unsubmitted invoices, primarily from Nordic.
- There is an annual process that occurs in February to retroactively settle the claims fees with the servicing carrier. In February 2026, there was a recovery from the servicing carrier on these fees indicated by the sharp decrease in the chart above.

FARM Financial Position

Cash and Accounts Payable has decreased due to the operating results distribution and available funds distributed. LRC has decreased consistent with the change in unearned premium. LIC increased due to higher IBNR. Payables have decreased because of fund transfer settlements between FA and member accounts. Receivables have increased due to impact of member funds held realignment

FARM - IFRS 17			
(\$000s)	July 31, 2026	October 31, 2025	
Assets			
Cash and cash equivalents	280,145	410,295	(130,150) (32%)
Investments	100,990	-	100,990 0%
Other receivables	19,313	11,385	7,928 70%
Accounts receivable from other pools	2,687	2,162	524 24%
Accrued investment income	925	971	(46) (5%)
Total Funds held by members	623,999	592,976	31,023 5%
Total Assets	1,028,060	1,017,789	10,270 1%
Liabilities			
Liability for remaining coverage	178,213	181,977	(3,764) (2%)
Liability for incurred claims	800,501	762,812	37,689 5%
Accounts payable and other liabilities	30,025	55,509	(25,484) (46%)
Servicing carrier operating fees payable	19,321	17,492	1,829 10%
Total Liabilities	1,028,060	1,017,789	10,270 1%

Key Messages:

- **Cash and cash equivalents** – The decrease is primarily driven by a \$35M distribution to members for operating results and available funds, higher claims paid during the period.
- **Investments** – During this year, \$100M were invested in ETFs.
- **Other receivables** – For FY 2025 the realignment of funds resulted in \$10M of receivables compared to \$19M receivables for May 2026 realignment which was collected in August 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 increase in total funds held by members is mainly attributable to increased claims liabilities, as well as the fact that FA transferred some of its funds to the members.
- **Liability for remaining coverage** – Decrease of \$4M represents the change in unearned premium received over time.
- **Liability for Incurred Claims** – The \$37M increase is driven by higher IBNR provision reflecting an increase in bodily injury (BI) claims in ON and AB expected to be settled in future periods.
- **Accounts payable** – \$45M was settled to members for the operating results distribution and available funds distributed. May 2026 realignment resulted in \$19M in payable which was due in August 2026.

FARM Latest FY 2026 Projection

Latest 2026 FY Projection \$000s (as at 202607)						FY 2026 Outlook
FY 2026 Latest Projection (\$000s)	Ontario	Alberta	Atlantic	Territories	Total	Total
Written Premium	196,945	176,052	157,051	12,333	542,380	543,009
Received Premium	197,621	171,170	155,382	12,043	536,217	537,535
Earned Premium	202,122	169,875	153,271	11,483	536,751	540,659
Insurance Revenue	202,122	169,875	153,271	11,483	536,751	540,659
Total Claims Incurred	163,653	139,161	118,041	6,782	427,637	387,023
<i>Claims incurred (CAY)</i>	161,564	127,464	118,123	5,840	412,991	406,734
<i>Adjustments to Liabilities for Incurred Claims (PAYs)</i>	2,089	11,697	(82)	942	14,646	(19,711)
Administrative Expense	26,671	22,537	20,137	1,574	70,919	68,938
Amortization of IACFs	13,398	14,587	17,515	1,095	46,595	46,579
Change in Loss Component	0	0	2,395	0	2,395	3,167
Insurance Service Expenses	203,723	176,284	158,088	9,450	547,546	505,707
Insurance Service Result	(1,601)	(6,409)	(4,817)	2,032	(10,795)	34,952
<i>Insurance Finance Expense from PV FCF</i>	(8,716)	(6,180)	(6,320)	(228)	(21,443)	(29,007)
<i>Insurance Finance Expense from Risk Adjustment</i>	(796)	(449)	(437)	(16)	(1,698)	(2,474)
<i>Insurance Finance Expense from Loss Component</i>	0	0	456	0	456	(39)
Insurance Finance Income (Expense)	(9,512)	(6,629)	(6,300)	(244)	(22,685)	(31,521)
Investment Income	4,524	3,072	2,714	131	10,441	10,814
Operating Result	(6,589)	(9,966)	(8,403)	1,919	(23,039)	14,246
Ratios (as a % of insurance revenue)						
Loss ratios	81.0%	81.9%	77.0%	59.1%	79.7%	71.6%
<i>Claims incurred (CAY)</i>	79.9%	75.0%	77.1%	50.9%	76.9%	75.2%
<i>Adjustments to Liabilities for Incurred Claims (PAYs)</i>	1.0%	6.9%	(0.1%)	8.2%	2.7%	(3.6%)
Underwriting and Admin Expenses	19.8%	21.9%	26.1%	23.2%	22.3%	22.0%
<i>Administrative Expenses</i>	13.2%	13.3%	13.1%	13.7%	13.2%	12.8%
<i>Amortization of IACFs</i>	6.6%	8.6%	11.4%	9.5%	8.7%	8.6%
<i>Change in Loss Component</i>	0.0%	0.0%	1.6%	0.0%	0.4%	0.6%
Insurance Service Ratio	100.8%	103.8%	103.1%	82.3%	102.0%	93.5%
Insurance Finance Income	4.7%	3.9%	4.1%	2.1%	4.2%	5.8%
Investment Income Ratio	(2.2%)	(1.8%)	(1.8%)	(1.1%)	(1.9%)	(2.0%)
Combined Operating Ratio	103.3%	105.9%	105.5%	83.3%	104.3%	97.4%

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

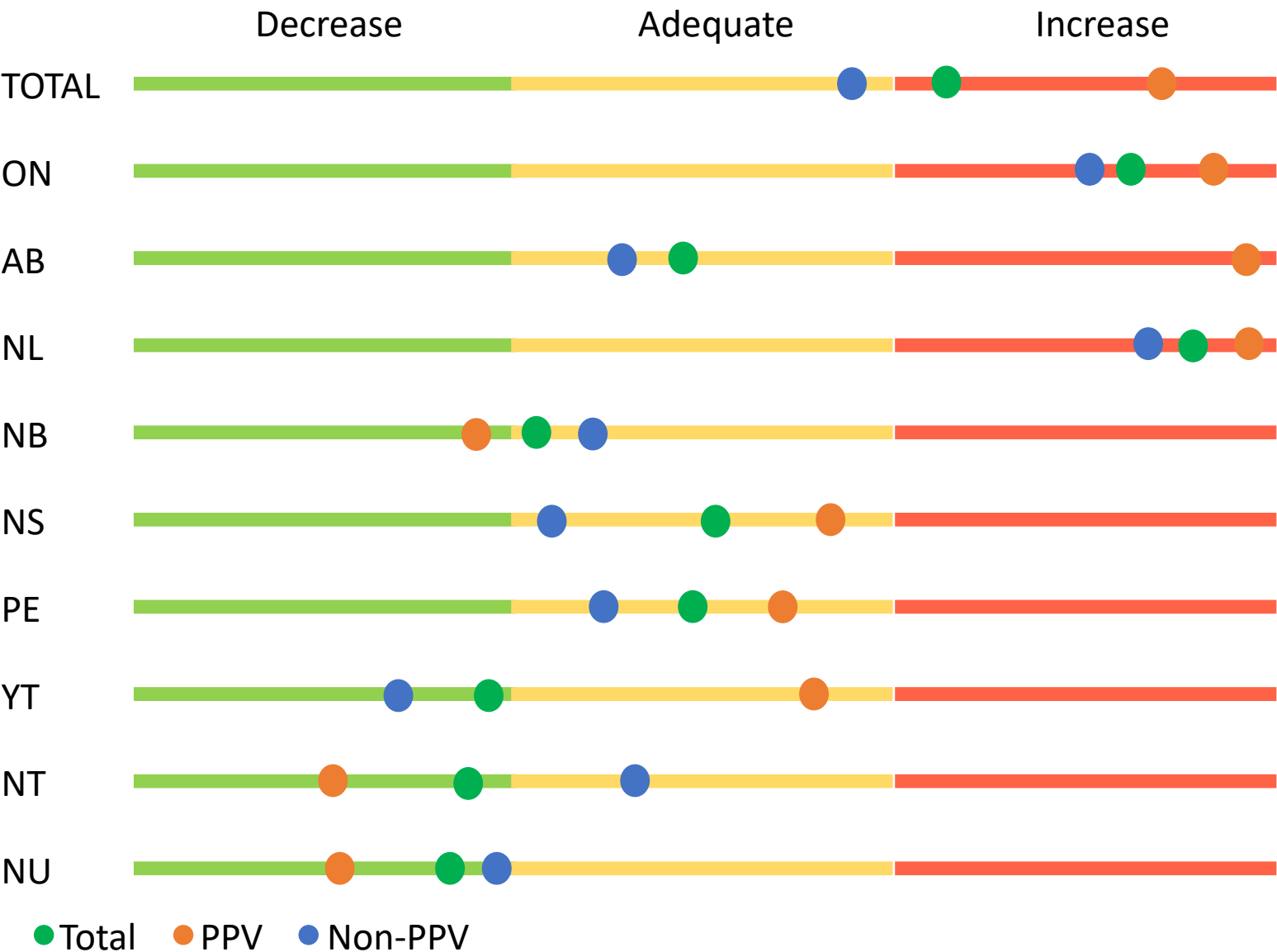
	Ontario	Alberta	Atlantics	Territories	Total
WRITTEN PREMIUM (\$000s)					
The Outlook	209,430	160,146	160,951	12,482	543,009
Latest Projection	196,945	176,052	157,051	12,333	542,380
Change (\$)	(12,485)	15,905	(3,900)	(149)	(629)
Change (%)	(6.0%)	9.9%	(2.4%)	(1.2%)	(0.1%)
WRITTEN VEHICLE COUNT					
The Outlook	24,863	32,758	61,065	7,177	125,863
Latest Projection	24,222	33,019	59,596	6,922	123,759
Change (%)	(2.6%)	0.8%	(2.4%)	(3.6%)	(1.7%)
LOSS RATIOS (%)					
The Outlook CAY Loss Ratio	75.0%	73.7%	79.0%	49.2%	75.2%
Latest Projection CAY Loss Ratio	79.9%	75.0%	77.1%	50.9%	76.9%
Change	4.9%	1.3%	(2.0%)	1.7%	1.7%
The Outlook PAY Loss Ratio	(4.1%)	(3.6%)	(3.3%)	(1.7%)	(3.6%)
Latest Projection PAY Loss Ratio	1.0%	6.9%	(0.1%)	8.2%	2.7%
Change	5.1%	10.4%	3.3%	9.9%	6.4%
CHANGE IN LOSS COMPONENT, UNDERWRITING AND ADMIN EXPENSES (% INSURANCE REVENUE)					
The Outlook	19.6%	20.7%	26.4%	23.4%	22.0%
Latest Projection	19.8%	21.9%	26.1%	23.2%	22.3%
Change	0.2%	1.2%	(0.3%)	(0.2%)	0.4%
COMBINED OPERATING RATIO (%)					
The Outlook	95.7%	94.0%	105.1%	72.0%	97.4%
Latest Projection	103.3%	105.9%	105.5%	83.3%	104.3%
Change	7.6%	11.9%	0.4%	11.3%	6.9%
OPERATING RESULT (\$000s)					
The Outlook	9,178	9,764	(7,914)	3,218	14,246
Latest Projection	(6,589)	(9,966)	(8,403)	1,919	(23,039)
Change (\$)	(15,767)	(19,730)	(489)	(1,299)	(37,284)

Key observations:

- FARM is projected to experience a slight decrease in written premiums (a 0.1% overall decrease compared to The Outlook projected in 2025). We are projecting written premium of \$542.4 million, where we see a decrease in Ontario and offset by increase in Alberta written premiums.
- The CAY loss ratio has increased in Alberta, driven by higher loss trend assumptions for Non-PPV coverages. Ontario loss ratios increased as well driven primarily by Non-PPV reserve strengthening.
- PAY loss ratios have also deteriorated measurably, primarily in Ontario, Alberta, and the Territories, relative to the Outlook.
- The deterioration in the PAY loss ratio in Ontario and Alberta is driven by unfavorable development in IU bodily injury claims. See focus area #2 for more detail.
- The 2026 Outlook does not forecast any future change in the yield curve, as the forward assumption is a constant yield curve. 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 due to the potential range of outcomes; therefore, caution should be exercised when interpreting these estimates.

Focus Area #1: FARM Rate Changes and Indications

FARM Rate Activity & Indications

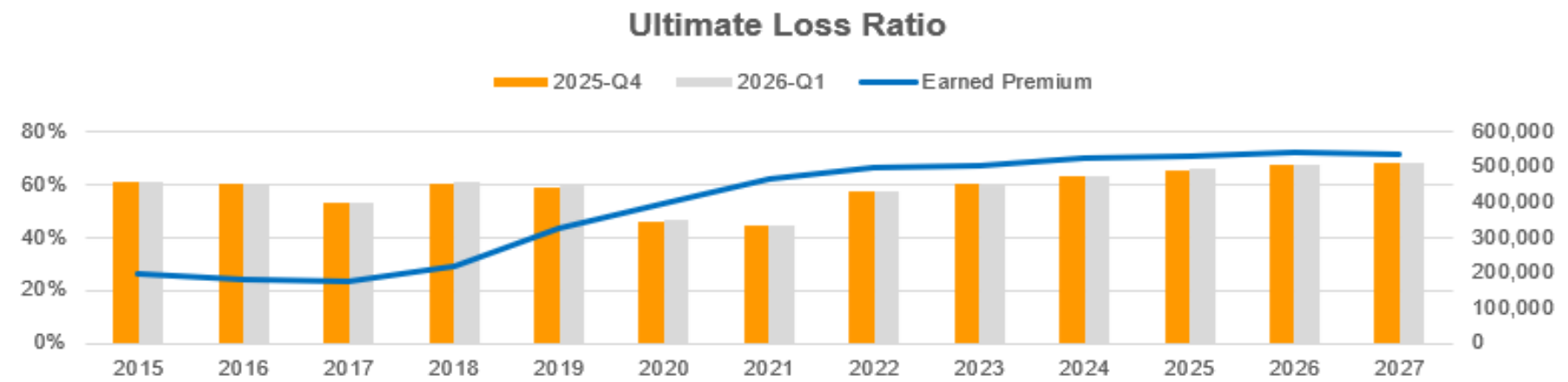


Key Messages:

- The chart provides a relative view of credibility-weighted rate indications across jurisdictions and segments. Marker positions illustrate the direction and relative magnitude of rate need, ranging from rate decreases (left) to rate increases (right), and compare Total, PPV, and Non-PPV results without disclosing underlying indication values.
- Ontario continues to exhibit the strongest rate pressure across the portfolio, with both PPV and Non-PPV segments indicating a need for rate increases.
- Alberta's rate need remains primarily concentrated within the PPV segment and continues to be influenced by the significant proportion of Grid-rated business.
- Newfoundland & Labrador shows moderate upward rate pressure, driven predominantly by PPV experience, while Non-PPV remains closer to adequate levels. We have recognized a loss component in PPV as a result of Newfoundland & Labrador Bill 47 which prohibits inclusion of a provision for return on capital in FARM's rates.
- Since our last quarterly report, we have been approved for rate changes for:
 - Ontario PPV & CV
 - Newfoundland & Labrador – multiple classes

Focus Area #2: Results of the 2026-Q1 Claims Analysis

FARM Claims Analysis



Nominal (\$000s)	2016 & prior	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026 excl CAQ	Total excl 2026	Total
TPL	19	(11)	(32)	1,540	1,539	1,837	32	(3,583)	(1,110)	(1,847)	-	(1,617)	(1,617)
AB	2,080	2	478	117	(146)	(874)	(1,479)	78	(586)	(94)	-	(424)	(424)
Other	(10)	(0)	214	(7)	9	(25)	(239)	182	575	2,552	-	3,252	3,252
Total	2,089	(9)	660	1,650	1,402	938	(1,686)	(3,323)	(1,121)	611	-	1,211	1,211

Key Messages:

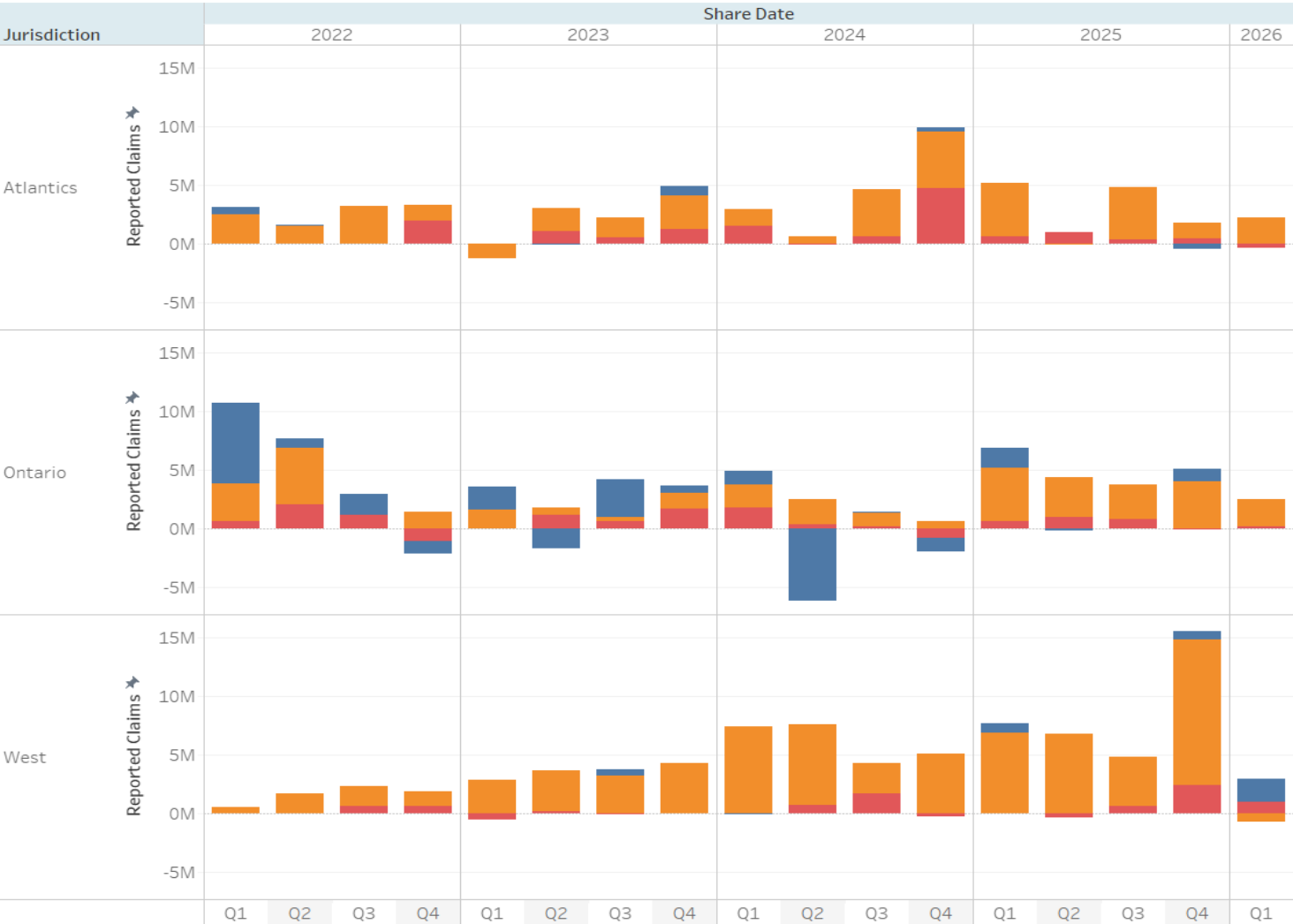
- Claims development for prior accident years during Q1 is an unfavorable \$1.2 million increase to the ultimate loss.
- Loss Ratios have remained relatively stable between periods.

*Results on this slide are on a nominal (undiscounted) basis and include data up to March 31, 2026.

FARM Claims Analysis – Large Losses Over Time

2026-Q1 saw fewer large losses than usual, though Alberta's data should be interpreted with caution.

Claims AvsP Investigation



Key Messages:

- This chart shows the large losses reported during each calendar quarter (from all accident periods)
- Large losses on a reported claims basis in the Atlantic regions are consistent with levels observed in recent years
- In Ontario, total large losses experienced by quarter have been on a downward trend since early 2025
- Alberta large losses by reporting quarter have been at an elevated level for a few years, reflecting the large growth and subsequent losses from the interurban trucking portfolio. Losses this quarter were higher than usual for the Accident Benefit coverages. Due to an issue related to missing case reserve data, large losses appear artificially low for 2026-Q1 in Alberta. (This did not impact ultimate losses, as additional IBNR was booked to offset this data omission).

**LL are defined as >\$500k for ON/AB or >\$250k for other jurisdictions*

Coverage Type (group)

- AccBen (indivis)
- BI & TPL
- Other

FARM Claims Analysis – PPV Key Valuation Changes

The impact of the 2026-Q1 claims analysis on ultimate claims estimates overall minor.

Increasing



Rank	Province	Coverage	Change in Ultimate
1	Ontario	Bodily Injury	\$ 2,682,327
2	Newfoundland & Labrador	Bodily Injury	\$ 2,573,486
3	Alberta	Bodily Injury	\$ 1,070,289
4	Nova Scotia	Bodily Injury	\$ 892,553
5	Alberta	Underinsured Motorist	\$ 207,179

Decreasing

Rank	Province	Coverage	Change in Ultimate
75	Newfoundland & Labrador	Underinsured Motorist	\$ -578,791
76	Ontario	Direct Comp Property Damage	\$ -643,508
77	Ontario	AccBen (indivis)	\$ -1,101,254
78	Newfoundland & Labrador	Property Damage (w DCPD)	\$ -1,254,721
79	Ontario	Comprehensive	\$ -1,839,413



Key Messages:

- These tables show the coverages with the largest change in ultimate losses in the last five accident years from the Q1 valuation, including change in the latest quarter's actual compared to the projection from previous quarter
- Ontario Bodily Injury experienced the largest increase in ultimate losses, followed by Newfoundland & Labrador Bodily injury. The increase in Ontario Bodily Injury claims is primarily driven by large PAY losses and deteriorating claims experience
- On the favorable side, Ontario Comprehensive saw the largest decrease in ultimate, followed by improvements in Newfoundland and Labrador Property Damage (w DCPD) coverage results, as emerging experience outperformed our expected loss projection for these lines

FARM Claims Analysis – non-PPV Key Valuation Changes

The impact of the 2026-Q1 claims analysis on ultimate claims estimates overall minor.

Increasing				
	Rank	Province	Coverage	Change in Ultimate
	1	Alberta	Collision	\$ 2,197,932
	2	Ontario	Collision	\$ 2,189,927
	3	Ontario	Comprehensive	\$ 1,243,608
	4	Alberta	AccBen (indivis)	\$ 790,580
	5	Newfoundland & Labrador	Collision	\$ 514,715

Decreasing				
Rank	Province	Coverage	Change in Ultimate	
75	New Brunswick	Bodily Injury	\$	-721,370
76	Alberta	Bodily Injury	\$	-955,056
77	Alberta	Property Damage (w DCPD)	\$	-1,557,244
78	Ontario	AccBen (indivis)	\$	-1,929,532
79	Ontario	Bodily Injury	\$	-2,691,975

- Key Messages:**
- These tables show the coverages with the largest change in ultimate losses in the last five accident years from the Q1 valuation, including change in the latest quarter's actual compared to the projection from previous quarter
 - Alberta Collision experienced the largest increase in ultimate losses, followed by Ontario Collision. The increase in Alberta was heavily influenced by a large (CV) loss of approximately \$0.8M; however, the claim has since been denied. As a result, we expect this booking to reverse in the next quarter. Both Ontario and Alberta also exhibited worsening Collision experience during the quarter, potentially driven by adverse weather conditions
 - On the decreasing side, Ontario Bodily Injury saw the most favourable development due to favourable PAY emergence

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>