



Saskatchewan Auto Fund 2024-25 Third Quarter Report

December 31, 2024

Management's Discussion and Analysis

Corporate Profile

Vision

Transforming the SGI experience to promote peace of mind and safer communities.

Mission

We are Saskatchewan's insurance company: providing exceptional value and traffic safety leadership.

Values

- Integrity** We do the right thing by being accountable, honest, trustworthy and fair.
- Caring** We make an impact through empathy, respect, inclusivity and staying true to our roots.
- Innovation** We transform our business through creativity, collaboration and continuous improvement.
- Passion** We are energized, engaged and inspired in the work we do.

About the Saskatchewan Auto Fund

In 1946, the government established basic compulsory automobile coverage for Saskatchewan residents under *The Automobile Accident Insurance Act* (AAIA). The Saskatchewan Auto Fund (Auto Fund) was established effective January 1, 1984, by an amendment to the AAIA, which separated the property and casualty insurance operations of Saskatchewan Government Insurance (SGI) and the compulsory Auto Fund. The administrator of the Auto Fund is SGI. The Auto Fund provides vehicle registrations, driver's licences and basic minimum liability insurance required to operate a vehicle and coverage for damage to or loss of an insured's vehicle, subject to a deductible. Automobile products are sold through a network of motor licence issuers across Saskatchewan and online through the MySGI web portal at www.sgi.sk.ca.

Non-GAAP and other financial measures

The Auto Fund uses both Generally Accepted Accounting Principles (GAAP) financial measures as well as non-GAAP financial measures and non-GAAP ratios to assess performance. Non-GAAP financial measures and non-GAAP ratios do not have standardized meanings prescribed by IFRS and may not be comparable to similar measures used by other companies in the property and casualty insurance industry.

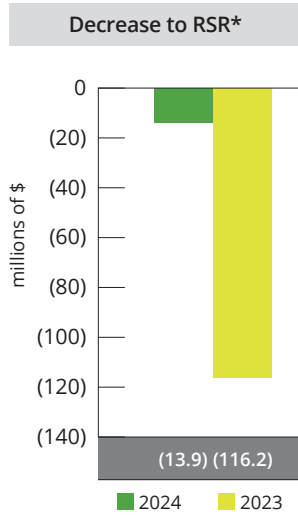
The key non-GAAP financial measures included in the MD&A and their closest GAAP measures are as follows:

| Non-GAAP financial measure | Closest GAAP measure |
|----------------------------|---------------------------|
| Net claims incurred | Insurance service expense |

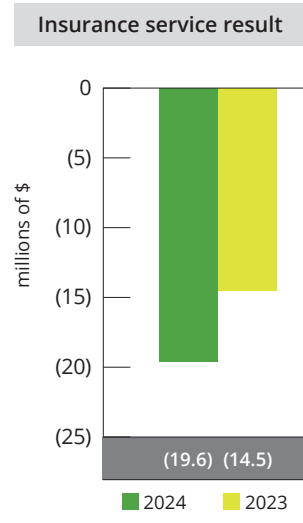
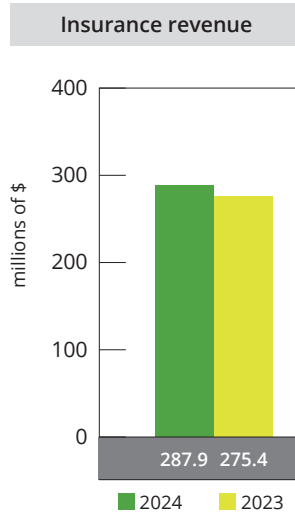
As well, the Auto Fund uses the non-GAAP ratio, net loss ratio (partially discounted), to monitor performance. This ratio is calculated as net claims incurred divided by insurance revenue less allocation of reinsurance premiums.

Financial Highlights

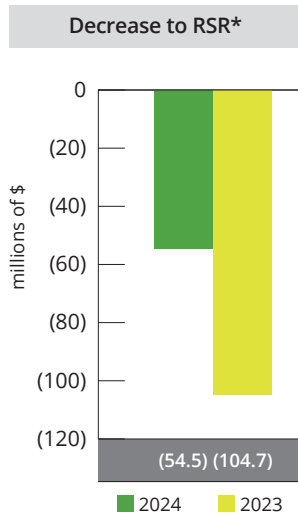
For the three months ended December 31



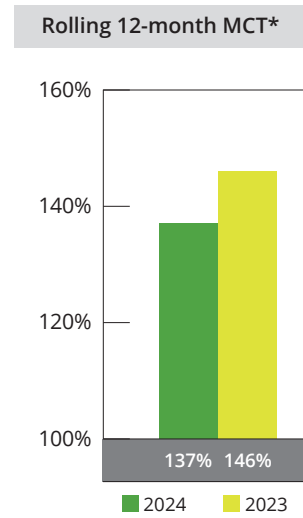
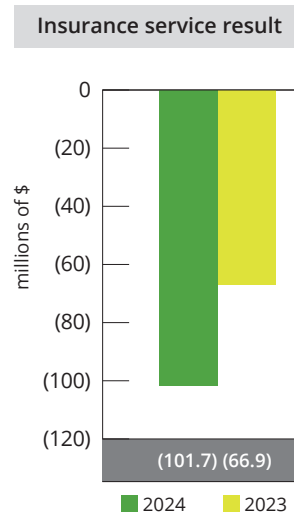
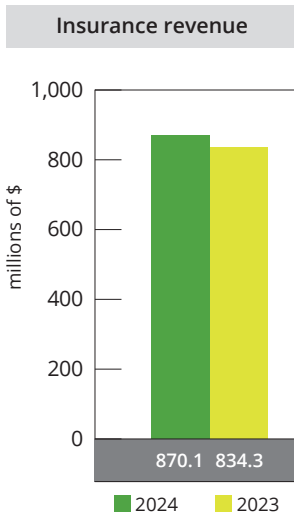
*Rate Stabilization Reserve



For the nine months ended December 31



*Rate Stabilization Reserve



*Minimum Capital Test

Management's Discussion and Analysis

Management's Discussion and Analysis (MD&A) provides a review of the results of the operations of the Auto Fund. This discussion and analysis should be read in conjunction with the unaudited condensed financial statements and supporting notes as at and for the nine-month period ended December 31, 2024, along with the MD&A, audited financial statements and supporting notes as at and for the year ended March 31, 2024. All dollar amounts are in Canadian dollars. This MD&A reflects all information known to SGI, the administrator of the Auto Fund, up to February 26, 2025.

Overview

| | (thousands of \$) | | | | | |
|--|--------------------------------|-----------|---------|-------------------------------|-----------|----------|
| | three months ended December 31 | | | nine months ended December 31 | | |
| | 2024 | 2023 | Change | 2024 | 2023 | Change |
| Decrease to RSR* | (13,866) | (116,174) | 102,308 | (54,465) | (104,737) | 50,272 |
| Insurance service result | (19,596) | (14,456) | (5,140) | (101,677) | (66,850) | (34,827) |
| Minimum Capital Test (rolling 12-month average) | | | | 137% | 146% | -9% |

*Rate Stabilization Reserve

The Auto Fund's decrease to the Rate Stabilization Reserve (RSR) for the nine months ended December 31, 2024 was \$50.3 million less than the same period last year. The positive variance is due to having better investment results than the prior year. Fixed income fair value gains were higher year-over-year due to decreases in interest rates, infrastructure limited partnership returns were aided by a decrease in the Canadian dollar during the period that generated higher returns, while equity returns were higher due to stronger markets.

With the \$54.5 million decrease, the RSR balance at December 31, 2024 was \$870.4 million, with a 12-month rolling average Minimum Capital Test (MCT) of 137%.

Outlook

This section contains forward-looking statements regarding the Auto Fund's financial outlook. Forward-looking statements are based on estimations and assumptions made by the Auto Fund in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors it believes are relevant in the circumstances. The Auto Fund deems that the assumptions built into the forward-looking statements are plausible. However, all factors should be considered carefully when making decisions with respect to the Auto Fund. Undue reliance should not be placed on the Auto Fund's forward-looking statements, which only apply as of the date of this MD&A document. The Auto Fund does not undertake to update any forward-looking statements that may be made from time to time by or on its behalf.

The Auto Fund is forecasting a larger reduction to the RSR in 2024-25 compared to the decrease of \$70.3 million in 2023-24.

The insurance services result is expected to be weaker than the prior year, as the cost of repairs and inflation continue to erode the ability of insurance revenues to cover expenses.

The weaker insurance service result is expected to be partially offset by higher investment earnings in 2024-25 compared to 2023-24 due to strong equity markets and fixed income returns. Investment markets were positive during the first nine months of the year on relatively stable economic data and inflation trending lower towards the long-term operating target. The Auto Fund continues to manage the risk of investment market volatility by maintaining a well-diversified, high-quality investment portfolio governed by prudent investment management policies and processes.

Revenue

| | <i>(thousands of \$)</i> | | | | | |
|-------------------|--------------------------------|---------|--------|-------------------------------|---------|--------|
| | three months ended December 31 | | | nine months ended December 31 | | |
| | 2024 | 2023 | Change | 2024 | 2023 | Change |
| Insurance revenue | 287,945 | 275,415 | 12,530 | 870,096 | 834,313 | 35,783 |
| Other income | 30,905 | 29,096 | 1,809 | 92,983 | 91,163 | 1,820 |

Insurance revenue for the nine months ending December 31, 2024, increased 4.3% from the same period last year. The increase is due to growth in the number of vehicles insured and an increase in the average premium per vehicle licensed as newer vehicles cost more to repair, thus normally have higher premiums than older vehicles.

Other income is consistent with the prior year and consists of the following components:

| | <i>(thousands of \$)</i> | | | | | |
|---|--------------------------------|--------|--------|-------------------------------|--------|--------|
| | three months ended December 31 | | | nine months ended December 31 | | |
| | 2024 | 2023 | Change | 2024 | 2023 | Change |
| Salvage sales | 18,876 | 17,601 | 1,275 | 55,250 | 54,930 | 320 |
| Safe Driver Recognition program penalties | 7,604 | 6,871 | 733 | 22,938 | 21,761 | 1,177 |
| Program and service fees | 4,425 | 4,624 | (199) | 14,795 | 14,472 | 323 |
| | 30,905 | 29,096 | 1,809 | 92,983 | 91,163 | 1,820 |

Expenses

| | <i>(thousands of \$)</i> | | | | | |
|---|--------------------------------|---------|---------|-------------------------------|---------|----------|
| | three months ended December 31 | | | nine months ended December 31 | | |
| | 2024 | 2023 | Change | 2024 | 2023 | Change |
| Claims incurred | 272,873 | 261,809 | 11,064 | 868,243 | 807,068 | 61,175 |
| Change in loss component | (8,686) | – | (8,686) | (11,627) | (8,467) | (3,160) |
| Issuer remuneration | 19,445 | 11,122 | 8,323 | 47,681 | 38,327 | 9,354 |
| Premium tax | 12,960 | 12,331 | 629 | 43,814 | 41,965 | 1,849 |
| Underwriting expenses | 7,803 | 3,235 | 4,568 | 22,223 | 12,273 | 9,950 |
| Insurance service expenses | 304,395 | 288,497 | 15,898 | 970,334 | 891,166 | 79,168 |
| Ceded premiums earned | 6,879 | 4,527 | 2,352 | 20,371 | 13,910 | 6,461 |
| Ceded claims incurred | (3,795) | (3,221) | (574) | (19,096) | (4,072) | (15,024) |
| Other ceded expenses | 62 | 68 | (6) | 164 | 159 | 5 |
| Net expenses from reinsurance contracts | 3,146 | 1,374 | 1,772 | 1,439 | 9,997 | (8,558) |
| Other expenses | 60,495 | 63,677 | (3,182) | 169,433 | 161,659 | 7,774 |

Claims incurred

The Auto Fund monitors claims activity on a net claims incurred (non-GAAP financial measure) basis. Net claims incurred during the first nine months of the fiscal year were \$849.1 million, an increase of \$46.2 million from the same period in 2023. An increase in both damage and injury claims and a large catastrophe in late June 2024 resulted in the net loss ratio (partially discounted) increasing from 97.9% in 2023 to 99.9% in 2024.

The breakdown of claim costs by category to the end of December is as follows:

| | (thousands of \$) | | | | | | |
|--|--------------------------------------|------------|---------------|--------------|------------|----------|----------------------|
| | nine months ended December 31 | | | | | | |
| | 2024 | | | 2023 | | | Change in net |
| Direct | Ceded | Net | Direct | Ceded | Net | | |
| Insurance revenue | 870,096 | - | 870,096 | 834,313 | - | 834,313 | 35,783 |
| Allocation of reinsurance premium | - | (20,371) | (20,371) | - | (13,910) | (13,910) | (6,461) |
| | 870,096 | (20,371) | 849,725 | 834,313 | (13,910) | 820,403 | 29,322 |
| Current year: | | | | | | | |
| Damage claims, excluding catastrophe claims | 657,411 | - | 657,411 | 609,910 | - | 609,910 | 47,501 |
| Catastrophe claims ¹ | 46,000 | (17,301) | 28,699 | 7,370 | - | 7,370 | 21,329 |
| Total damage claims | 703,411 | (17,301) | 686,110 | 617,280 | - | 617,280 | 68,830 |
| Injury claims | 261,982 | - | 261,982 | 226,976 | - | 226,976 | 35,006 |
| Prior year (redundancy) deficiency: | 965,393 | (17,301) | 948,092 | 844,256 | - | 844,256 | 103,836 |
| Damage claims | (19,202) | (1,080) | (20,282) | 9,061 | (3,712) | 5,349 | (25,631) |
| Injury claims | 7,325 | - | 7,325 | 20,982 | - | 20,982 | (13,657) |
| | (11,877) | (1,080) | (12,957) | 30,043 | (3,712) | 26,331 | (39,288) |
| Impact of current year discounting | (85,273) | (715) | (85,988) | (67,231) | (360) | (67,591) | (18,397) |
| Net claims incurred (non-GAAP) | 868,243 | (19,096) | 849,147 | 807,068 | (4,072) | 802,996 | 46,151 |
| Current year net loss ratio (undiscounted) (non-GAAP) ² | | | 111.6% | | | 102.9% | 8.7% |
| Net loss ratio (partially discounted) (non-GAAP) | | | 99.9% | | | 97.9% | 2.0% |

¹ Catastrophe claims, also referred to as storm claims, represent claims occurring from a single event, limited to a period between 96 and 168 hours, with an estimated cost greater than \$2.5 million. Catastrophic events for the Auto Fund generally relate to summer wind, rain and hail storms, forest fires and winter ice storms.

² Before prior year deficiency (redundancy) and impact of current year discounting.

Current year damage claims, excluding catastrophe claims, are 7.8% higher than the prior year, due to increased claim severity. Catastrophe claims are \$21.3 million higher than the prior year. Overall, damage frequency has increased from 100.3 claims per 1,000 insured years in 2023 to 108.1 claims per 1,000 insured years in 2024, while the average cost per damage claim has decreased by 3.5% from \$6,278 per claim to \$6,060 per claim.

Current year injury claims are 15.4% higher than the prior year due to increased claim severity in 2024. The average cost per injury claim increased by 14.4% from 2023, from an average cost of \$72,632 per claim to \$83,116 per claim. The injury claim frequency during the fiscal year is the same as 2023 at 2.9 claims per 1,000 insured years.

The prior year redundancy of \$13.0 million includes a \$20.3 million redundancy in damage claims due to the continued improvement in addressing repair delays, which have been experienced over the last few years. This is partially offset by a \$7.3 million deficiency in injury claims, primarily related to changes in the estimates of future medical expenses and care benefits that will be paid to claimants.

The impact of current year discounting during the first nine months of the fiscal year resulted in a \$86.0 million decrease to claims incurred, which is \$18.4 million more than the same period last year. The variance is primarily related to the increase in current year claims compared to the same period last year.

Other expenses

Other expenses consist of the following components:

| | <i>(thousands of \$)</i> | | | | | |
|---------------------------------------|--------------------------------|--------|---------|-------------------------------|---------|--------|
| | three months ended December 31 | | | nine months ended December 31 | | |
| | 2024 | 2023 | Change | 2024 | 2023 | Change |
| Administrative expenses | 25,738 | 27,990 | (2,252) | 73,089 | 67,760 | 5,329 |
| Salvage expense | 12,399 | 12,559 | (160) | 36,070 | 36,310 | (240) |
| Registrar expense | 6,616 | 6,703 | (87) | 19,256 | 18,851 | 405 |
| Traffic safety expense | 6,242 | 6,338 | (96) | 16,335 | 16,180 | 155 |
| Regulator expense | 4,093 | 4,501 | (408) | 11,426 | 11,095 | 331 |
| Driver education and training expense | 5,407 | 5,586 | (179) | 13,257 | 11,463 | 1,794 |
| | 60,495 | 63,677 | (3,182) | 169,433 | 161,659 | 7,774 |

In the nine months ending December 31, 2024, other expenses are 4.8% higher than the same period last year. The increase is primarily related to higher administrative and driver education and training expenses. Administrative expenses are higher due to the Corporate Transformation project expenses being higher than last year. Driver education and training expenses, primarily made up of funding provided to provincial Boards of Education, are higher this year, given an increase to the number of students enrolled in the program.

Investment Results

| | <i>(thousands of \$)</i> | | | | | |
|------------------------------|--------------------------------|-----------|----------|-------------------------------|----------|--------|
| | three months ended December 31 | | | nine months ended December 31 | | |
| | 2024 | 2023 | Change | 2024 | 2023 | Change |
| Net investment earnings | 48,932 | 140,743 | (91,811) | 209,264 | 124,857 | 84,407 |
| Net insurance finance result | (13,612) | (207,880) | 194,268 | (85,602) | (92,248) | 6,646 |

Investment earnings during the first nine months of the year were \$84.4 million higher than the same period in 2024. Fixed income fair value gains were higher year-over-year due to decreases in interest rates, infrastructure limited partnership returns were aided by a decrease in the Canadian dollar during the period that generated higher returns, while equity returns were higher due to stronger markets.

Net insurance finance results are driven by the change in discount rates related to the liability for incurred claims and the asset for reinsured claims. During the first nine months of the fiscal year, risk-free interest rates decreased, resulting in a negative net insurance finance result.

Statement of Financial Position Review

| | <i>(thousands of \$)</i> | | |
|----------------------------|--------------------------|------------------|----------------|
| | December 31 2024 | March 31 2024 | Change |
| Total assets | 3,378,490 | 3,273,972 | 104,518 |
| Key asset account changes: | | | |
| Investments | 3,215,854 | 3,105,240 | 110,614 |

During the period, the carrying value of investments increased by \$110.6 million reflecting increasing market values across most investment classes.

| | <i>(thousands of \$)</i> | | |
|--------------------------------|--------------------------|------------------|----------------|
| | December 31 2024 | March 31 2024 | Change |
| Total liabilities | 2,508,065 | 2,349,082 | 158,983 |
| Key liability account changes: | | | |
| Insurance contract liabilities | 2,449,458 | 2,291,972 | 157,486 |

Insurance contract liabilities increased \$157.5 million. This is largely due to the current year increase in claims as outlined in the preceding section, Claims incurred.

Capital

| As at December 31 | 2024 | 2023 |
|---|------|------|
| Minimum Capital Test (rolling 12-month average) | 137% | 146% |

The Auto Fund uses a common property and casualty industry measurement called the Minimum Capital Test (MCT) to monitor the adequacy of the RSR. The MCT is a risk-based capital adequacy formula that assesses risks to assets, policy liabilities and off-balance sheet exposures by applying various factors to determine a ratio of capital available to capital required. The Auto Fund's Capital Management Policy is to maintain an operating target MCT of 125% on a rolling 12-month average.

Quarterly Financial Highlights

The following table highlights quarter-over-quarter results for the Auto Fund:

| | <i>(thousands of \$)</i> | | | | | | |
|-------------------------------------|--------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | three months ended | | | | | | |
| | 2024-25 | | | 2023-24 | | | |
| | Dec 31 | Sept 30 | June 30 | March 31 | Dec 31 | Sept 30 | June 30 |
| Insurance revenue | 287,945 | 298,963 | 283,188 | 266,073 | 275,415 | 287,263 | 271,635 |
| Insurance service result | (19,596) | (13,087) | (68,994) | (4,700) | (14,456) | (37,142) | (15,252) |
| Net insurance finance result | (13,612) | (84,651) | 12,661 | 14,452 | (207,880) | 113,640 | 1,992 |
| Net investment earnings (losses) | 48,932 | 127,760 | 32,572 | 58,595 | 140,743 | (35,099) | 19,213 |
| Other income | 30,905 | 30,715 | 31,363 | 35,397 | 29,096 | 30,132 | 31,935 |
| Other expenses | (60,495) | (53,998) | (54,940) | (69,276) | (63,677) | (50,667) | (47,315) |
| (Decrease) increase to the RSR | (13,866) | 6,739 | (47,338) | 34,468 | (116,174) | 20,864 | (9,427) |
| Cash flow (used in) from operations | (20,293) | (1,970) | (10,350) | (108,073) | (27,268) | 8,406 | 6,798 |
| Investments | 3,215,854 | 3,222,292 | 3,127,484 | 3,105,240 | 3,172,064 | 3,093,070 | 3,134,442 |
| Insurance contract liabilities | 2,449,458 | 2,459,019 | 2,374,480 | 2,291,972 | 2,388,851 | 2,202,593 | 2,261,185 |
| Rate Stabilization Reserve | 870,425 | 884,291 | 877,552 | 924,890 | 890,422 | 1,006,596 | 985,732 |

The following points are intended to assist the reader in analyzing trends in the quarterly financial highlights:

- Insurance revenues generally rise in the spring and summer months, largely a factor of increased premiums related to seasonal vehicles.
- The insurance service result is often the weakest during the first two quarters of the year as most catastrophic events are a result of summer storms that normally occur during those quarters.
- Cash outflows in operations are usually the highest during the fourth quarter of each year as that is the quarter when the annual premium taxes are paid.

Risk Management

Understanding and managing risk is important to the Auto Fund's success. Risks that the Auto Fund manages in order to reduce the impact on its operations and profitability include corporate transformation, acquisition and development of expertise, organizational change agility, information security, system availability and recovery, culture, catastrophic claim loss and market value changes. These risks are described in detail in the Auto Fund's 2023-24 Annual Report.

Accounting Matters

Critical accounting estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to use estimates and assumptions that can have a significant impact on reported amounts of assets and liabilities as at the balance sheet date, as well as reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from these estimates. The use of estimates and judgement section of Note 2 of the condensed financial statements provides further information into those estimates.

Related party transactions

There have been no material changes to the Auto Fund's related party arrangements during the quarter. For further details on the Auto Fund's related party arrangements, refer to the 2023-24 Annual Report.

Off-balance sheet arrangements

The Auto Fund, in its normal course of operations, enters into certain transactions that are not required to be recorded on its Condensed Statement of Financial Position – commonly referred to as the balance sheet. These items include litigation, structured settlements and rehabilitation funding commitments. There have been no new off-balance sheet arrangements during the quarter. For further details on off-balance sheet arrangements, refer to the 2023-24 Annual Report.

Caution regarding forward-looking statements

Forward-looking statements include, among others, statements regarding the Auto Fund's objectives, strategies and capabilities to achieve them. Forward-looking statements are based on estimates and assumptions made by SGI, as the administrator of the Auto Fund, in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate in the circumstances. SGI, as the administrator of the Auto Fund, deems that the assumptions built into the forward-looking statements are plausible. However, all factors should be considered carefully when making decisions with respect to the Auto Fund. Undue reliance should not be placed on the Auto Fund's forward-looking statements, which apply only as of the date of this MD&A document. The Auto Fund does not undertake to update any of the forward-looking statements that may be made from time to time by or on the Auto Fund's or the administrator's behalf.

Condensed Statement of Financial Position

| | <i>(thousands of \$)</i> | |
|---|------------------------------------|-------------------------------|
| | December 31 2024 (unaudited) | March 31 2024 (audited) |
| Assets | | |
| Cash and cash equivalents (note 4) | \$ 49,132 | \$ 53,565 |
| Accounts receivable (note 5) | 23,885 | 30,004 |
| Investments under securities lending program (note 6) | 518,265 | 449,095 |
| Investments (note 6) | 2,697,589 | 2,656,145 |
| Reinsurance contract assets (note 8) | 11,746 | 3,902 |
| Property and equipment | 41,075 | 41,489 |
| Intangible assets | 27,428 | 22,049 |
| Other assets | 9,370 | 17,723 |
| | \$ 3,378,490 | \$ 3,273,972 |
| Liabilities | | |
| Accounts payable and accrued liabilities | \$ 58,607 | \$ 57,110 |
| Insurance contract liabilities (note 8) | 2,449,458 | 2,291,972 |
| | 2,508,065 | 2,349,082 |
| Equity | | |
| Rate Stabilization Reserve | 870,425 | 924,890 |
| Total equity | 870,425 | 924,890 |
| | \$ 3,378,490 | \$ 3,273,972 |

Contingencies (note 11)

The accompanying notes are an integral part of these condensed financial statements.

Condensed Statement of Operations and Change in Rate Stabilization Reserve (unaudited)

| For the periods ended December 31 | <i>(thousands of \$)</i> | | | |
|--|--------------------------|------------|-------------------|------------|
| | three months ended | | nine months ended | |
| | 2024 | 2023 | 2024 | 2023 |
| Insurance revenue (note 8) | \$ 287,945 | \$ 275,415 | \$ 870,096 | \$ 834,313 |
| Insurance service expenses (note 8) | (304,395) | (288,497) | (970,334) | (891,166) |
| Insurance service result from insurance contracts | (16,450) | (13,082) | (100,238) | (56,853) |
| Net expenses from reinsurance contracts (note 8) | (3,146) | (1,374) | (1,439) | (9,997) |
| Insurance service result | (19,596) | (14,456) | (101,677) | (66,850) |
| Insurance finance expenses (note 8) | (13,636) | (205,229) | (85,703) | (92,705) |
| Reinsurance finance income (expense) (note 8) | 24 | (2,651) | 101 | 457 |
| Net insurance finance result | (13,612) | (207,880) | (85,602) | (92,248) |
| Net investment earnings (note 7) | 48,932 | 140,743 | 209,264 | 124,857 |
| Net investment result | 35,320 | (67,137) | 123,662 | 32,609 |
| Other income | 30,905 | 29,096 | 92,983 | 91,163 |
| Other expenses | (60,495) | (63,677) | (169,433) | (161,659) |
| Decrease to Rate Stabilization Reserve and comprehensive loss | (13,866) | (116,174) | (54,465) | (104,737) |
| Rate Stabilization Reserve, beginning of period | 884,291 | 1,006,596 | 924,890 | 995,159 |
| Rate Stabilization Reserve, end of period | \$ 870,425 | \$ 890,422 | \$ 870,425 | \$ 890,422 |

The accompanying notes are an integral part of these condensed financial statements.

Condensed Statement of Cash Flows (unaudited)

| For the periods ended December 31 | <i>(thousands of \$)</i> | |
|---|--------------------------|--------------|
| | nine months ended | |
| | 2024 | 2023 |
| Cash provided by (used for): | | |
| Operating activities | | |
| Decrease to Rate Stabilization Reserve | \$ (54,465) | \$ (104,737) |
| Non-cash items: | | |
| Amortization and depreciation | 6,212 | 8,134 |
| Net gain on investment portfolio (note 7) | (104,300) | (54,174) |
| Interest and other revenue from investments (note 7) | (43,682) | (39,915) |
| Loss on disposal of property and equipment | 118 | 23 |
| Change in non-cash operating items (note 10) | 163,178 | 178,265 |
| | (32,939) | (12,404) |
| Investing activities | | |
| Interest and other received | 40,107 | 42,532 |
| Purchases of investments | (496,154) | (1,133,518) |
| Proceeds on sale of investments | 495,848 | 1,123,084 |
| Purchases of property and equipment | (4,703) | (4,298) |
| Purchases of intangible assets | (6,592) | (8,273) |
| | 28,506 | 19,527 |
| (Decrease) increase in cash and cash equivalents | (4,433) | 7,123 |
| Cash and cash equivalents, beginning of the period | 53,565 | 40,015 |
| Cash and cash equivalents, end of the period | \$ 49,132 | \$ 47,138 |

The accompanying notes are an integral part of these condensed financial statements.

Notes to the Condensed Financial Statements (unaudited)

December 31, 2024

1. Status of the Auto Fund

The Saskatchewan Auto Fund (Auto Fund) was established effective January 1, 1984, by an amendment to *The Automobile Accident Insurance Act*. The address of the Auto Fund's registered office is 2260-11th Avenue, Regina, SK, Canada. The Auto Fund is a compulsory vehicle insurance program providing vehicle registrations, driver's licences and related services for Saskatchewan drivers and vehicle owners. In addition to vehicle damage and property liability coverage, the Auto Fund also includes injury coverage that provides a choice between No Fault Coverage or Tort Coverage.

The Auto Fund is a self-sustaining fund, administered by Saskatchewan Government Insurance (SGI). The role of SGI, as administrator, is to oversee the operations of the Auto Fund for the Province of Saskatchewan. Any annual excess or deficiencies of the Auto Fund are recorded in its Rate Stabilization Reserve (RSR). The RSR is held on behalf of Saskatchewan's motoring public and is intended to protect motorists from rate increases made necessary by unexpected events and losses arising from catastrophic events.

Substantially all of the Auto Fund's insurance revenue is subject to review by the Saskatchewan Rate Review Panel (SRRP). The Auto Fund is required to submit vehicle insurance rate changes to the SRRP, whose mandate is to evaluate the rate change and provide an opinion on the fairness and reasonableness of the requested change. The SRRP does not have the authority to implement any of its recommendations; the final decision to approve, change or reject rate changes is at the discretion of the government of the Province of Saskatchewan.

Being a fund of the Province of Saskatchewan, the Auto Fund is exempt from federal and provincial income taxes. The financial results of the Auto Fund are included in the Province of Saskatchewan's summary financial statements.

2. Basis of Preparation

Statement of compliance

The unaudited interim condensed financial statements for the nine-month period ended December 31, 2024, have been prepared in accordance with IFRS accounting standards (IFRS) as issued by the International Accounting Standards Board, applicable to the preparation of interim financial statements, including International Accounting Standard 34, *Interim Financial Reporting*, and interpretations of the International Financial Reporting Interpretations Committee.

These unaudited interim condensed financial statements do not include all note disclosures normally included in the annual financial statements. Accordingly, these interim condensed financial statements are to be read in conjunction with the March 31, 2024 Annual Report. Full disclosures will be included in the annual financial statements. The unaudited interim condensed financial statements were authorized for issue on February 26, 2025.

Basis of measurement

The unaudited interim condensed financial statements have been prepared using the historical cost basis, except for certain financial instruments; the liability for incurred claims included within the insurance contract liabilities and the asset for reinsured claims within the reinsurance contract assets (net liability for incurred claims). The methods used to measure the values of financial instruments are discussed further in Note 4, *Material Accounting Policies*, of the annual financial statements for the year ended March 31, 2024. The net liability for incurred claims is measured on a discounted basis in accordance with accepted actuarial practice (which in the absence of an active market provides a reasonable proxy of fair value).

Seasonality

The Property & Casualty insurance business is seasonal in nature. While insurance revenue net of allocation of reinsurance premiums are generally stable from quarter to quarter, insurance service results are driven mainly by weather conditions which may vary between quarters.

Statement of Financial Position classification

The unaudited interim Condensed Statement of Financial Position has been prepared on a non-classified basis broadly in order of liquidity.

Functional and presentation currency

These unaudited interim condensed financial statements are presented in Canadian dollars, which is the Auto Fund's functional currency.

Use of estimates and judgment

The preparation of unaudited interim condensed financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the condensed financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and changes in estimates are recorded in the accounting period in which they are determined. The most significant estimation processes are related to the actuarial determination of the liability for incurred claims and the asset for reinsured claims (note 8), the recognition of onerous contracts (note 8), the valuation of accounts receivable (note 4) and the fair value of investments classified as Level 3 (note 6).

One area of uncertainty is the current geopolitical environment. The potential impact of future changes in government policies including tariffs and trade restrictions could affect economic conditions, investment values and business operations including insurance services results. Management will continue to monitor the impact of geopolitical risk on its use of judgements, estimates, and assumptions.

3. Material Accounting Policies

The accounting policies applied during the nine-month period ended December 31, 2024 are the same as those described and disclosed in Note 4, *Material Accounting Policies*, of the annual financial statements for the year ended March 31, 2024.

4. Cash and Cash Equivalents

| | <i>(thousands of \$)</i> | |
|----------------------------------|--------------------------|------------------|
| | December 31 2024 | March 31 2024 |
| Cash, net of outstanding cheques | \$ 16,592 | \$ 53,565 |
| Money market investments | 32,540 | - |
| Total cash and cash equivalents | \$ 49,132 | \$ 53,565 |

The average effective interest rate on money market investments is 3.2%.

5. Accounts Receivable

Accounts receivable is comprised of the following:

| | <i>(thousands of \$)</i> | |
|---------------------------------------|--------------------------|------------------|
| | December 31 2024 | March 31 2024 |
| Customer receivables | \$ 27,420 | \$ 29,639 |
| Accrued investment income | 9,148 | 11,581 |
| Salvage operations | 1,419 | 1,529 |
| Other | 179 | 1,343 |
| Subtotal | 38,166 | 44,092 |
| Less: Allowance for doubtful accounts | (14,281) | (14,088) |
| Total accounts receivable | \$ 23,885 | \$ 30,004 |

6. Investments

The carrying and fair values of the Auto Fund's investments are as follows:

| | <i>(thousands of \$)</i> | |
|---|--------------------------|------------------|
| | December 31 2024 | March 31 2024 |
| Bonds and debentures | \$ 850,119 | \$ 836,289 |
| Infrastructure limited partnerships | 451,099 | 453,479 |
| Investment funds: | | |
| Pooled bonds | 63,614 | - |
| Canadian equity | 65,736 | 60,673 |
| Global equity | 389,135 | 362,188 |
| Global low volatility equity | 189,265 | 179,524 |
| Global small cap equity | 189,029 | 180,909 |
| Mortgage | 269,572 | 254,255 |
| Real estate | 230,020 | 328,828 |
| | 2,697,589 | 2,656,145 |
| Investments under securities lending program: | | |
| Bonds and debentures | 518,265 | 449,095 |
| Total investments | \$ 3,215,854 | \$ 3,105,240 |

Securities lending program

At December 31, 2024, the Auto Fund held collateral of \$544.2 million (March 31, 2024 - \$471.6 million) for the loaned securities, which represents 105.0% of the fair value of the loaned securities.

Fair value hierarchy

Fair value is best evidenced by an independent quoted market price for the same instrument in an active market. An active market is one where quoted prices are readily available, representing regularly occurring transactions. The determination of fair value requires judgment and is based on market information where available and appropriate. Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of the inputs used in the valuation.

| | <i>(thousands of \$)</i> | | | |
|-------------------------------------|--------------------------|---------------------|---------------------|---------------------|
| | December 31, 2024 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Bonds and debentures | \$ - | \$ 1,368,384 | \$ - | \$ 1,368,384 |
| Infrastructure limited partnerships | - | - | 451,099 | 451,099 |
| Investment funds: | | | | |
| Pooled bonds | - | - | 63,614 | 63,614 |
| Canadian equity | 65,736 | - | - | 65,736 |
| Global equity | 389,135 | - | - | 389,135 |
| Global low volatility equity | 189,265 | - | - | 189,265 |
| Global small cap equity | 189,029 | - | - | 189,029 |
| Mortgage | - | - | 269,572 | 269,572 |
| Real estate | - | - | 230,020 | 230,020 |
| Total investments | \$ 833,165 | \$ 1,368,384 | \$ 1,014,305 | \$ 3,215,854 |

| | <i>(thousands of \$)</i> | | | |
|-------------------------------------|--------------------------|---------------------|---------------------|---------------------|
| | March 31, 2024 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Bonds and debentures | \$ - | \$ 1,285,384 | \$ - | \$ 1,285,384 |
| Infrastructure limited partnerships | - | - | 453,479 | 453,479 |
| Investment funds: | | | | |
| Pooled bonds | - | - | - | - |
| Canadian equity | 60,673 | - | - | 60,673 |
| Global equity | 362,188 | - | - | 362,188 |
| Global low volatility equity | 179,524 | - | - | 179,524 |
| Global small cap equity | 180,909 | - | - | 180,909 |
| Mortgage | - | - | 254,255 | 254,255 |
| Real estate | - | - | 328,828 | 328,828 |
| Total investments | \$ 783,294 | \$ 1,285,384 | \$ 1,036,562 | \$ 3,105,240 |

The Auto Fund's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

A reconciliation of Level 3 investments is as follows:

| | <i>(thousands of \$)</i> | |
|--|--------------------------|-----------------|
| | nine months ended | 12 months ended |
| | December 31 2024 | March 31 2024 |
| Level 3 investments, beginning of the period | \$ 1,036,562 | \$ 959,269 |
| Add: Additions during the period: | | |
| Infrastructure limited partnerships | 19,751 | 41,870 |
| Pooled bonds | 62,582 | - |
| Mortgage investment fund | 12,319 | 15,641 |
| Less: Disposals during the period: | | |
| Infrastructure limited partnerships | (52,203) | (7,668) |
| Real estate investment fund | (100,000) | - |
| Gains recognized in net income: | | |
| Infrastructure limited partnerships | 30,072 | 25,946 |
| Pooled bonds | 1,032 | - |
| Mortgage investment fund | 2,998 | 773 |
| Real estate investment fund | 1,192 | 731 |
| Level 3 investments, end of the period | \$ 1,014,305 | \$ 1,036,562 |

Investment in the infrastructure limited partnerships, the pooled bonds fund, the mortgage investment fund and the real estate investment fund are valued using the Auto Fund's share of the net asset value of the respective fund as at the period-end date.

During the period ended December 31, 2024, no investments were transferred between levels.

7. Net Investment Earnings

Components of net investment earnings are as follows:

| | <i>(thousands of \$)</i> | | | |
|--|--------------------------------|------------|-------------------------------|------------|
| | three months ended December 31 | | nine months ended December 31 | |
| | 2024 | 2023 | 2024 | 2023 |
| Net (loss) gain on investment portfolio | \$ (14,115) | \$ 101,054 | \$ 104,300 | \$ 54,174 |
| Investment fund distributions | 51,236 | 28,172 | 60,221 | 37,461 |
| Interest and other | 15,095 | 14,534 | 43,682 | 39,915 |
| Infrastructure limited partnership distributions | 1,027 | 1,070 | 11,339 | 4,374 |
| Total investment earnings | 53,243 | 144,830 | 219,542 | 135,924 |
| Investment expenses | (4,311) | (4,087) | (10,278) | (11,067) |
| Net investment earnings | \$ 48,932 | \$ 140,743 | \$ 209,264 | \$ 124,857 |

Details of the net (loss) gain on investment portfolio is as follows:

| | <i>(thousands of \$)</i> | | | |
|---|--------------------------------|------------|-------------------------------|-----------|
| | three months ended December 31 | | nine months ended December 31 | |
| | 2024 | 2023 | 2024 | 2023 |
| Bonds and debentures | \$ (21,020) | \$ 75,435 | \$ 27,037 | \$ 6,131 |
| Infrastructure limited partnerships | 23,152 | 784 | 30,072 | 7,747 |
| Investment funds: | | | | |
| Pooled bonds | 882 | - | 1,032 | - |
| Canadian equity | (1,537) | 1,053 | 4,218 | 711 |
| Global equity | (2,693) | 16,465 | 21,384 | 32,310 |
| Global low volatility equity | (13,042) | (2,169) | 1,908 | (2,758) |
| Global small cap equity | 659 | 9,800 | 14,459 | 7,282 |
| Mortgage | (1,841) | 4,912 | 2,998 | 1,007 |
| Real estate | 1,325 | (5,226) | 1,192 | 1,744 |
| Net (loss) gain on investment portfolio | \$ (14,115) | \$ 101,054 | \$ 104,300 | \$ 54,174 |

8. Insurance and Reinsurance Contracts

The net carrying amounts of insurance and reinsurance contracts are as follows:

| | <i>(thousands of \$)</i> | |
|---|--------------------------|------------------|
| | December 31 2024 | March 31 2024 |
| Liability for remaining coverage | \$ 312,931 | \$ 261,042 |
| Liability for incurred claims | 2,136,527 | 2,030,930 |
| Insurance contract liabilities | 2,449,458 | 2,291,972 |
| Liability for remaining coverage | (6,653) | (613) |
| Asset for reinsured claims | 18,399 | 4,515 |
| Reinsurance contract assets | 11,746 | 3,902 |
| Net insurance and reinsurance contracts | \$ 2,437,712 | \$ 2,288,070 |

Reconciliation of carrying amounts

The following reconciliations show how the net carrying amounts of insurance and reinsurance contracts in each segment changed during the year as a result of cash flows and amounts recognized in the statement of profit or loss.

Insurance contracts analysis by remaining coverage and incurred claims

| Nine-month period ended December 31 | (thousands of \$) | | | | | |
|---|---|-------------------------------|--------------|---|-------------------------------|--------------|
| | 2024 | | | 2023 | | |
| | Liability for remaining coverage ¹ | Liability for incurred claims | Total | Liability for remaining coverage ² | Liability for incurred claims | Total |
| Opening liabilities | \$ 261,042 | \$ 2,030,930 | \$ 2,291,972 | \$ 238,611 | \$ 1,984,124 | \$ 2,222,735 |
| Changes in condensed statement of operations | | | | | | |
| Insurance revenue | (870,096) | - | (870,096) | (834,313) | - | (834,313) |
| Incurred claims and other insurance services expenses | - | 868,243 | 868,243 | - | 807,068 | 807,068 |
| Insurance acquisition expenses | 113,718 | - | 113,718 | 92,565 | - | 92,565 |
| Reversals of losses on onerous contracts | (11,627) | - | (11,627) | (8,467) | - | (8,467) |
| Insurance service expenses | 102,091 | 868,243 | 970,334 | 84,098 | 807,068 | 891,166 |
| Insurance service result | (768,005) | 868,243 | 100,238 | (750,215) | 807,068 | 56,853 |
| Insurance finance expense | - | 85,703 | 85,703 | - | 92,705 | 92,705 |
| Total changes in condensed statement of operations | (768,005) | 953,946 | 185,941 | (750,215) | 899,773 | 149,558 |
| Cash flows | | | | | | |
| Premiums received | 889,728 | - | 889,728 | 844,909 | - | 844,909 |
| Claims and other insurance service expenses paid | - | (848,349) | (848,349) | - | (777,775) | (777,775) |
| Insurance acquisition cash flows | (69,834) | - | (69,834) | (50,576) | - | (50,576) |
| Total cash flows | 819,894 | (848,349) | (28,455) | 794,333 | (777,775) | 16,558 |
| Closing liabilities | \$ 312,931 | \$ 2,136,527 | \$ 2,449,458 | \$ 282,729 | \$ 2,106,122 | \$ 2,388,851 |

¹ Includes a loss component of \$17.7 million as at December 31, 2024 (\$29.4 million as at March 31, 2024)

² Includes a loss component of nil as at December 31, 2023 (\$8.5 million as at March 31, 2023)

Reinsurance contracts analysis by remaining coverage and incurred claims

| Nine-month period ended December 31 | <i>(thousands of \$)</i> | | | | | |
|---|------------------------------------|----------------------------------|-----------|------------------------------------|----------------------------------|-----------|
| | 2024 | | | 2023 | | |
| | Asset for remaining coverage | Asset for reinsured claims | Total | Asset for remaining coverage | Asset for reinsured claims | Total |
| Opening assets | \$ (613) | \$ 4,515 | \$ 3,902 | \$ (2,588) | \$ 24,018 | \$ 21,430 |
| Changes in condensed consolidated statement of operations | | | | | | |
| Allocation of reinsurance premiums | (20,371) | - | (20,371) | (13,910) | - | (13,910) |
| Recoveries of incurred claims and other insurance service expenses | (164) | 19,096 | 18,932 | (159) | 4,072 | 3,913 |
| Net expenses from reinsurance contracts | (20,535) | 19,096 | (1,439) | (14,069) | 4,072 | (9,997) |
| Reinsurance finance income | - | 101 | 101 | - | 457 | 457 |
| Total changes in condensed consolidated statement of operations | (20,535) | 19,197 | (1,338) | (14,069) | 4,529 | (9,540) |
| Cash flows | | | | | | |
| Amounts paid | 14,495 | - | 14,495 | 16,492 | - | 16,492 |
| Amounts received | - | (5,313) | (5,313) | - | (20,585) | (20,585) |
| Total cash flows | 14,495 | (5,313) | 9,182 | 16,492 | (20,585) | (4,093) |
| Closing assets | \$ (6,653) | \$ 18,399 | \$ 11,746 | \$ (165) | \$ 7,962 | \$ 7,797 |

Fair value of the net liability for incurred claims

The Auto Fund estimates that the fair value of its net liability for incurred claims approximates its carrying amount.

| | <i>(thousands of \$)</i> | | | | | |
|-------------------------------|-------------------------------------|----------------------------------|--------------|-------------------------------------|----------------------------------|--------------|
| | December 31, 2024 | | | March 31, 2024 | | |
| | Liability for incurred claims | Asset for reinsured claims | Net | Liability for incurred claims | Asset for reinsured claims | Net |
| Undiscounted value | \$ 3,423,529 | \$ 17,495 | \$ 3,406,034 | \$ 3,318,361 | \$ 4,427 | \$ 3,313,934 |
| Effect of time value of money | (1,512,640) | (283) | (1,512,357) | (1,501,750) | 201 | (1,501,951) |
| Undiscounted risk adjustment | 225,638 | 1,187 | 224,451 | 214,319 | (113) | 214,432 |
| | \$ 2,136,527 | \$ 18,399 | \$ 2,118,128 | \$ 2,030,930 | \$ 4,515 | \$ 2,026,415 |

Discount rates

The liability for incurred claims under the PAA is calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk-free rates are determined by reference to the yields of highly liquid sovereign securities in the currency of the insurance contracts. The illiquidity premium is determined by reference to observable market rates of investment grade bonds. Refer to Note 14, *Insurance and Financial Risk Management*, of the annual financial statements for the year ended March 31, 2024 for more details.

Discount rates applied for discounting of future cash flows are listed below:

| As at | 1 year | 3 years | 5 years | 10 years |
|-------------------|--------|---------|---------|----------|
| December 31, 2024 | 3.3% | 3.5% | 3.7% | 4.2% |
| March 31, 2024 | 5.0% | 4.5% | 4.4% | 4.6% |
| March 31, 2023 | 5.0% | 4.4% | 4.2% | 4.4% |

Reinsurance

In the ordinary course of business, the Auto Fund seeks to reduce losses that may arise from catastrophes or other events that cause unfavourable underwriting results by reinsuring certain levels of risk with other insurers.

The Auto Fund carries auto physical damage catastrophe reinsurance limiting combined exposure to \$30.0 million per event (subject to an annual aggregate deductible of \$30.0 million).

9. Capital Management Objectives

The Auto Fund has a capital management policy, approved by the SGI Board of Directors. The primary objective of capital management for the Auto Fund is to maintain a level of capital in the RSR sufficient to cushion the Auto Fund from the volatility inherent in investment and underwriting operations and ensure a positive RSR without the need for excessive rate increases for Auto Fund customers.

Refer to Note 15, *Capital Management*, of the annual financial statements for the year ended March 31, 2024 for more details on the management of the Auto Fund's capital.

10. Change in Non-Cash Operating Items

The change in non-cash operating items is comprised of the following:

| | <i>(thousands of \$)</i> | |
|--|-------------------------------|------------|
| | nine months ended December 31 | |
| | 2024 | 2023 |
| Accounts receivable | \$ 3,686 | \$ (4,278) |
| Reinsurance contract assets | (7,844) | 13,633 |
| Other assets | 8,353 | 872 |
| Accounts payable and accrued liabilities | 1,497 | 1,922 |
| Insurance contract liabilities | 157,486 | 166,116 |
| Total change in non-cash operating items | \$ 163,178 | \$ 178,265 |

11. Contingencies

In common with the insurance industry in general, the Auto Fund is subject to litigation arising in the normal course of conducting its insurance business. The Auto Fund is of the opinion that litigation will not have a significant effect on its financial position or results of operation of the Auto Fund.

