
FAIRFAX

FINANCIAL HOLDINGS LIMITED

Annual Meeting

April 11, 2024

Forward-Looking Statements

Certain statements contained herein may constitute forward-looking information (within the meaning of Canadian securities legislation) and forward-looking statements (within the meaning of the United States Private Securities Litigation Reform Act of 1995). These statements can be identified by expressions of belief, expectation or intention, as well as those statements that are not historical fact. Forward-looking statements are based upon assumptions, estimates, opinions and analysis made by management in light of its experience, current conditions and its expectations of future developments that management believe to be reasonable and relevant, and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Fairfax to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to: our ability to complete acquisitions and other strategic transactions on the terms and timeframes contemplated, and to achieve the anticipated benefits therefrom; a reduction in net earnings if our loss reserves are insufficient; underwriting losses on the risks we insure that are higher than expected; the occurrence of catastrophic events with a frequency or severity exceeding our estimates; changes in market variables, including unfavourable changes in interest rates, foreign exchange rates, equity prices and credit spreads, which could negatively affect our operating results and investment portfolio; the cycles of the insurance market and general economic conditions, which can substantially influence our and our competitors' premium rates and capacity to write new business; insufficient reserves for asbestos, environmental and other latent claims; exposure to credit risk in the event our reinsurers fail to make payments to us under our reinsurance arrangements; exposure to credit risk in the event our insureds, insurance producers or reinsurance intermediaries fail to remit premiums that are owed to us or failure by our insureds to reimburse us for deductibles that are paid by us on their behalf; our inability to maintain our long term debt ratings, the inability of our subsidiaries to maintain financial or claims paying ability ratings and the impact of a downgrade of such ratings on derivative transactions that we or our subsidiaries have entered into; risks associated with implementing our business strategies; the timing of claims payments being sooner or the receipt of reinsurance recoverables being later than anticipated by us; risks associated with any use we may make of derivative instruments; the failure of any hedging methods we may employ to achieve their desired risk management objective; a decrease in the level of demand for insurance or reinsurance products, or increased competition in the insurance industry; the impact of emerging claim and coverage issues or the failure of any of the loss limitation methods we employ; our inability to access cash of our subsidiaries; an increase in the amount of capital that we and our subsidiaries are required to maintain and our inability to obtain required levels of capital on favourable terms, if at all; the loss of key employees; our inability to obtain reinsurance coverage in sufficient amounts, at reasonable prices or on terms that adequately protect us; the passage of legislation subjecting our businesses to additional adverse requirements, supervision or regulation, including additional tax regulation, in the United States, Canada or other jurisdictions in which we operate; risks associated with applicable laws and regulations relating to sanctions and corrupt practices in foreign jurisdictions in which we operate; risks associated with government investigations of, and litigation and negative publicity related to, insurance industry practice or any other conduct; risks associated with political and other developments in foreign jurisdictions in which we operate; risks associated with legal or regulatory proceedings or significant litigation; failures or security breaches of our computer and data processing systems; the influence exercisable by our significant shareholder; adverse fluctuations in foreign currency exchange rates; our dependence on independent brokers over whom we exercise little control; operational, financial reporting and other risks associated with IFRS 17 – Insurance Contracts; tax risks associated with amendments to IAS 12 – Income Taxes; impairment of the carrying value of our goodwill, indefinite-lived intangible assets or investments in associates; our failure to realize deferred income tax assets; technological or other change which adversely impacts demand, or the premiums payable, for the insurance coverages we offer; disruptions of our information technology systems; assessments and shared market mechanisms which may adversely affect our insurance subsidiaries; risks associated with the conflicts in Ukraine and Israel and the development of other geopolitical events and economic disruptions worldwide; and risks associated with recent events in the banking sector. Additional risks and uncertainties are described in our most recently issued Annual Report, which is available at www.fairfax.ca, on SEDAR+ at www.sedarplus.ca and on EDGAR at www.sec.gov, and in our Base Shelf Prospectus (under “Risk Factors”) filed with the securities regulatory authorities in Canada, which is available on SEDAR+ at www.sedarplus.ca. Fairfax cautions readers not to place undue reliance on these forward-looking statements, which speak only as of their dates. Fairfax disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities law.

Guiding Principles

Objectives

- We expect to compound our mark-to-market book value per share over the long term by 15% annually by running Fairfax and its subsidiaries for the long term benefit of customers, employees, shareholders and the communities where we operate – at the expense of short term profits if necessary
- Our focus is long term growth in book value per share and not quarterly earnings. We plan to grow through internal means as well as through friendly acquisitions
- We always want to be soundly financed
- We provide complete disclosure annually to our shareholders

Guiding Principles

Structure

- Our companies are decentralized and run by the presidents except for performance evaluation, succession planning, acquisitions, financing and investments, which are done by or with Fairfax. Investing will always be conducted based on a long term value-oriented philosophy. Cooperation among companies is encouraged to the benefit of Fairfax in total
- Complete and open communication between Fairfax and its subsidiaries is an essential requirement at Fairfax
- Share ownership and large incentives are encouraged across the Group
- Fairfax will always be a very small holding company and not an operating company

Guiding Principles

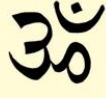
Values

- Honesty and integrity are essential in all of our relationships and will never be compromised
- We are results oriented — not political
- We are team players — no "egos". A confrontational style is not appropriate. We value loyalty — to Fairfax and our colleagues
- We follow the Golden Rule: we treat others as we would want to be treated
- We are hard working but not at the expense of our families
- We always look at opportunities but emphasize downside protection and look for ways to minimize loss of capital
- We are entrepreneurial. We encourage calculated risk taking. It is all right to fail but we should learn from our mistakes
- We will never bet the company on any project or acquisition
- We believe in having fun — at work!



HINDUISM

This is the sum of duty:
do not do to others what would
cause pain if done to you
Mahabharata 5:1517



BUDDHISM

Treat not others in ways
that you yourself would
find hurtful
Udana-Varga 5:18



CONFUCIANISM

One word which sums up the
basis of all good conduct...
loving kindness.
Do not do to
others what
you do not
want done
to yourself
Confucius,
Analects 15:23



BAHA'I FAITH

Lay not on any soul a load
that you would not wish to
be laid upon you, and
desire not for
anyone the
things you
would not
desire for
yourself
Baha'u'llah,
Gleanings



ISLAM

Not one of you truly believes
until you wish for others what
you wish for yourself
The Prophet Muhammad, Hadith



TAOISM

Regard your neighbour's gain
as your own gain, and your
neighbour's loss as your own loss
T'ai Shang Kan Ying Pien, 213-218



JUDAISM

What is hateful to you,
do not do to your neighbour.
This is the whole Torah;
all the rest is commentary
Hillel, Talmud, Shabbat 31a



SIKHISM

I am a stranger to no one;
and no one is a stranger
to me. Indeed, I am
a friend to all
Guru Granth Sahib, pg. 1299



JAINISM

One should treat all
creatures in the world
as one would like
to be treated
Mahavira, Sutakritanga



ZOROASTRIANISM

Do not do unto others
whatever is injurious
to yourself
Shayast-na-Shayast 13:29



NATIVE SPIRITUALITY

We are as much alive
as we keep the earth alive
Chief Dan George



UNITARIANISM

We affirm and promote respect
for the interdependent
web of all existence
of which we are a part
Unitarian principle



CHRISTIANITY

In everything, do to others
as you would have them
do to you; for this is the
law and the prophets
Jesus, Matthew 7:12

Fairfax has been Transformed Since 2017

	<u>2017</u>	<u>2023</u>	<u>% Change</u>
	<i>(\$ billions)</i>		
Gross premiums	13.8	28.9	109%
Float	22.9	35.1	53%
Investment portfolio	39.3	64.8	65%
Common shareholders' equity	12.5	21.6	73%
Underwriting profit (loss)	(0.6)	1.5	
Interest and dividends	0.6	1.9	3x
Share of profit of associates	0.2	1.0	5x
Re/insurance adjusted operating income (loss)	(0.2)	3.9	

Fairfax has been Transformed Since 2017

	<u>2017</u>	<u>2023</u>	<u>% Change</u>
Shares outstanding (<i>millions</i>)	27.8	23.0	-17%
Per share			
		(\$)	
Gross premiums	499	1,256	152%
Float	826	1,525	85%
Investment portfolio	1,415	2,815	99%
Common shareholders' equity	450	940	109%
Re/insurance adjusted operating income (loss)	(8)	171	

Strong Operating Income Outlook

	<i>(\$ billions)</i>
Interest and dividend income	2.0+
Underwriting profit	1.25+
Share of profit from associates	0.75+
Operating income	4.0+

➤ *Potential earnings of ~\$125 per share, before any investment gains*

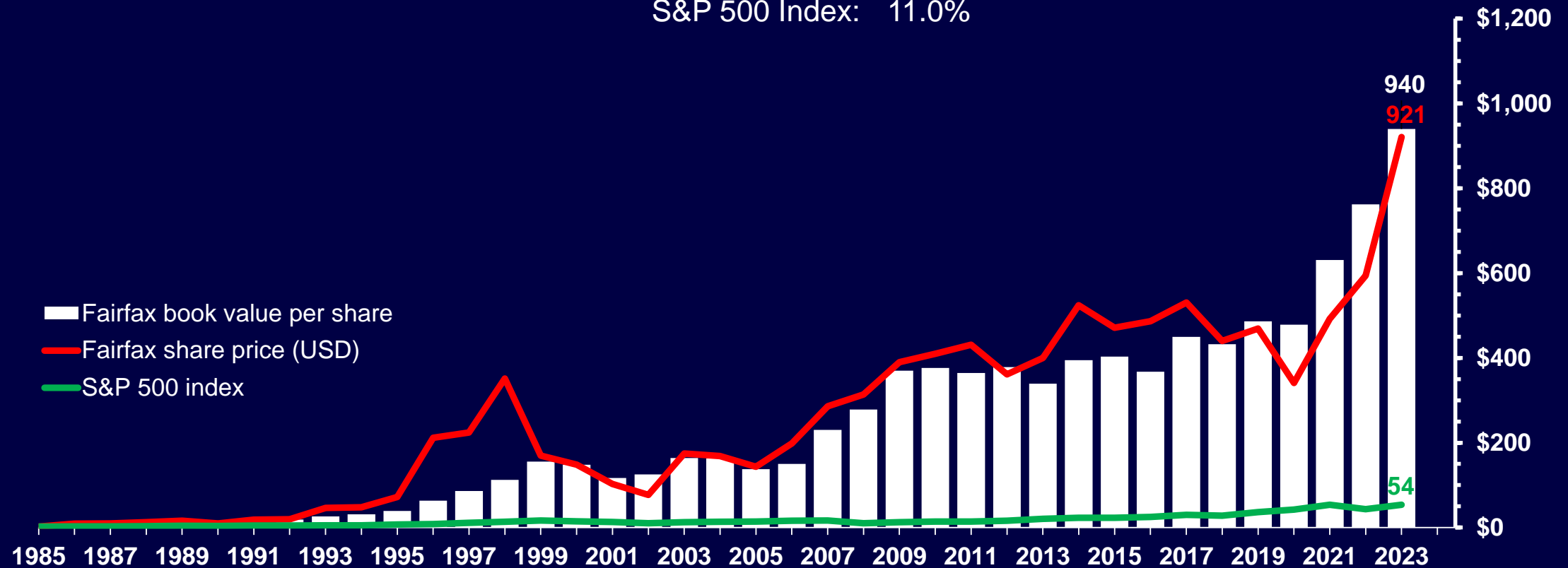
Track Record

38 Year Compound Annual Growth Rate⁽¹⁾

Fairfax book value per share: 18.9%

Fairfax share price (USD): 18.3%

S&P 500 Index: 11.0%



(1) Including dividends

Annual Stock Return of U.S. Listed Companies since 1985 – Top 1%

		Compound ⁽¹⁾ Return (%)
1	Apple	22.9
2	Home Depot	22.4
3	UnitedHealth Group	22.2
4	Danaher	21.3
5	Amgen	21.0
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.		
10	NIKE	19.2
.		
.		
16	Watsco	18.5
17	Fairfax	18.3
18	Progressive	18.0
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.		
56	Kroger	15.0

(1) Including dividends

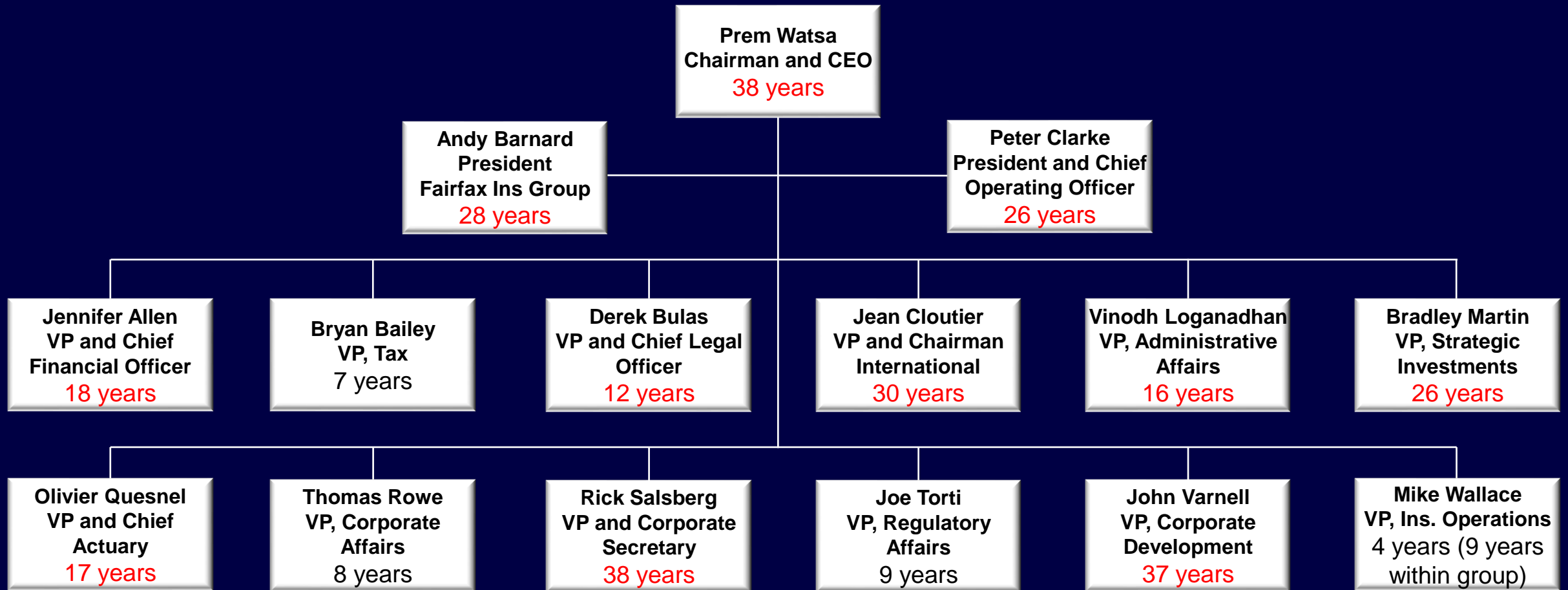
Success of Our Formula

- Our combination of disciplined underwriting and total-return value investing has produced superior returns over a long period.

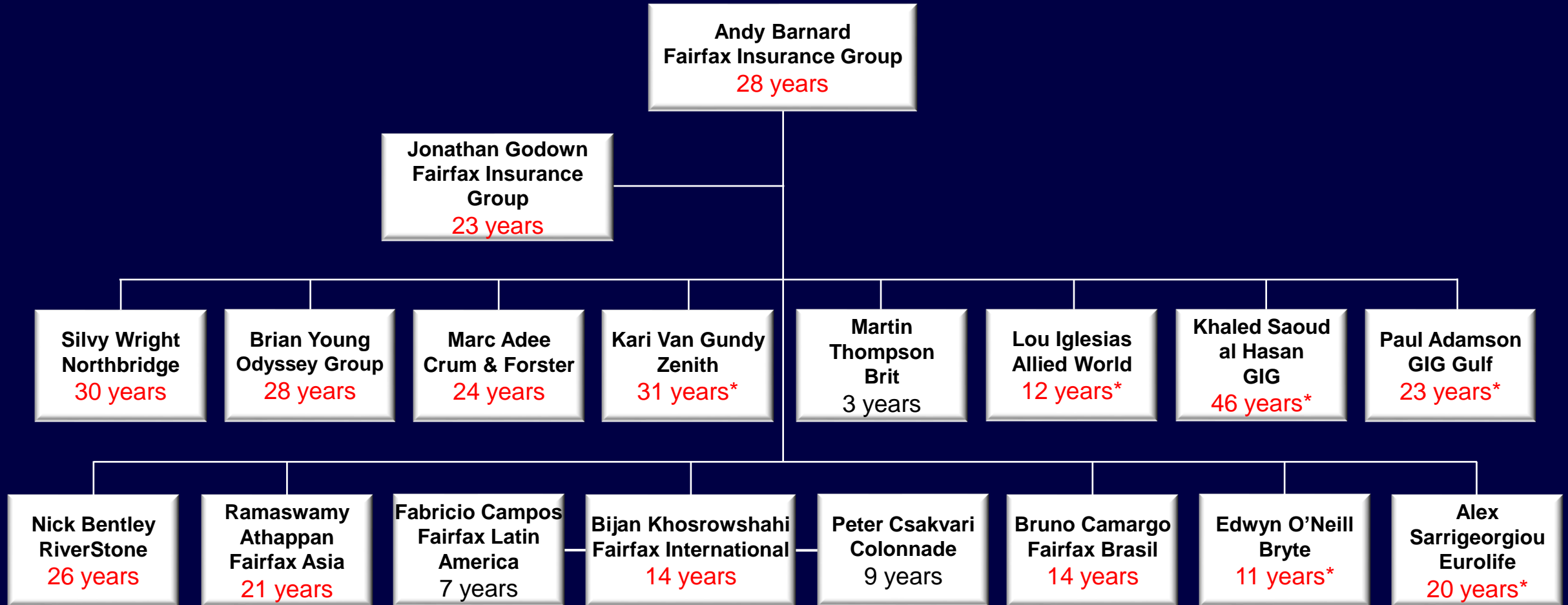


**15% long-term book value
per share CAGR target
(achieved 18.9% since
inception)**

Fairfax Executives – Holding Company



Outstanding Operating Management Team



* Represents years with their company; otherwise represents years with Fairfax

Outstanding Investment Team

- Decentralized investment organization based on a long term value investment philosophy



Unconsolidated Balance Sheet – 2023

		Float	\$35.1
		Investments	60.8
		<i>Cash and ST</i>	6.7
		<i>Bonds</i>	37.3
		<i>Common stocks</i>	13.4
		<i>Other</i>	3.4
		Recipe	\$0.7
		Fairfax India	0.8
		Grivalia	0.6
		Thomas Cook	0.2
		Others	<u>0.2</u>
			<u>\$2.4</u>
		Cash/investments	\$1.8
		Associates/other	<u>1.6</u>
			<u>\$3.4</u>
		No near-term maturities	
	<i>(\$ billions)</i>		
Insurance and reinsurance operations	\$24.6		
Non-insurance operations	2.4		
Holding company cash, investments and other	<u>3.4</u>		
Total assets	<u>30.4</u>		
Long term debt	6.9		
Accounts payable and other	0.6		
Shareholders' equity	<u>22.9</u>		
Total liabilities and shareholders' equity	<u>30.4</u>		

Income Statement – 2023

(\$ billions)

Gross premiums written	\$28.9	<u>Global diversified premium mix</u>	
Underwriting profit	1.5	<u>93.2% combined ratio</u>	
Investment return	5.0	Interest and dividends	\$1.9 bn
Net earnings	4.4	Share of profit of associates	1.0
		Gains on bonds	0.7
		Gains on equities	1.2
		FX and other	<u>0.2</u>
			<u>\$5.0</u>
Growth in book value	25%	<i>Return on average portfolio</i>	8.4%

Strong Underwriting Results – 2023

	Combined Ratio	Change in Gross Premiums 2023 vs. 2022
Northbridge	91%	6%
Odyssey Group	93%	(3%)
Crum & Forster	98%	14%
Zenith	94%	1%
Brit	92%	(5%)
Allied World	89%	5%
International	<u>96%</u>	<u>21%</u>
Consolidated	<u>93%</u>	<u>5%</u>

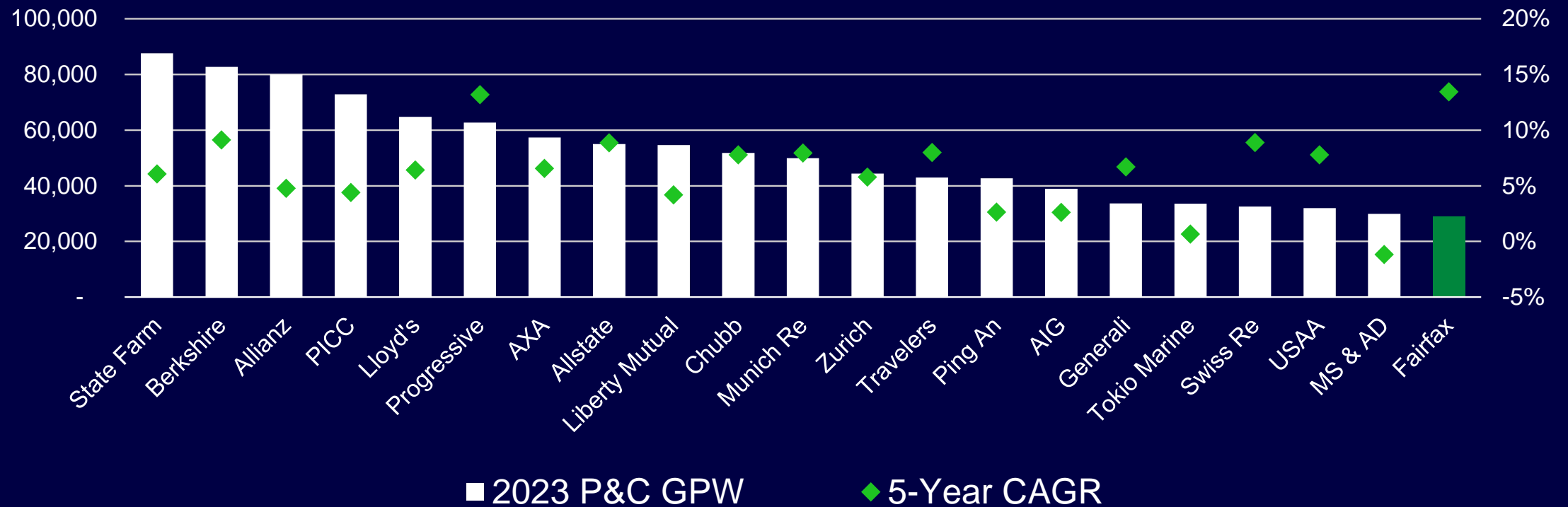
- Combined ratio of 93% with continued strong reserving

Underwriting Profit

	Gross	Underwriting	Catastrophe	Combined
<i>(\$b)</i>	Premiums	Profit	Losses	Ratio
	Written			
2023	28.9	1.5	4.0%	93.2%
2022	27.6	1.1	6.1%	94.7%
2021	23.8	0.8	7.5%	95.0%
2020	19.0	0.3	9.5%	97.8%
2019	16.9	0.4	4.0%	96.9%

Benefited Greatly from Hard Insurance Market

Among Top 20 Global P&C Groups⁽¹⁾



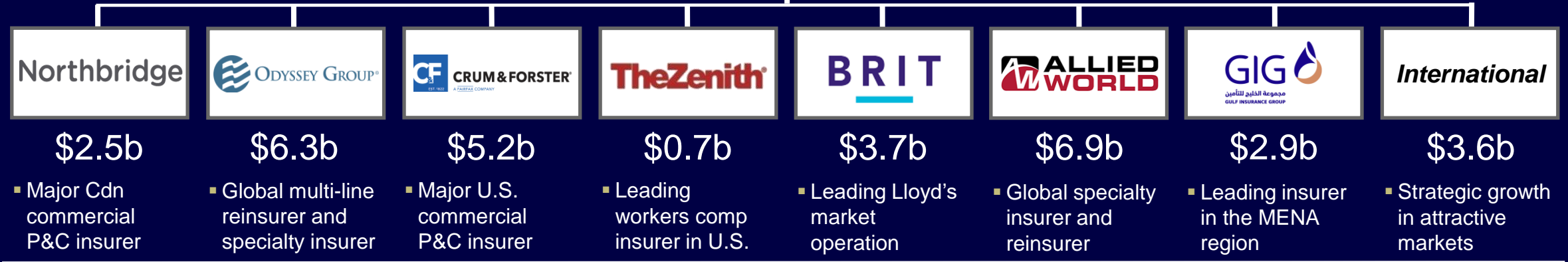
(1) Excluding Lloyd's

Decentralized Operations



▪ Manager of global runoff business

\$31.8 Billion in Gross Premiums Written in 2023⁽¹⁾



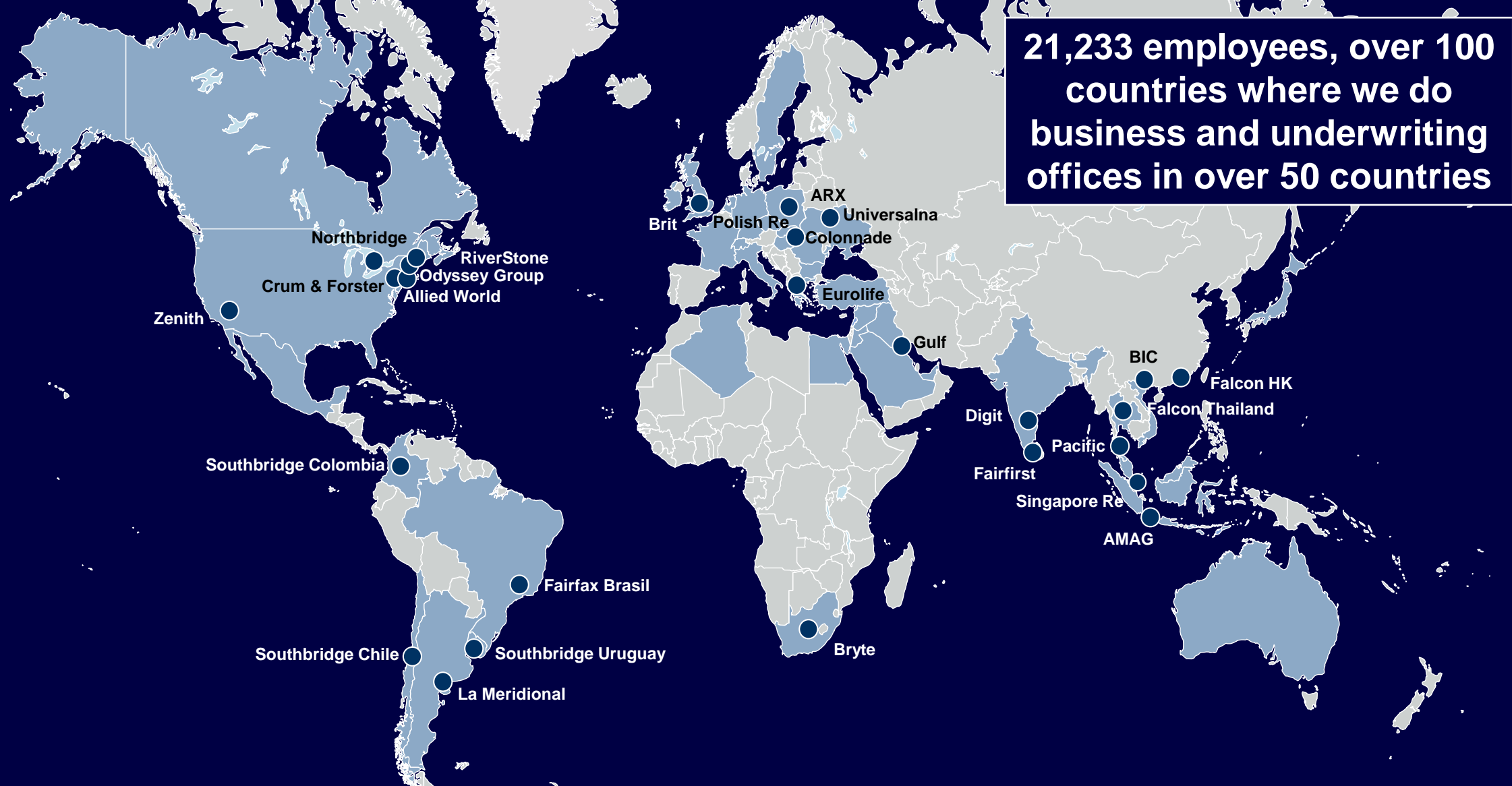
▪ \$2.7b IFRS equity	▪ \$6.8b IFRS equity	▪ \$3.3b IFRS equity	▪ \$1.3b IFRS equity	▪ \$3.4b IFRS equity	▪ \$6.3b IFRS equity	▪ \$2.0b IFRS equity	<ul style="list-style-type: none"> ▪ Bryte (South Africa) ▪ Fairfax Asia ▪ Fairfax Latam ▪ Fairfax Brasil ▪ Colonnade (CEE) ▪ Polish Re ▪ Fairfax Ukraine ▪ Eurolife (Greece) ▪ Group Re ▪ Digit (India)
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(1) Gross Premiums Written includes GIG and Falcon Thailand full twelve months results for year ended December 31, 2023 (GIG was consolidated on December 26, 2023, and Falcon Thailand was consolidated on July 11, 2023)

Importance of Float

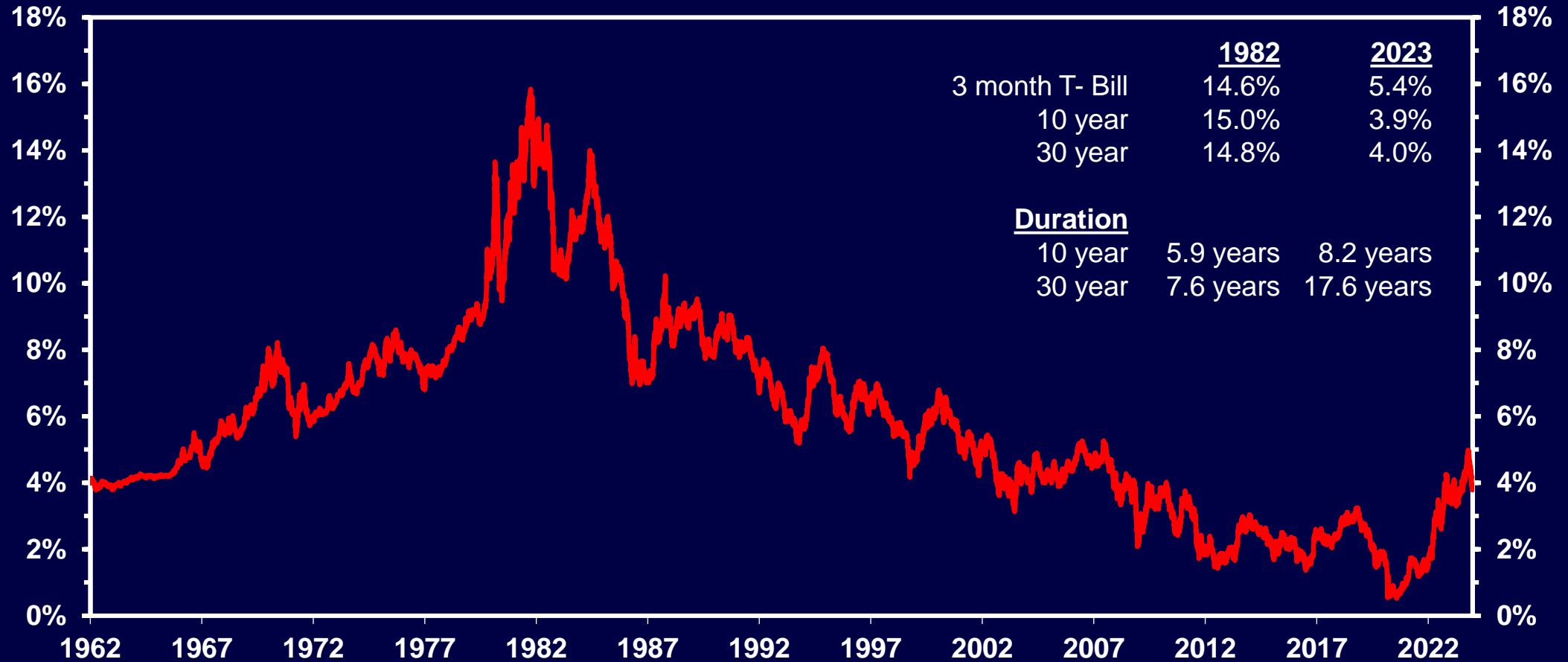
	Total Float (\$ billions)	Float per Share
1985	0.01	\$2 ½
1995	0.7	74
2005	8.8	492
2015	17.2	775
2023	35.1	1,525
CAGR		18%
	<u>Benefit of float</u>	<u>Cumulative</u> <u>underwriting profit</u>
Last 5 years	3.3%	\$4.1 billion
Last 10 years	2.8%	\$5.6 billion

Global Diversified Operations



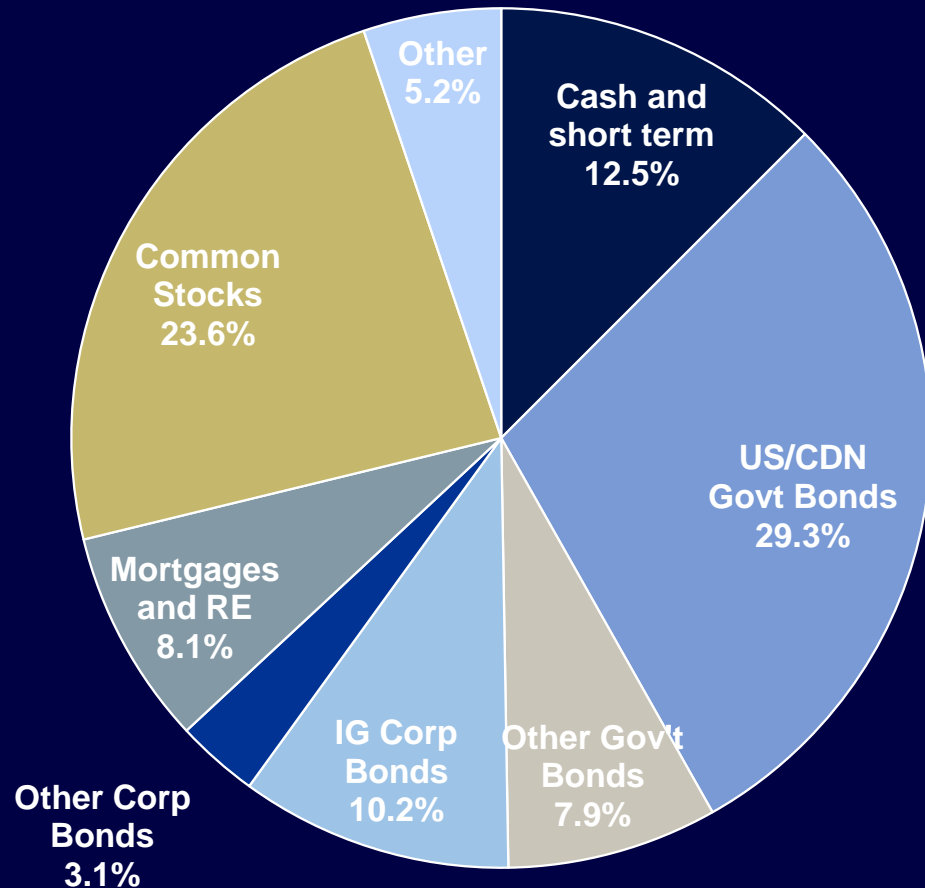
U.S. Treasury Rates

10-Year Treasury Constant Maturity Rate



Well Positioned Investment Portfolio

\$64.8 billion at December 31, 2023



- Not focused on short term results
- Capital preservation a priority
- Timely purchase of 5-7yr U.S. Treasuries in Q4'23
 - Fixed income duration now ~3 years
 - Expect interest and dividends of \$2.0bn+ for next four years
 - Limited credit risk

Interest & Dividend Income

	Interest and dividends	Yield on fixed income portfolio (including cash)	% of fixed income portfolio in cash and short-dated treasuries
<i>(\$m)</i>			
2023	1,896	4.6%	23%
2022	962	2.2%	54%
2021	641	1.5%	69%
2020	769	2.3%	56%
2019	880	2.8%	61%

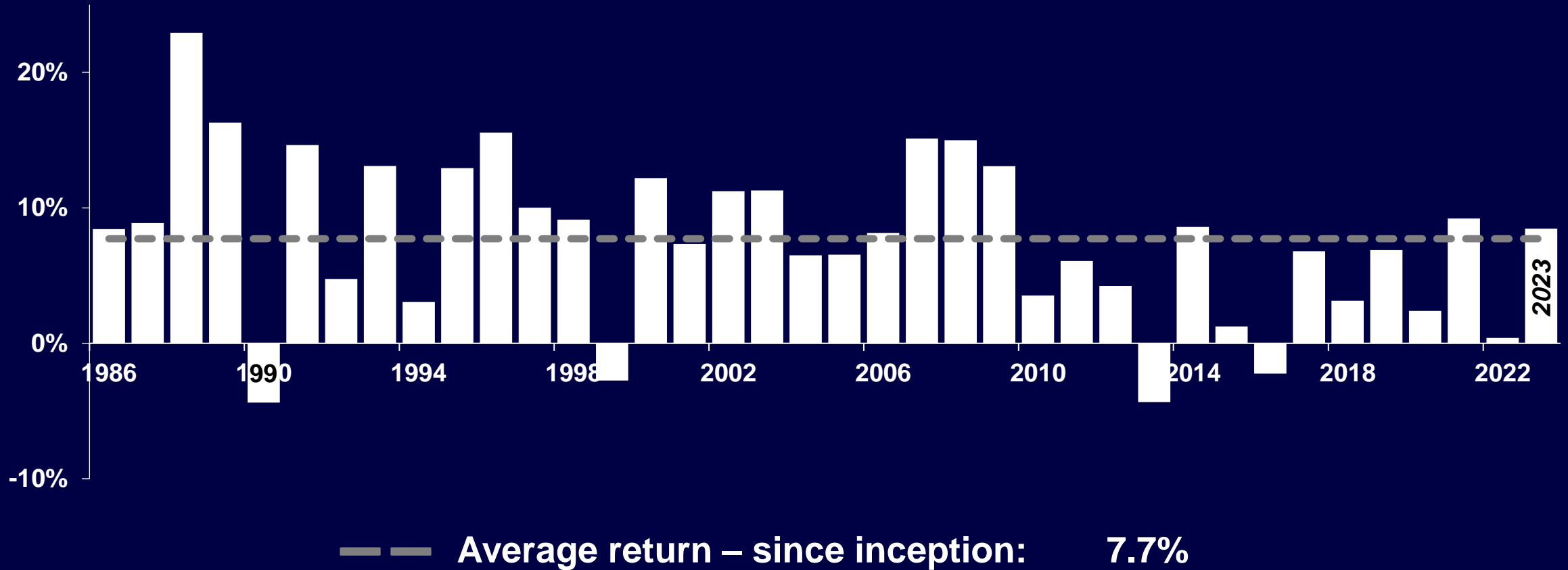
Investments in India

	Date of Investment	Ownership	Cost <i>(\$m)</i>	Fair Value at Dec 31, 2023 <i>(\$m)</i>	Compound Annualized Return
Thomas Cook India	Aug 2012	65%	278	490	14.1% ⁽¹⁾
Fairfax India	Jan 2015	43%	534	875	6.7%
Digit	Feb 2017	49%	154	2,265	61.9%
Quess	Dec 2019	35%	346 ⁽²⁾	322	0.4%
Other			318	295	(0.3%)
			<u>1,630</u>	<u>4,247</u>	<u>16.2%</u>

(1) Includes dividends received (\$12 million) and spinoff of Quess (\$330 million)

(2) Cost shown for Quess represents its market value on December 5, 2019, the date it was spun off from Thomas Cook India

Total Return on Investment Portfolio



Strong Financial Position

<i>(\$ millions)</i>	2023	2022
Holding company cash and investments	<u>1,749</u>	<u>1,326</u>
Borrowings - holding company	6,929	5,888
Borrowings - insurance and reinsurance companies	<u>896</u>	<u>733</u>
Total debt	7,825	6,621
Common shareholders' equity	21,615	17,780
Preferred stock	1,336	1,336
Non-controlling interests	<u>3,116</u>	<u>2,213</u>
Total capital	33,892	27,950
Total debt/total capital	23.1%	23.7%
Net debt/net total capital	18.9%	19.9%
Adj. operating income interest coverage	11.9x	8.1x

Business Can be a Force for Good

- Over 38 years we wrote cumulative premiums of \$258 billion
- Pay annual salaries and benefits of \$2 billion to our employees all over the world
- Made cumulative donations of \$315 million since we began our donation program in 1991
- Paid taxes of \$5.7 billion since inception to countries where we do business
- Grew book value per share at 18.9% since inception for our shareholders
- Developed a strong fair and friendly culture

FAIRFAX

FINANCIAL HOLDINGS LIMITED
