

To our Shareholders,

We celebrated our fortieth anniversary since we began in 1985 by having the best year in our history (again) as our net income increased to a record \$4.8 billion.¹ We first mentioned that our company was transformed in 2022 and in the last four years gross premiums are up 40%, underwriting profit is up 127%, interest and dividend income is up 302% and book value per share is up 100%! In 2025, book value increased by 21% (adjusted for our \$15 dividend) to \$1,260 per share and our stock price increased by 31% to Cdn\$2,616 per share. The drivers included record underwriting profit of \$1.8 billion, record interest and dividend income of \$2.6 billion, and net gains on investments of \$3.2 billion.

Since we began in 1985 our book value per share has compounded by 18.7% per year (including dividends), while our common stock price has compounded by 19.5% (including dividends) annually. As I have mentioned many times before, our success throughout our history and again in 2025 has come under a decentralized structure (which will never change!) with outstanding management executing a disciplined approach to underwriting, combined with a long-term value-oriented investment philosophy.

We took time last year to discuss the importance of our decentralized philosophy and why we are so fervently attached to it. Please read this section in last year's annual report again because our decentralized approach and empowerment of our leaders is key to our success.

The table below shows our growth since 2017, after we purchased Allied World. We have benefited greatly from a hard market that began in 2019 but is now beginning to soften.

	Gross Premiums Written			Average Combined Ratio
	2017	2025	% Change	
	<i>(\$ billions)</i>			
Northbridge	1.2	2.4	103%	91%
Crum & Forster	2.1	6.2	191%	96%
Odyssey Group	2.7	6.3	131%	94%
Allied World	3.1	7.4	138%	92%
Brit / Ki	2.0	3.9	90%	97%
Total	13.8	33.3	141%	95%

We have increased our premiums since 2017 by almost 150% or \$20 billion, of which \$17 billion was organic growth. (The rest is primarily from the consolidation of Gulf Insurance.) That organic growth was obtained for free, i.e. we did not have to pay billions in acquiring a company!

We paid \$4.2 billion for Allied World in 2017. Since then, under Lou Iglesias's outstanding leadership, they have earned \$4.8 billion, more than covering our purchase price. As you may remember, we bought Odyssey in 1996 (the old Skandia). Then we purchased TIG, Sphere Drake and CTR Paris for a total investment of \$1.2 billion. Odyssey have earned \$9.8 billion, making it perhaps our most successful acquisition – all led by Andy Barnard and Brian Young. Some of you may have thought that TIG was a very poor acquisition in 2002, but Andy made all these pieces fit together and each played a valuable role in their combined success! Together they gave us a big footprint in the U.S., a global presence and a vital diversification into reinsurance.

	2017	2018	2019	2020	2021	2022	2023	2024	2025
	<i>(\$ billions)</i>								
Underwriting profit (loss)	(0.6)	0.3	0.4	0.3	0.8	1.1	1.5	1.8	1.8
Catastrophe losses	1.3	0.8	0.5	0.6	1.1	1.3	0.9	1.1	1.2
Reserve redundancy	0.5	0.8	0.5	0.5	0.4	0.2	0.3	0.6	0.8

¹ Amounts in this letter are in U.S. dollars unless specified otherwise. Numbers in the tables in this letter are in U.S. dollars and \$millions except as otherwise indicated. Some numbers may not add due to rounding. Certain of the performance measures and ratios in this letter do not have a prescribed meaning under IFRS Accounting Standards and may not be comparable to similar measures presented by other companies. See the Glossary of Non-GAAP and Other Financial Measures in the MD&A (MD&A Glossary) and the Appendix to Chairman's Letter to Shareholders (Appendix) for details.

We had record underwriting profits despite catastrophe losses of \$1.2 billion in 2025 – mainly from the California wildfires in the first quarter of 2025. Fairfax has been hit by average catastrophe losses of over \$1 billion annually over the last five years, yet we have still made excellent underwriting profits each year. Ours is a risk business and catastrophes are inevitable, but our size and scale allow us to absorb them! Our reserves are in great shape – we have had reserve redundancies each year over the past 19 years – for a total of \$6.9 billion.

	2017	2018	2019	2020	2021	2022	2023	2024	2025
	<i>(\$ billions)</i>								
Interest and dividend income	0.6	0.8	0.9	0.8	0.6	1.0	1.9	2.5	2.6
Share of profit (loss) of associates	0.2	0.2	0.2	(0.1)	0.4	1.0	1.0	1.0	0.8
Total investment portfolio	39.3	38.8	39.0	43.2	53.0	55.5	64.8	67.4	74.9

Our interest and dividend income increased modestly in 2025 to record levels of \$2.6 billion. As always, we do not reach for yield – our fixed income portfolio is mainly government bonds (i.e. treasuries) and most carry a term to maturity of 3 – 4 years.

Our share of profit from associates (a category of holding where Fairfax has an influential but not controlling stake – typically 20-50%) was \$816 million in 2025, driven by strong earnings at Eurobank and Poseidon. Share of profits of associates, however, no longer includes profit from Peak (now consolidated) and Sigma (sold last year). Those two holdings contributed \$91 million to associate profit in 2024.

Our total investment portfolio has increased significantly in 2025 to \$74.9 billion from \$67.4 billion last year and \$43.2 billion in 2020! That growth bodes well for interest and dividend income in the future.

Our operating income (underwriting income, interest and dividend income, plus our share of profits of associates) was a little below 2024, mainly because of lower profit of associates, as explained above.

	2017	2018	2019	2020	2021	2022	2023	2024	2025
	<i>(\$ billions)</i>								
Re/insurance adjusted operating income (loss)	(0.2)	1.0	1.1	0.9	1.6	2.6	3.9	4.8	4.6

As we have said in past years, it is likely (not guaranteed, please note), that we can maintain this operating income for the next four years. This has been magnified by the significant decrease in our shares outstanding from stock buybacks as shown below. We bought back and cancelled 1 million shares in 2025. Offset by the reissuance of 0.2 million treasury shares, the net decrease in shares outstanding was 0.8 million shares. The decline from 2017 to the end of 2025 is 24.8% or 6.9 million shares.

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Shares outstanding	27.8	27.2	26.8	26.2	23.9	23.3	23.0	21.7	20.9

The table below shows the key metrics for Fairfax on a per share basis:

	2017	2025	% Change
<u>Per Share</u>	<u>(\$)</u>		
Gross premiums	499	1,596	220%
Float	826	1,956	137%
Investment portfolio	1,415	3,589	154%
Common shareholders' equity	450	1,260	180%
Re/insurance adjusted operating income (loss)	(8)	222	

We can see sustaining our consolidated operating income for the next four years at \$5 billion (again, no guarantees) consisting of underwriting profit of \$1.5 billion or more, interest and dividends of \$2.5 billion and income from associates and non-insurance consolidated income of \$1 billion. That would represent about \$150 per share after taxes, interest expense, corporate overhead and other costs. These figures are all, of course, before fluctuations in realized and unrealized gains and losses in stocks and bonds! Lately, our earnings are less lumpy than they used to be, but investment gains and losses remain lumpy by nature.

On a per-share basis, our shareholders' equity or book value per share has increased 180% from 2017 to 2025 and the operating income of our insurance and reinsurance operations (before fluctuations in stock and bond prices) increased from a loss of \$8 per share to a gain of \$222 per share. To be clear, we expect to make significant profits from our common stock positions – but we don't know when! Remember, we have \$20.5 billion in common stock investments on which we expect to realize significant profits over time. Since inception, we have recorded approximately \$22 billion in total gains: \$13.6 billion in common stock gains, \$5.0 billion in bonds, \$2.1 billion in CDS and the rest on non-consolidated insurance operations including ICICI Lombard and Digit Insurance, foreign exchange and others. As I have mentioned before, our operating income will give us a lot of stability going forward and realized gains on common stocks, bonds and other investments will be significant over the long term.

We continue to encourage all our employees to be shareholders of Fairfax. We think it will be a great investment for them over the long term and great for the company to have our employees as shareholders in the company. As part of that initiative, close to 10 years ago we decided to have a general principle that our annual bonuses to senior executives across the company would be awarded 50% in cash and 50% in Fairfax shares that vest in five years. As these bonus shares are awarded, the company buys the shares in the market (which comes out of shares outstanding) and they are recorded as treasury shares, as shown in the table below. As the shares are vested and or exercised, the shares are then reissued and come out of treasury shares and back into shares outstanding. You can see over the years our treasury shares have increased from 0.6 million to 1.8 million today. We think this is fantastic and hope they continue to grow over time.

You will notice that the treasury shares acquired have remained relatively consistent over the last five-year period, especially when compared to our increased employee numbers. Our total compensation, including benefits, paid to our employees worldwide was \$2.9 billion in 2025, of which \$189 million was awarded in Fairfax shares. As I have said in the past, we would love to have all our employees as owners of Fairfax. Of course, no new shares are issued for these plans. They are all bought in the market.

	Treasury Shares	Acquired in the Year	Reissued in the Year
	<i>(in millions)</i>		
2015	0.6		
2016	0.7	(0.1)	0.0
2017	0.9	(0.3)	0.0
2018	1.2	(0.4)	0.1
2019	1.4	(0.2)	0.1
2020	1.7	(0.5)	0.1
2021	1.9	(0.3)	0.1
2022	2.0	(0.3)	0.1
2023	2.0	(0.1)	0.2
2024	2.0	(0.2)	0.2
2025	1.8	(0.1)	0.3

Fairfax also has an Employee Stock Ownership Plan that is available to essentially every employee in the company. The plan offers each employee the opportunity to take up to 10% of their salary annually in Fairfax shares. The company will automatically match 30% and then if certain targets are met (primarily underwriting profit), the company matches an additional 20%. The participation rates differ by company but generally for our large companies, we have a participation rate of approximately 60% and it has been increasing over time. (More on this plan in the Miscellaneous section at the end of the letter.)

Here is how our insurance companies performed in 2025 (on an undiscounted basis):

	Underwriting Profit (Loss)	Combined Ratio	Catastrophe Losses	Combined Ratio Excluding Catastrophe Losses	Change in Gross Premiums 2025 vs 2024
Northbridge	238	89%	1%	88%	(5)%
Crum & Forster	236	95%	1%	94%	9%
Zenith	(15)	102%	0%	102%	7%
Odyssey Group	375	94%	11%	83%	1%
Allied World	546	89%	6%	84%	3%
Brit	184	93%	7%	85%	4%
Ki	33	96%	4%	92%	4%
International Re/Insurers (excl. Gulf)	166	94%	1%	93%	8%
Gulf Insurance	53	96%	0%	96%	(15)%
Consolidated	<u>1,817</u>	<u>93%</u>	<u>5%</u>	<u>88%</u>	<u>2%</u>

Of our major insurance companies, Zenith is the only one that had a combined ratio above 100% because of the poor pricing environment in the workers' compensation market. These conditions are why Zenith has not been growing premiums – which is exactly how we expect them to respond!

For a few years now, I have highlighted the experienced team we have leading our insurance companies and holding company. This is a huge plus for us. I might not repeat this table every year but wanted to highlight it again this year.

Company	President	Years with Fairfax	Years with the Company
Northbridge	Silvy Wright	32	32
Odyssey Group	Carl Overy	25	25
Crum & Forster	Marc Adee	26	26
Zenith	Davidson Pattiz	16	20
Brit	Martin Thompson	5	4
Ki	Mark Allan	11	16
Allied World	Lou Iglesias	9	14
Gulf Insurance Group	Khaled Saoud al Hasan	16	48
GIG Gulf	Paul Adamson	5	25
Falcon (Hong Kong)	Jeff Sung	3	3
Falcon (Thailand)	Sopa Kanjanarintr	18	18
Pacific (Malaysia)	Gobi Athappan	25	15
AMAG (Indonesia)	Pakaj Oberoi	9	9
Fairfirst (Sri Lanka)	Ravi Wickneswaran	11	13
Singapore Re	Phillippe Mallier	29	5
Bryte (South Africa)	JP Blignaut	9	13
Colonnade (CEE)	Peter Csakvari	11	11
Polish Re	Jacek Kugacz	17	30
ARX Insurance (Ukraine)	Andrey Peretyazhko	6	20
Universalna (Ukraine)	Oleksiy Muzychko	6	17
Fairfax Brasil	Bruno Camargo	16	16
Southbridge Colombia	Marta Lucia Pava	9	19
Southbridge Chile	Fabiana de Nicolo	9	11
Southbridge Uruguay	Marcelo Lena	9	26
La Meridional (Argentina)	Federico Guthmann	9	18
Eurolife (Greece)	Vassilis Nikiforakis	9	18
RiverStone	Bob Sampson	29	29
Fairfax Insurance Group	Andy Barnard	30	
Fairfax Insurance Group	Brian Young	30	
Fairfax Asia	Gobi Athappan	25	
Fairfax Latam	Fabricio Campos	9	
Fairfax International	Bijan Khosrowshahi	16	

	Title	Years with Fairfax
Fairfax Officers*		
Jennifer Allen	VP & Chief Business Officer	20
Bryan Bailey	VP, Tax	9
Derek Bulas	VP, Chief Legal Officer & Corporate Secretary	14
Peter Clarke	President & Chief Operating Officer	28
Jean Cloutier	VP & Chairman International	32
Olivier Quesnel	VP & Chief Actuary	19
Thomas Rowe	VP, Corporate Affairs	10
Amy Sherk	VP & Chief Financial Officer	22
John Varnell	VP, Corporate Development	39
Michael Wallace	VP, Insurance Operations	6
Fairfax Investment Committee*		
Brian Bradstreet	Sr. Managing Director, Fixed Income	39
Wade Burton	President & Chief Investment Officer	18
Lawrence Chin	Chief Operating Officer	10
Peter Clarke	President & Chief Operating Officer – Fairfax	28
Roger Lace	Chairman	40
Quinn McLean	Sr. Managing Director, Middle East & Africa	15
Chandran Ratnaswami	Sr. Managing Director, Asia	32
Kleven Sava	Managing Director, Fixed Income	18

* *All members of the Fairfax Executive Committee*

Last year we announced a number of successions at our insurance and reinsurance operations, all of which were internal. We are very happy to report that all have gone seamlessly without any of the companies missing a beat. Late in 2025 we announced Alex Sarrigeorgiou, who has done an outstanding job leading Eurolife since we acquired them in 2016, will move to Chairman of Eurolife (general insurance) and Chairman of our new Cyprus insurance operations. Vassilis Nikiforakis, CFO of Eurolife, will become Managing Director and CEO of the general insurance business. Vassilis has been with Eurolife for 18 years and is another great example of the internal transitions that we like within the organization.

Also late in 2025, Mr. Khaled Saoud Al Hasan retired as Group CEO of Gulf Insurance, marking the conclusion of nearly five decades of dedicated service that transformed Gulf Insurance into one of the largest and most successful insurance companies across the Middle East. While retiring from his executive role, he will continue as Vice Chairman of the Group. Bijan Khosrowshahi will assume some of the CEO responsibilities during a transition period in his role as Chairman.

Brian Young had a very successful first year as President of Fairfax Insurance Group, working closely with Andy. He has made significant contributions throughout our operations, especially on the international side. Peter and I are very excited about the positive and increasing impact Brian will have on our insurance company fortunes in the coming years.

As we mentioned last year, we were in the process of a transition of our Chief Financial Officer at the holding company from Jennifer Allen to Amy Sherk. The transition was seamless and Amy has done a fantastic job in her first year. Jenn worked closely with Amy over the past year to ensure the transition was smooth, and now we are benefiting greatly from Jenn's vast experience as she works with Peter and the other executives at Fairfax in her new role as Chief Business Officer.

We were pleased to announce that Mr. Amitabh Kant has joined us as a senior advisor. Amitabh Kant has enjoyed a distinguished career spanning over four decades in public service and has a proven track record of driving transformative initiatives across India. As his experience shows, Amitabh has outstanding experience in many of the key areas that India intends to grow significantly in coming years, but what we especially value is his high integrity and alignment with the values of Fairfax.

We are pleased to report that late in 2025, Hafize Gaye Erkan joined Fairfax as President of Banking and Insurtech. She has a wealth of knowledge of the banking sector through senior positions at Goldman Sachs & Co, Co-CEO

and President of First Republic Bank and most recently as Governor of the Central Bank of Turkey. Hafize will initially provide oversight to our banking operations and assist with developing opportunities in the Insurtech space. A big welcome to Hafize.

In October 2025, we agreed to sell our 80% ownership in Eurolife's life insurance business to Eurobank for €813 million. Eurobank will wholly-own the life insurance business, while Fairfax will maintain its 80% interest in the property and casualty insurance business operated by Eurolife. As part of the transaction, we will acquire from Eurobank a 45% stake in ERB Asfalistiki, a property and casualty insurance business in Cyprus owned by Eurobank, for €59 million. We will have the right to acquire the remaining 55% in the next few years. We are very pleased to be able to maintain the focus of our insurance operations on property and casualty insurance as well as reinsurance, while still benefiting from the continued success of Eurolife's life insurance business through our stake in Eurobank. This business has done incredibly well under the leadership of Alex Sarrigeorgiou, and we expect that it will continue to perform very well under the ownership of Eurobank and its leader, Fokion Karavias. The sale is expected to close in the second quarter of 2026.

Now in its second year as a public company, Digit Insurance continues to excel under the leadership of Kamesh Goyal. Digit Insurance finished 2025 with \$1.3 billion of premium, 5,000 employees and had \$113 million in earnings. With the success of Digit Insurance, we have partnered with Kamesh again in India on Digit Life Insurance and a reinsurance company called Valueattics Re. We have invested \$80 million for a 34% interest in Digit Life and \$16 million for a 65% interest in Valueattics. It is still early days, but Digit Life wrote \$185 million of premium in only its second year and Valueattics wrote \$20 million of premium in just its first six months.

The rating agencies continue to recognize our strong financial results, the size and scale of our decentralized insurance operations and our solid financial position. Standard & Poor's upgraded the financial strength ratings for our core insurance operations to AA- and our debt ratings to A-. AM Best increased our financial strength ratings to A+ for Northbridge, Crum & Forster and Allied World (Odyssey was already rated A+). Fitch upgraded our debt ratings to BBB+, and Moody's and DBRS put our ratings on positive outlook. This is the first time we have had "AA" financial strength and "A" debt rating levels in our history from Standard and Poor's. We look to continue to strengthen our ratings in the future.

In 2025, we completed four bond offerings. In May we completed a \$500 million 10-year bond issue and a \$400 million 30-year bond issue with coupons of 5.75% and 6.5%, respectively. In August we completed a Cdn\$400 million 10-year bond issue and a Cdn\$300 million 30-year bond issue with coupons of 4.45% and 5.1%, respectively. With the proceeds we redeemed \$524 million of preferred shares and augmented holding company cash.

Last year we announced that in remembrance of Mr. Athappan, one of the world's best underwriters, we were instituting a cup to be awarded to one company each year for underwriting excellence. In 2024 that award was presented to Silvy Wright and Northbridge. Despite significant catastrophe losses in Canada, Northbridge posted a stellar combined ratio of 89.3%, strong reserving and writing Cdn\$3.5 billion of premium while providing excellent customer service to its customers. This year we will announce the 2025 winner at our annual meeting – we are very pleased to say there are many strong candidates!

Last year we also announced an award in honour of Rick Salsberg which will be given each year to an individual who best represents our culture. We were very pleased to announce the inaugural winner of that award was Bijan Khosrowshahi. Bijan joined us in 2009, even though we did not have a job for him. Today, he oversees many of our international operations, including Gulf Insurance, Colonnade and Fairfax Latin America. Bijan represents our culture very well – he is smart, hardworking, and treats everyone in our fair and friendly way. This year's award winner will also be announced at our annual general meeting.

Also, in honour of Rick Salsberg, we announced last year we would help fund a Memorial Leadership Lecture series in Rick's name at the University of Toronto Faculty of Law. We are happy to say the inaugural lecture was held on January 12th, 2026, in front of a packed house. It involved a panel of established leaders from many different backgrounds discussing thoughtful and principled leadership.

As we have often said, our people are our greatest asset, and their health and wellbeing remain our top priority. It has now been almost a year since we lost Vinodh Loganadhan, and we continue to honour his memory by strengthening our focus on the heart health of our employees and their families. This commitment has already helped save or extend the lives of many across our organization. Our people give so much to us, and supporting their health is the least we can do for them. We are encouraged by recent advancements in coronary imaging and have begun exploring ways to offer and promote new AI-based technology to our employees and their families in the years ahead.

As we have said in previous years, we continue to manage our insurance operations on an undiscounted basis, but under IFRS 17, the discounting and change in risk adjustment resulted in a pre-tax loss to earnings of \$424 million, this year compared to a \$168 million gain last year. This was offset by gains on bonds of \$385 million this year and a loss of \$731 million last year. More on this in our MD&A.

In 2017 we purchased an 81% interest in Sigma Companies International for \$41 million. Led by Victor Pais, Sigma is a manufacturer and supplier of products used in water, stormwater and drainage infrastructure. Victor and team did an outstanding job navigating some turbulent times while at the same time building a great company. Early in 2025, Victor sold the company, with our interest being \$284 million cash and a 16% ownership in the acquiring company worth \$43 million for a 31% annual compound return. We wish Victor and the team all the best in the future.

On November 4, 2025, we announced that Bill McMorrow and his management team will take Kennedy Wilson private with the help of Fairfax. We have invested with Bill since 2010 and have done exceptionally well over that time period. So, when Bill suggested we take Kennedy Wilson private, we were very pleased to be his partner. On February 17, 2026, Kennedy Wilson announced that their special committee had accepted \$10.90 per share from Bill and us, a 46% premium from the price of \$7.47 per share it traded at before the offer. Our initial offer was \$10.25 per share and the shares never traded above that price since the offer. We expect this deal to close in the second quarter of 2026.

In December 2025, we were very pleased to acquire the MW Eat Ltd. restaurant group, which comprises some of the United Kingdom's finest and most celebrated Indian restaurants, including Chutney Mary, Amaya, Veeraswamy, and Masala Zone. This restaurant group was founded and has been carefully led and managed by Namita Panjabi, Camellia Panjabi, and Ranjit Mathrani for 35 years. Veeraswamy will be celebrating its 100th anniversary in March 2026. The continuing operations of MW Eat will be run by Piero Sardano, reporting into Frank Hennessey and his team at Recipe, with continued advice and guidance from Ranjit, Namita, Camellia. We think that many of the brands within the group could be very successful in other places around the world.

We have always focused on the long term. This became even clearer to us with our investment in Eurobank. We first purchased Eurobank in April 2014 at €31.00 per share. We then participated in a Eurobank capital raise in November 2015 at €1.00 (Yes €1.00!) Finally, in May 2019, Grivalia Properties (we owned 53%) merged with Eurobank for shares at €0.38 per share.

Our all-in cost for the 1.3 billion shares in Eurobank that we owned was €0.94 per share or a total of €1.2 billion (US\$1.5 billion). Net cash invested of €1.2 billion was reduced to €1.1 billion at December 31, 2020 by dividend payments of €82 million prior to 2020.

The table below shows you our cumulative return for the last six years:

	Fairfax's Investment (€bn)				
	Eurobank Share Price	Net Cash Invested ⁽¹⁾	Market Value	Total Return	Annualized Return (%)
Dec 31, 2020	€0.58	1.1	0.7	(0.4)	-7%
2021	€0.89	1.1	1.1	0.0	1%
2022	€1.06	1.1	1.3	0.3	3%
2023	€1.61	1.1	2.0	1.0	7%
2024	€2.23	1.0	2.8	1.9	11%
2025	€3.43	0.6	4.0	3.5	14%
Feb 27, 2026	€3.92	0.5	4.6	4.0	15%

(1) Net cash invested represents Fairfax's total cash outlay less cumulative distributions and sale proceeds

Eurobank began paying dividends and buying back its shares in 2024 and 2025 (returning about 50% of earnings to shareholders). As we are restricted to 33% of the shares, our net cash invested (net cost) in Eurobank shares has dropped from €1.1 billion to €0.5 billion while the market value of our investment has gone up from €0.7 billion in 2020 to €4.6 billion (US\$5.4 billion) today for an unrealized gain of \$4.6 billion (on cost) and a 15% compounded annual return from inception in 2014. As the table shows, our annualized return since inception went from -7% in 2020 to 15% today as the Eurobank stock price increased. The long term is where it's at and patience quite often (not always, remember BlackBerry!) is a virtue! Eurobank is by far the best investment we have had in our 40 years!

After 40 years, here's what our insurance business looks like worldwide:

Fairfax Worldwide Insurance Operations as at December 31, 2025

	Ownership	Country	Gross Premiums		Combined Ratio	Investment Portfolio
			Written	% of Total		
Northbridge	100%	Canada	2,398	7%	89%	5,318
Crum & Forster	100%	United States	6,160	19%	95%	9,748
Zenith	100%	United States	777	2%	102%	1,760
North American Insurers			9,335	28%	94%	16,826
Odyssey Group	90%	United States	6,283	19%	94%	18,034
Allied World	83%	Bermuda	7,383	22%	89%	15,696
Brit	100%	United Kingdom	3,073	9%	93%	6,817
Ki	20%	United Kingdom	828	2%	96%	1,683
Global Insurers and Reinsurers			17,567	53%	92%	42,229
Falcon	100%	Hong Kong	126	0%	94%	330
Falcon	100%	Thailand	110	0%	99%	61
Pacific	85%	Malaysia	243	1%	98%	247
AMAG	81%	Indonesia	174	1%	95%	191
Fairfirst	100%	Sri Lanka	41	0%	115%	54
Singapore Re	100%	Singapore	388	1%	77%	591
Valueattics Re	65%	India	14	0%	167%	25
Asian Insurers and Reinsurers			1,096	3%	90%	1,500
Fairfax Brasil	100%	Brazil	294	1%	94%	257
Southbridge Colombia	100%	Colombia	325	1%	97%	250
Southbridge Chile	100%	Chile	316	1%	90%	189
Southbridge Uruguay	100%	Uruguay	27	0%	99%	23
La Meridional	100%	Argentina	269	1%	95%	116
South American Insurers			1,231	4%	95%	835
Bryte	100%	South Africa	490	1%	92%	487
Colonnade	100%	Luxembourg	392	1%	92%	608
Polish Re	100%	Poland	235	1%	95%	354
Fairfax Ukraine	100%	Ukraine	222	1%	95%	166
Eurolife General	80%	Greece	119	0%	101%	289
Gulf Insurance	97%	Kuwait	2,325	7%	96%	2,531
Group Re	100%	Barbados	272	1%	96%	1,369
Other International Insurers and Reinsurers			4,056	12%	95%	5,805
International Insurers and Reinsurers			6,383	19%	95%	8,140
Other ⁽¹⁾						7,665
Consolidated Insurers and Reinsurers			33,285	100%	93%	74,860
BIC ⁽²⁾	35%	Vietnam	211		93%	297
Albingia ⁽²⁾	33%	France	400		81%	864
Digit	49% ⁽³⁾	India	1,278		106%	2,504
Non-consolidated Insurance Companies⁽⁴⁾			1,889		100%	3,665
Total			35,174		93%	78,525

(1) Includes Life insurance, Run-off, holding company cash and investments, and other investments in associates

(2) BIC and Albingia (Fairfax acquired its stake on May 13, 2025) are as at and for the twelve months ended September 30 and December 31, 2025, respectively

(3) 58% upon conversion of securities, once regulatory approval is received

(4) Based on 100% level

As the table shows, including our non-consolidated insurance companies, we have \$35 billion in gross premiums with an investment portfolio of \$79 billion. Our size now ranks us in the top 20 property and casualty companies globally. We have built one of the premier insurance businesses in the world – fully decentralized and run by our Presidents. As we have said before, we will forego the cost synergies that might have come from centralization in exchange for highly-empowered entrepreneurial companies that are nimble, team-oriented and provide outstanding service to our customers all over the world. All of this is achieved within our unique fair and friendly culture. We prioritize our people over short-term cost savings at Fairfax! In fact, we hope we never have to lay off 5-10% of our staff as many businesses commonly do these days. We consider Fairfax to be one big family, focused on long-term performance.

We have over 275 profit centres across our group. Each profit centre is focused on a unique set of customers, geographies or products that benefit from market leadership, product knowledge and the ability to provide excellent customer service. These profit centres facilitate transparency, enabling Andy Barnard, Brian Young and Peter Clarke to effectively monitor the insurance operations. Empowerment thrives at Fairfax. We are always working on making our companies more indispensable to our customers.

Of the \$33 billion of our consolidated gross premiums, North America continues to account for 69%. Brit and Ki at Lloyd's accounts for 12% and the remaining 19% is widely dispersed in the Middle East (7%), Asia (3%), Latin America (4%) and other international locations (5%).

We continue to expect significant growth in our insurance operations in under-penetrated markets in countries outside North America and Europe.

Last year, I expressed again the hope that the war in Ukraine would have ended before writing this year's shareholder letter. Unfortunately, that has not occurred. We remain hopeful for a resolution. The conflict, which began nearly four years ago, has resulted in devastating human consequences. Despite these extraordinarily difficult circumstances, our Ukrainian operations have continued to perform well. Throughout this period, our three Ukrainian Presidents – Andrey Peretyazhko, Oleksiy Muzychko, and Svyatoslav Yaroshevych – supported closely by Jean Cloutier of Fairfax and JD Dolan and his team assisting us on the ground in Ukraine, have demonstrated exceptional leadership, prioritizing the safety of our employees and their families while delivering strong operating results. Our thoughts and prayers remain with our employees, their families, and the people of Ukraine. We will continue to provide this additional support for as long as the conflict persists.

As we have mentioned many times in the last 40 years, the reason we like the property and casualty insurance business is because of the float it generates.

	Gross Premiums		Float	
	Written			
	<i>\$ billions</i>	<i>\$ per Share</i>	<i>\$ billions</i>	<i>\$ per Share</i>
1985	0.02	3	0.01	\$ 2½
1990	0.1	15	0.2	30
1995	0.9	104	0.7	74
2000	3.7	284	5.9	449
2005	5.5	310	8.8	492
2010	5.4	263	13.1	641
2015	8.3	375	17.2	775
2020	19.0	725	24.3	927
2025	33.3	1,596	40.8	1,956
Annual growth				
1985-2025	21%	17%	22%	18%
2020-2025	12%	17%	11%	16%

In the last five years, our float has increased 11% per year while float per share has compounded by 16% per year. At \$40.8 billion, this is a long-term advantage for us.

Since 2021, we have shown the table below of our largest common stock holdings in each of three buckets: common stocks, which are marked to market; common stocks of associates, which are equity accounted; and common stocks, which are consolidated. The table shows you for each bucket as at December 31, 2025, including

the shares we own and the per-share carrying values and market values of those shares. At year-end, the total market value of these common stock holdings exceeded their total carrying value by \$3.1 billion or \$151 per share (\$2.5 billion from associates and \$0.7 billion from consolidated companies). Please note, our private companies in our consolidated non-insurance companies (like Sleep Country, Grivalia, Peak, Recipe, Meadow) could be worth much more than the market value shown in the table below. As at February 27, 2026, the total market value exceeded the total year-end carrying value by approximately \$3.7 billion. This is another reason why we think the intrinsic value of our shares far exceeds book value!

Common Stock Holdings as at December 31, 2025

	Shares (millions)	Ownership	Carrying Value per Share (\$)	Share Price (\$)	Carrying Value	Market Value (\$ billions)	Unrealized gain (loss)
Common Stocks – Mark to Market							
Metlen Energy	11.9	8%	51.85	51.85	0.6	0.6	
Commercial International Bank	237.9	7%	2.14	2.14	0.5	0.5	
Foran Mining	121.9	23%	3.65	3.65	0.4	0.4	
Orla Mining ⁽¹⁾	31.8	9%	13.31	13.31	0.4	0.4	
Under Armour	51.4	12%	4.94	4.94	0.3	0.3	
Occidental Petroleum	5.5	1%	41.11	41.11	0.2	0.2	
CVS Health	2.7	<1%	79.35	79.35	0.2	0.2	
Cleveland Cliffs	14.9	3%	13.27	13.27	0.2	0.2	
Altius Minerals	6.7	14%	29.64	29.64	0.2	0.2	
Kennedy Wilson ⁽²⁾	13.3	10%	9.67	9.67	0.1	0.1	
Other					3.7	3.7	
Common stocks					7.0	7.0	
Limited partnerships					2.4	2.4	
Total Mark to Market					9.3	9.3	
Common Stocks – Equity Accounted (Associates)							
Eurobank Ergasias	1,169.2	32%	2.33	4.02	2.7	4.7	2.0
Poseidon	132.0	45%	15.50	20.00	2.0	2.6	0.6
Exco Resources	22.9	49%	22.38	25.83	0.5	0.6	0.1
Waterous Energy Fund III	—	—	—	—	0.4	0.4	—
Kennedy Wilson partnerships	—	—	—	—	0.3	0.3	—
John Keells	4,524.2	26%	0.06	0.07	0.3	0.3	—
Quess	51.6	35%	3.68	2.29	0.2	0.1	(0.1)
Helios Fairfax Partners	37.3	36%	4.17	1.45	0.2	0.1	(0.1)
Other					0.8	0.8	—
Total Associates					7.4	9.9	2.5
Common Stocks – Consolidated							
Fairfax India	57.6	43%	12.58	16.90	0.7	1.0	0.2
Recipe	49.4	100%	13.96	13.96	0.7	0.7	—
Sleep Country	—	100%	—	—	0.6	0.6	—
Grivalia Hospitality	339.4	84%	1.56	1.56	0.5	0.5	—
Peak Achievement	—	100%	—	—	0.5	0.5	—
Meadow Foods	—	95%	—	—	0.3	0.3	—
Thomas Cook India	300.3	64%	0.74	1.66	0.2	0.5	0.3
Dexterra Group	31.4	50%	3.34	8.40	0.1	0.3	0.2
Other					0.1	0.1	—
Total Consolidated					3.7	4.4	0.7
Total Common Stock Holdings					20.5	23.6	3.1

(1) Excludes 44.1 million shares from convertible debentures and warrants

(2) Excludes 25.4 million warrants

As we have discussed previously, our growth in book value consists of two major variables – the combined ratio of our insurance companies and the total return on our investment portfolio. For each of the last four five-year time periods above, starting in 2006, our insurance companies have produced average combined ratios below 100%. In the last five years, our investment returns have turned upwards (still less than our average of 7.7% for the last 40 years), which has resulted in book value growing at 22.6% per year. We hope to grow book value at 15% per year in the future – not, of course, every year but over time!

India

In his first year of his third term Prime Minister Modi continued to advance large-scale infrastructure investment, manufacturing and supply-chain initiatives, and digital public infrastructure. Mr. Modi reinforced his momentum at the state level, securing important victories in Haryana, Maharashtra, and Delhi, underscoring the government's continued electoral strength and Mr. Modi's enduring political leadership early in his third term.

In their first year, Gopal Soundarajan (CEO) and Ben Watsa (Chairman) had an excellent year that was not reflected in Fairfax India's stock price. Fairfax India book value in 2025 increased 9.4% while its stock price increased 8%. Fairfax India bought back 621,000 shares in 2025, a cumulative buyback since inception of 23.2 million shares or 15% of the shares issued since inception.

As I have mentioned in last year's annual report, Fairfax India's intrinsic value is much higher than book value mainly because of its 74% interest in Bangalore International Airport. Fairfax India intends to complete an IPO of Anchorage and we are still in the process of obtaining regulatory approvals. Most of Fairfax India's investments are in outstanding companies with a history of strong financial performance, led by management who are not only excellent leaders but also adhere to the highest ethical standards.

In Gopal and Ben's letter to shareholders, (a must read for all Fairfax and Fairfax India shareholders) they say:

“In our view, India remains a land of immense opportunity! The Indian economy remains highly resilient and will remain among the fastest-growing large economies for the foreseeable future.

The country's large population of 1.4 billion drives its consumption-led economy, with per capita income crossing \$2,800 in 2025. Household consumption (61% of GDP) is robust and represents the engine of growth. India's demographic dividend is evident in its youthful population, with a median age of 29, and a growing middle class. India's working-age population (aged 15-64) is projected to grow from 980 million in 2024 to around 1.1 billion in 2033, representing nearly 70% of the population. This will result in a significant rise in domestic consumption of goods and services, credit card usage, mortgage penetration, air travel, and financial savings (mutual fund holdings). An interesting pattern is developing in the diminishing gap between rural and urban consumption. In 2012, urban households spent 84% more than rural households; by 2024, that gap had narrowed to 70%. Rural spending on food, as a percentage of household spending, fell from 60% to 47% in the same period. This changing mix in discretionary spending is becoming apparent in affluent sections of Indian society, with increased demand for tourism and luxury products, with an emphasis on e-commerce as the medium to obtain such goods.”

The following table details key developments across economic, social and governmental policies and regulations since Mr. Modi got elected in 2014.

	FY2013-14	FY2023-24	FY2024-25
<u>Economic</u>			
Gross domestic product (GDP)	\$1.9 trillion	\$3.5 trillion	\$4.1 trillion
Nominal GDP per capita	\$1,504	\$2,539	\$2,818
Market capitalization	\$1.2 trillion	\$4.4 trillion	\$5.3 trillion
Gross Foreign direct investment	\$36 billion	\$71 billion	\$81 billion
Foreign exchange reserves	\$304 billion	\$646 billion	\$700 billion
Number of stocks with \$1 billion market cap	166	522	600
Number of unicorns	8	118	125
Contribution to global GDP (adjusted for purchasing power parity)	6.0%	8.2%	8.7%
<u>Social</u>			
People with bank accounts	150 million	500 million	561 million
Digital payments volume	2 billion	186 billion	228 billion
Tap water connections (rural households)	32 million (FY2018-19)	145 million	158 million
Internet subscribers	252 million	954 million	969 million

The Indian economy is now the fourth largest in the world, only behind the United States, China and Germany. By 2030 it is expected to be the third largest. In 2025, India's GDP grew approximately 7.6%. As I have said before, it has the potential of growing at 10% annually, with less regulation and more divestment of government-owned companies.

The table above shows you the transformation in India under Prime Minister Modi's leadership. It is quite amazing! And it has only just begun!

The table below shows our investments in India and how they have performed up to December 31, 2025:

	Date of Initial Investment	Ownership	Cost	Fair Value at December 31, 2025	Annual Return
Fairfax's investments					
Digit	Feb-17	49.0%	101	2,039	41.5%
Fairfax India	Jan-15	42.9%	534	973	7.8%
Thomas Cook India	Aug-12	64.5%	278	497	12.8% ⁽¹⁾
Quess/Digitide/Bluspring	Dec-19	34.7%	348 ⁽²⁾	232	(4.4)%
Other			468	518	2.7%
			<u>1,729</u>	<u>4,259</u>	<u>13.2%</u>
Fairfax India's investments					
Bangalore International Airport	Mar-17	74.0%	1,158	2,187	11.0%
IIFL Finance	Dec-15	15.2%	101	438	20.1%
CSB Bank	Oct-18	40.0%	136	354	15.0%
IIFL Capital Services	Dec-15	27.2%	51	342	23.3%
Seven Islands	Mar-19	48.5%	84	162	16.9%
Sanmar Chemicals	Apr-16	39.3%	217	102	(13.4)%
Maxop	Nov-21	67.0%	51	95	17.8%
Global Aluminium	Oct-24	65.0%	83	91	7.9%
Jaynix	Feb-22	70.0%	33	66	23.7%
Fairchem Organics	Feb-16	55.3%	34	58	8.9%
NCML	Aug-15	91.0%	188	42	(14.3)%
5paisa	Dec-15	24.6%	17	29	7.8%
Other			34	29	1.6%
			<u>2,187</u>	<u>3,995</u>	<u>10.4%</u>

(1) Includes dividends received (\$16 million) and spinoff of Quess (\$330 million)

(2) Cost shown includes Quess' market value on Dec 5, 2019, the date it was spun off from Thomas Cook India

As shown in the table, Fairfax has invested \$1.7 billion in India which is now valued at \$4.3 billion (our investment portfolio is about \$75 billion). This includes about \$1 billion in Fairfax India, which manages about \$4 billion of Indian investments – so our total managed investments in India is approximately \$7.3 billion. While we have had some great winners like Digit, many private investments like BIAL are very undervalued. Returns will improve.

Thomas Cook India underwent a seamless leadership transition in 2025: Mahesh Iyer, the CEO of Thomas Cook India, who has been with Thomas Cook for 30 years, assumed responsibility for the group. As part of this transition, Thomas Cook is charting its path to higher profitability, with a clear focus on achieving a superior return on equity. We are pleased to report that its net revenue of \$259 million and pre-tax profit of \$46 million in 2025 grew by 5% and 9%, respectively, after accounting for a 5% currency depreciation. The year demonstrated the resilience and adaptability of its businesses across diverse market conditions. The travel services business continued its strong upward trajectory, with the B2B segment growing by 13% and the B2C by 9%, reinforcing its leadership and deep customer engagement across both institutional and retail channels. In financial services, overall performance remained steady despite geopolitical uncertainties and visa-related disruptions. Notably, the retail segment delivered robust 10% growth, led by exceptional momentum in education and steady progress in holidays, even as wholesale and prepaid card volumes were impacted by regulatory changes and external headwinds. Under Mahesh's excellent leadership, we expect Thomas Cook to demonstrate discipline, agility and a commitment to long-term value creation.

Quess, spun off from Thomas Cook in 2019 at essentially a zero cost to us, is India's largest domestic private-sector employer, with a workforce exceeding 483,000. When founder Ajit Isaac joined, the company had just over 60,000 employees. Today, Quess has evolved into the country's leading integrated business services provider, with a strong pan-India presence and a growing footprint across North America, APAC, and the Middle East. Serving over 3,300 clients globally, Quess continues to drive exceptional growth in its Core business. As it announced in February 2024, Quess demerged two entities – Bluspring Enterprises Limited and Digitide Solutions Limited, which began trading as independently listed companies on June 11, 2025. Post demerger, Quess becomes a pure-play market leader in its core workforce management business. Bluspring becomes one of the largest infrastructure services enterprises in India and Digitide will focus on scaling its technology services and business process services. For the core Quess business, revenue from operations declined 3% to \$1.7 billion in 2025 and EBITDA grew by 11% to \$33 million. For Bluspring revenues grew by 9% to \$370 million in 2025, while EBITDA declined to \$13 million due to investments in strengthening the leadership team. Revenues for Digitide businesses grew by 3% from to \$345 million in 2025 while EBITDA declined to \$39 million due to investments in new corporate structure, strengthening sales teams and softness in the business from banks and financial institutions. Quess, Bluspring and Digitide business models benefit from strong economic growth in India.

Under the outstanding leadership of Vikram Lalvani, Sterling Holiday Resorts, a subsidiary of Thomas Cook, continued its transformation into one of India's most respected leisure hospitality brands. It strengthened both scale and reputation reaching 75 resorts, 61 destinations and more than 3,700 rooms. It sustained its exceptional growth momentum by adding 16 new properties during the year - its second consecutive year of opening more than one resort per month - demonstrating a disciplined, repeatable, and well-governed expansion capability. Consequently, it has enhanced its industry position, and is now ranked within the top 20 hospitality players in India. Operationally, Sterling continues to deliver strong and consistent financial results. Over the last four years, Sterling achieved a 13% revenue CAGR and an impressive 22% CAGR in profit before tax, driven by operating leverage and continuous margin enhancement. Cash balances expanded at a 55% CAGR, reaching \$36 million, reflecting Sterling's robust cash generation and disciplined capital management. In 2025, the core resort business delivered 10% revenue growth and 12% margin improvement. It closed the year at a 20% PBT margin, with revenues of \$61 million and PBT of \$12 million, despite a 5% depreciation in exchange rates. Importantly, Sterling achieved a debt-free position in 2024, which it successfully maintained through 2025.

Please see Fairfax's charitable donations report on the good things happening with our initiatives with CMC Vellore (children's hospital) and the ongoing donations of dialysis machines across India.

As we do each year, we show you our unconsolidated balance sheet so that you can better see where your money is invested.

Unconsolidated Balance Sheet ⁽¹⁾	2025	
	(\$ billions)	(\$ per share)
Assets		
Northbridge	2.5	119
Crum & Forster	3.4	161
Zenith	1.0	49
Odyssey Group	6.3	302
Allied World	5.6	268
Brit	2.4	115
Gulf Insurance	1.4	65
Other Re/Insurance	4.9	237
Re/Insurance operations	<u>27.5</u>	<u>1,316</u>
Fairfax India	0.7	35
Recipe	0.7	33
Sleep Country	0.6	29
Grivalia Hospitality	0.5	25
Peak Achievement	0.5	22
Meadow Foods	0.3	16
Thomas Cook India	0.2	11
Other Non-Insurance	0.2	10
Non-insurance Operations	<u>3.7</u>	<u>181</u>
Total consolidated operations	31.2	1,497
Holding company cash and investments	2.7	131
Investments in associates	2.0	93
Total assets	<u>35.9</u>	<u>1,721</u>
Liabilities		
Accounts payable and other liabilities	0.5	25
Long term debt	8.9	425
	<u>9.4</u>	<u>450</u>
Shareholders' equity		
Common equity	26.3	1,260
Preferred stock	0.2	11
	<u>26.5</u>	<u>1,271</u>
Total liabilities and shareholders' equity	<u>35.9</u>	<u>1,721</u>

(1) Equity shown for the Insurance and Reinsurance Operations excludes minority interests, investments in other consolidated operations, investments at the holding company and intercompany debt.

The table above shows you our insurance companies, which are decentralized and separately capitalized. Our consolidated non-insurance companies are shown separately. The majority of the latter are held in our insurance companies' investment portfolio and the rest in our holding company.

As you can see, we have \$27.5 billion (\$1,316 per share) invested in our insurance companies – up from \$1,156 per share last year. And that is at book value – the intrinsic values are much higher in our view.

For example, the table below shows you how Allied World has done since our purchase in 2017. Gross premiums, the investment portfolio and shareholders' equity have doubled, while goodwill and intangibles have declined (due to amortizations) and the company had an underwriting profit of \$0.5 billion, and earned \$1.2 billion in 2025 on our purchase price of \$4.2 billion. You don't need to be a genius to see that Allied World is worth much more today than its book value of \$7.7 billion.

(\$ billions)	Gross Premiums Written	Investment Portfolio	Underwriting Income	Net Earnings	Shareholders' Equity	Goodwill & Intangibles
2018*	3.4	7.9	0.04	0.03	3.6	1.6
2025	7.4	15.7	0.5	1.2	7.7	1.3

* 2018 was Allied World's first full year under Fairfax ownership

Our consolidated non-insurance businesses (and your investment per share in them) are shown separately in the table on the previous page. They are significant and in our view worth more than the amount at which they are carried on our balance sheet. We expect each of these non-insurance operations to generate a 15% annual return or better over the long term. Please note our cash and investments of \$2.7 billion in our holding company is for protection from the unexpected. We also hold investments in associates and consolidated non-insurance operations at the holding company level.

In the past, we used book value per share as a first measure of intrinsic value. Those days are long gone! Our intrinsic value is way above our book value now!

	INTRINSIC VALUE	STOCK PRICE
	% Change in	% Change in
	US\$ Book Value per Share	Cdn\$ Price per Share
1986	+180	+292
1987	+48	-3
1988	+31	+21
1989	+27	+25
1990	+41	-41
1991	+24	+93
1992	+1	+18
1993	+42	+145
1994	+18	+9
1995	+25	+46
1996	+63	+196
1997	+36	+10
1998	+30	+69
1999	+38	-55
2000	-5	-7
2001	-21	-28
2002	+7	-26
2003	+31	+87
2004	-1	-11
2005	-16	-17
2006	+9	+38
2007	+53	+24
2008	+21	+36
2009	+33	+5
2010	+2	—
2011	-3	+7
2012	+4	-18
2013	-10	+18
2014	+16	+44
2015	+2	+8
2016	-9	-1
2017	+22	+3
2018	-4	-10
2019	+12	+1
2020	-2	-29
2021	+33	+43
2022	+20	+29
2023	+23	+52
2024	+13	+64
2025	+19	+31
1985-2025 (compound annual growth)	+18.3	+18.2

This is how our stock price has done over the periods ending in 2025, compared to the TSX and S&P500 (all including dividends).

	Fairfax (CDN\$)	TSX	S&P500
5 years	45.8%	16.1%	14.4%
10 years	17.1%	12.7%	14.8%
15 years	15.6%	9.1%	14.1%
20 years	17.1%	8.4%	11.0%
40 years since our inception	19.5%	9.0%	11.5%

The last five years made up for the drought we had in the five years before that!

The table below shows the cumulative stock returns for Fairfax (including dividends) for successive ending dates from 2020 to 2025. This shows clearly how sensitive returns are to year ending closing prices – beware the fallacy of ending dates!!

As at December 31:	Share Price Cdn\$	Cumulative Return
2020	434	16.2%
2021	622	16.9%
2022	802	17.3%
2023	1,223	18.2%
2024	2,000	19.2%
2025	2,616	19.5%

When we began in 1985, there were 6,000 companies listed on the U.S. stock exchanges. In 2025, 40 years later, there were only approximately 600 still listed – the rest were taken over, went bankrupt, etc. Only 10% survived in their original form. If you then ask, how many thrived – i.e. had an annual compound growth in stock price (plus dividends) over 15% – you will find only about 60 or 1% made the grade. We were blessed to be ranked seventh with a compound growth rate of 19.5%. Our outstanding culture works over the long term!

In Canada, there are only four companies that have earned a compound annual return of over 15% over the last 40 years – and we rank second.

By the way, our net income after taxes of \$4.8 billion ranks tenth in Canada in 2025, mainly after the banks and large oil companies.

Insurance and Reinsurance Operations

	Combined Ratio			Change in Net Premiums Written
	2025	2024	2023	2025 vs 2024
Northbridge	89%	89%	91%	(5)%
Crum & Forster	95%	95%	98%	11%
Zenith	102%	99%	94%	9%
Odyssey Group	94%	91%	93%	1%
Allied World	89%	89%	89%	1%
Brit	93%	92%	92%	4%
Ki	96%	98%	92%	7%
International Re/Insurers	94%	95%	96%	13%
Gulf Insurance	96%	101%	—	(3)%
Consolidated	93%	93%	93%	4%

Allied World once again topped all of our companies with the sheer size of its underwriting profit at \$546 million. Under Lou Iglesias' direction since 2019, Allied World has generated close to \$2.5 billion of underwriting gains. Each year has surpassed the previous in its contribution to the overall underwriting profit at Fairfax. And the

company has more than doubled in size as measured by gross premium written. A big thank-you to Lou and the many consummate industry professionals that have made Allied World such a success story!

Odyssey Group had another very fine record under Carl Overy's first year of stewardship. Its underwriting profit of \$375 million declined from \$505 million in 2024, as catastrophe losses increased by over \$200 million, principally due to the California wildfires. Nevertheless, all of Odyssey's core operating groups were very profitable, and the company's underwriting performance stretched its streak of consecutively profitable years to 14. An enviable record in an ever challenging industry!

Crum & Forster continued its upward trajectory in 2025. It has been the fastest growing among our larger companies. Marc Adees's crew produced \$236 million of underwriting profit in 2025 and a combined ratio of 94.8%. Notably, cumulative underwriting profit under Marc's tenure has now surpassed \$1 billion. Crum's A&H and Seneca divisions continued to be outsized contributors. Crum & Forster had a record year on almost every front – premium, underwriting income, lowest general expense ratio and net income.

Northbridge once again displayed an exceptional performance, generating \$238 million on a combined ratio of 88.7%. Year after year, Silvy Wright has kept her company among Canada's elite in the commercial property and casualty market. Disciplined underwriting and strong reserving have been Northbridge hallmarks since she took over 15 years ago.

Brit had another strong year in 2025, with a combined ratio of 92.7% and underwriting profit of \$184 million. On an apples-to-apples basis, excluding Ki, Brit's 2024 performance was a 92.2% combined ratio with underwriting profit of \$179 million. Martin Thompson and his team have done a fantastic job reconfiguring the Brit portfolio to withstand significant cat activity and yet produce rewarding underwriting results.

Ki, which became a separate reporting unit in 2025, continued its journey with an improved combined ratio of 95.7% versus 98.2% in 2024. The costs associated with separating Ki from Brit, which will disappear over the next several years, account for approximately 4 percentage points on the combined ratio. Mark Allan is building an algorithmic-driven underwriting business that holds great promise for the future.

Zenith successfully transitioned CEOs in 2025, with Davidson Pattiz now at the helm. Heavy rate competition over the past decade-plus finally pushed Zenith to a small underwriting loss last year with a 102% combined ratio and a \$15 million loss. The workers' compensation market has now begun to improve and Zenith ended the year on a favourable trajectory. Fingers crossed that 2026 will bring a return to underwriting profitability!

Gulf Insurance in the Middle East returned to underwriting profit in 2025, with a 96.5% combined ratio generating an underwriting gain of \$53 million. Its top line was affected by the non-continuance of a very large health program in Kuwait. Bijan Khosrowshahi has taken a larger role at Gulf Insurance (in addition to his many other responsibilities) working closely with Khaled and Paul Adamson.

Fairfax Asia in 2025 produced a 90.3% combined ratio, and \$49 million of underwriting profit. Singapore Re, led by Phillipe Mallier, is responsible for \$44 million of the collective Fairfax Asia result. Gobi Athappan and his team oversee our companies in Malaysia, Hong Kong, Indonesia, Sri Lanka and Thailand. Brian Young has taken a hand in advising Gobi and helping Fairfax Asia realize its potential in this rapidly developing area.

Among our international operations, one of the most outstanding results in 2025 came from Bryte in South Africa. With a combined ratio of 92.2% and underwriting profit of \$27 million, JP Bignaut's second full year as CEO was historically profitable.

Colonnade improved markedly in 2025, dropping its combined ratio from 96.5% to 92.1%, and increasing its underwriting profit from \$9 million to \$23 million. Peter Csakvari, who has now been with us for 11 years, is one of the strong leaders we count on for our promising international future!

Likewise, Fairfax Latam under Fabricio Campos, came in with another rewarding year, posting a combined ratio of 94.6% and underwriting profit of \$20 million. La Meridional in Argentina deserves special mention. Under new CEO Federico Guthmann, it produced \$6 million of underwriting profit, an outstanding result in a country that has historically been challenged economically.

Fairfax Brasil contributed \$7 million in underwriting profit, off a combined ratio of 94.3%. Led by Bruno Camargo since 2015, Fairfax Brasil continues to refine its portfolio in a competitive Brazilian market.

Elsewhere, our two independent Ukrainian companies, ARX and Universalna, produced underwriting profits of \$4 million and \$5 million, respectively. And Polish Re, our regional reinsurer operating out of Warsaw, generated its best showing ever with an underwriting profit of \$12 million.

All of our major insurance companies are well capitalized, even though we have grown significantly in the last eight years as shown in the table below (further details are provided in the MD&A).

(\$ billions)	As at and for the Year Ended		
	December 31, 2025		
	Net Premiums Written	Statutory Surplus	NPW/Stat Surplus
Northbridge	2.1	2.0	1.1x
Crum & Forster	4.7	3.2	1.5x
Zenith	0.8	0.7	1.2x
Odyssey Group	6.0	7.4	0.8x
Allied World	5.1	7.1	0.7x
Brit	2.5	2.7	0.9x
Ki	0.8	0.8	1.0x
International Re/Insurers	4.3	4.2	1.0x

The net premiums written and combined ratio of companies we have either owned since 2016 or acquired after that date are shown in the table below.

(\$ billions)	2016 – 2025	
	Cumulative Net Premiums Written	Average Combined Ratio
Northbridge	16.6	92%
Crum & Forster	30.1	97%
Zenith	7.6	90%
Odyssey Group	43.0	94%
Allied World ⁽¹⁾	32.2	94%
Brit / Ki	22.5	98%
Total	<u>151.9</u>	<u>95%</u>

(1) Allied World since acquisition on July 6, 2017.

The table below shows the average annual redundancies for the past 10 years (business written from 2015 onwards) for our companies which we have owned since 2015.

	2015 – 2024 Average Annual Reserve Redundancies
Northbridge	8%
Crum & Forster	3%
Zenith	12%
Odyssey Group	5%
Brit	6%
Fairfax Asia	19%

As you can see in the table above, our reserves continue to develop favourably for each of our companies.

RiverStone, under the leadership of Bob Sampson, is doing an exceptional job handling our most challenging claims within our company. Their team continues to deal with challenging litigation trends in the United States but are fully focused on settling these large and complex claims. In 2025 RiverStone strengthened reserves by \$299 million, primarily related to asbestos liabilities and other latent claims. RiverStone settled a number of volatile claims in the year, providing finality and good value. Our net run-off reserves are \$1.3 billion, which represents 3% of our total net reserves. RS Services, which provides third-party claims management, grew revenues 6% to \$22 million, with a small loss in the year driven by higher systems costs. RiverStone's team, which runs off small third-party captive businesses, were also busy during the year, closing three deals. Past captive acquisitions continue to do well, with reserve releases of \$24 million in 2025.

The table below shows the sources of our net earnings:

	2025	2024
Insurance and reinsurance operations:		
Underwriting profit	1,817	1,791
Interest and dividends	2,242	2,225
Share of profit of associates	<u>572</u>	<u>745</u>
Operating income	4,630	4,761
Operating loss – life insurance and run-off	(191)	(143)
Operating income – non-insurance companies	397	241
Impact of discounting, risk adjustment and other	(568)	544
Net gains on investments	3,151	1,067
Interest expense	(822)	(649)
Corporate overhead and other expense	<u>(157)</u>	<u>(183)</u>
Pre-tax income	6,440	5,639
Income taxes and non-controlling interests	<u>(1,668)</u>	<u>(1,764)</u>
Net earnings	<u>4,772</u>	<u>3,875</u>

In 2025, we had both record underwriting profit and interest and dividend income, each up over record years in 2024. Our share of profit of associates was again very strong in 2025, but was lower than 2024, largely due to the fact Peak is now 100% owned and therefore no longer accounted for as an associate. (It is now included in the operating income of our consolidated non-insurance companies.) Also, Sigma was not included this year in associate income for most of the year as it was sold in the first quarter, and the gain on the sale of \$179 million was included in net gains on investments. All in, we had another very strong year of operating income from our insurance and reinsurance operations of \$4.6 billion. Net gains on investments of \$3.2 billion were one of the highest in our history – as we have always said you can only measure that over the long term. With that said, net gains have been a significant contributor to our net earnings over our 40-year history.

Financial Position

The following table shows our financial position at the end of 2025 and 2024. When we have a controlling interest in a company (for example, Recipe or Thomas Cook India), we are required to consolidate that company's financial statements into our own financial statements even though we do not guarantee the debt – and quite often it is an investment in a public company.

Consequently, this table excludes the debt of our consolidated non-insurance companies:

	2025	2024
Holding company cash and investments (net of derivative obligations)	<u>2,717*</u>	<u>2,502*</u>
Borrowings – holding company	8,848	7,882
Borrowings – insurance and reinsurance companies	<u>1,608</u>	<u>976</u>
Total debt	10,456	8,858
Net debt	<u>7,739</u>	<u>6,356</u>
Common shareholders' equity	26,283	22,960
Preferred stock	232	1,108
Non-controlling interests	<u>3,005</u>	<u>2,740</u>
Total equity	29,520	26,808
Net debt/total equity	26.2%	23.7%
Net debt/net total capital	20.8%	19.2%
Adjusted operating income interest coverage	8.8x	10.4x
Adjusted operating income interest and preferred share dividend coverage	8.3x	9.1x
Total debt/total capital	26.2%	24.8%

* excludes \$2.2 billion in 2025 (\$2.0 billion in 2024) of investments in associates and non-insurance consolidated investments held in the holding company

We ended 2025 again with a very strong financial position with \$2.7 billion in cash and marketable securities plus an additional \$2.2 billion of associates and consolidated non-insurance investments owned by the holding company, largely consisting of shares in Eurobank (\$819 million), Thomas Cook India (\$293 million), EXCO (\$190 million) and Poseidon (\$224 million). Our total debt-to-total capital of 26.2% in 2025 was up from 24.8% in 2024, primarily from the issue of 30-year unsecured senior debt, with the proceeds used to redeem a portion of our preferred shares (with favourable benefits to the bottom line) and 10-year unsecured senior debt for general corporate purposes. Our total debt-to-total capital ratios remain well within our long-term targeted levels and our adjusted operating income interest coverage continues to remain strong, at 8.8x in 2025.

Investments

I like Phil Carret's and John Templeton's quotes so much, that I always begin this section with their quotes.

Phil Carret said, "Good management is rare at best, it is difficult to appraise and it is understandably the single most important factor in security analysis."

And as my mentor, John Templeton said, "Whenever you can buy a large amount of future earnings for a low price, you have made a good investment."

We have been blessed to know many exceptional leaders in our non-insurance business just as in our insurance business, and I have detailed them here.

David Sokol and Bing Chen have done an outstanding job at Seaspan since David took over as Chairman in 2017 and took it private in 2023. David made a brilliant hire by choosing Bing Chen as his CEO in 2018. They first turned around the operations by concentrating on safety and on-time operations. They then modernized the container ship fleet and expanded it from 89 ships to 184 ships (with another 63 newbuilds to be delivered in the next few years) at exactly the right time, locking in excellent charter rates and financing costs from five years to 20 years.

The table below shows their performance:

	2017	2025
Number of ships	89	184
Revenue (\$m)	831	2,508
Net income (\$m)	175	727
Shares outstanding (mm)	132	292
Earnings per share	\$1.33	\$2.49

As you can see in the table above, David and Bing expanded the number of ships from 89 in 2017 to 184 in 2025. Revenue went up from \$0.8 billion to \$2.5 billion, net income from \$0.2 billion to \$0.7 billion and earnings per share from \$1.33 to \$2.49!

Fokion and his superb management team at Eurobank had another excellent year in 2025 with a return on equity of 16% and shareholders received 55% of net income through dividends and buybacks. We have shown you our outstanding results investing in Eurobank on page 13. Eurobank continued to have strong organic growth because of increased business loans in Greece as well as housing and business loans in Bulgaria (which joined the EU on January 1, 2026). Deposits continued to grow and at year end 2025, loans/deposits for Eurobank were 66%. Eurobank benefitted from the completion of the merger of Eurobank Cyprus and Hellenic Bank in Cyprus as well as the acquisition of the largest insurance company in Cyprus. Eurobank continues its digital transformation as it established an information technology centre in Pune India, enhancing Greece's digital offerings and launching an AI factory with Ernst & Young and Microsoft in Athens assisted by Fairfax Digital. Eurobank also has established representative offices in Mumbai and UAE. It is well positioned for excellent growth in the next few years. In the fourth quarter, Eurobank announced the acquisition of Fairfax's life business in Greece (Eurolife) for €813 million. From the Eurobank side, this acquisition will increase fees and commissions by 12% and ROE by 100 bps. You may recall that Fairfax purchased Eurolife from Eurobank in 2016 during the Greek financial crisis. This has worked out really well for both parties with the life business now returning to Eurobank. The Greek economy continues to outperform its European neighbours. Debt/ GDP will fall to around 145% in 2025 and is on track to reach 120% by 2030. Unemployment is down to c. 8% – below the likes of Spain (10%) and Finland (10%). Greece maintained its investment grade status and continued to show its fiscal discipline by maintaining a sizeable primary surplus and achieving the early repayment of loans from the IMF and the other EU facilities. Despite strong share price performance in 2025 (+54%), Eurobank still trades at a P/E of only 10x with a 5% dividend yield (dividend plus share buy back program). We remain strong supporters of Fokion and the bank and his terrific executive team.

After a difficult 2024, Grivalia Hospitality restructured its teams and focused on improving operational performance at its main assets in Greece. George Chryssikos has retaken the role of both Chairman and CEO in order to drive these changes and focus the company on long term success. At its flagship property – One & Only Aesthesis in Athens – revenue grew 25% and profitability improved materially. A new General Manager was appointed and we look forward to further improvement on all metrics in the coming years. Amanzoe had another strong year on all fronts. Attention is now firmly on a multi-year investment program to cement its preeminent position in the wider Mediterranean region within the ultra-luxury sector. Avant Mar, ON Residence and 91Athens all saw revenue increases and progress across key metrics. Strategically, 2025 saw Grivalia Hospitality double down on two areas – Greece and branded residences. Assets in Crete and Panama were sold to focus on the core hotel business. Our branded residences portfolio includes existing properties with One & Only and Aman as well as pipeline projects with Six Senses and Mandarin Oriental. This is a relatively new but fast growing and potentially very profitable niche within the hospitality sector. Owning luxury hotel assets is a long-term game and Fairfax is fortunate to be associated with George Chryssikos and the fantastic people at Grivalia.

Fokion Karavias at Eurobank, Alex Sarrigeorgiou at Eurolife and George Chryssikos at Grivalia have delivered tremendous value for Fairfax over the past decade. When you see them at the AGM – say Efcharistó!!

We have partnered with Adam Waterous and the team at Waterous Energy Fund in the Canadian oil and gas sector since 2018. We have two investments with Waterous – Strathcona Resources Ltd. and Greenfire Resources Ltd. Beginning in 2018, we invested \$129 million through the Waterous Fund to build Strathcona, now Canada's fifth largest oil company producing 125,000 barrels per day of low decline, high margin oil with a 50-year proved plus probable reserve life. Over the last 18 months, Strathcona has distributed almost the entirety of our cost basis, and our shares are currently worth \$300 million. Strathcona pays an annual base dividend of Cdn\$1.20 per share (which equates to approximately a 10% yield on our cost), and Strathcona has an ambitious organic growth plan over the next five years. We have partnered with Waterous again to help execute a similar strategy that was used to build Strathcona. Since late 2024, we have invested approximately \$430 million, allowing Waterous to acquire a controlling stake in Greenfire, a long life (58-year reserve life) low decline oil producer in the Athabasca region of Alberta, currently producing 16,000 barrels per day. Waterous has plans to organically double Greenfire's production over the next five years. They are in the early innings of its investment in Greenfire. The cost base to acquire its controlling position is Cdn\$8.10 per share relative to Greenfire's share price of Cdn\$6.55 per share on December 31, 2025. Remarkably, their investment success has occurred during a time when oil prices traded on average at about \$66 per barrel, below the average prices over the last 20 years of \$72 per barrel.

In his first full year, Stewart Schaefer and Sleep Country had an outstanding year with record revenues in excess of Cdn\$1 billion and record operating results. This excludes Sleep Country's recent acquisition of UK-based Simba which had the most profitable year in its history. Together, Sleep Country had record revenues of Cdn\$1.2 billion and recorded free cash flow of Cdn\$77 million (EBITDA of Cdn\$187 million). Simba provides the potential for further expansion in Europe and the U.S. Sleep Country achieved these results despite the tariff wars and the volatility of the Canadian dollar against the U.S. dollar and pound sterling.

We have established a significant position in Under Armour, Inc., the Baltimore-based athletic apparel and footwear company. While the business has faced operational challenges in recent years, we believe the brand remains powerful, differentiated, and globally relevant. We strongly support founder Kevin Plank, who returned as CEO in April 2024 after a four-year absence. Kevin brings unmatched intensity, institutional knowledge, and more than three decades of experience building Under Armour from the ground up. Over that time, the company grew from \$19,000 in revenue in 1996 to approximately \$5 billion in fiscal 2026. His return restores founder-led leadership at a pivotal moment. While Under Armour operates in a fiercely competitive industry, the path forward is clear: refocus on performance innovation, tighten the product architecture, elevate average selling prices, and reassert premium brand positioning. Simplifying the assortment and driving disciplined execution should expand margins and rebuild earnings power over time. Under Armour remains one of the most recognized athletic brands in the world. To date, we have acquired 65 million shares – approximately 15% of the company – for \$337 million at an average cost of \$5.20 per share.

Caroline Shin and her team have made significant progress in our first year of ownership of the largest independent time share company in the United States. Her investment thesis of generating additional overnight rental income at our 4,950 full-service vacation units has begun to play out with overnight rentals increasing 76% year-over-year. This rental growth was achieved against significant headwinds as both Las Vegas and Orlando markets were negatively impacted by a decline in international visitors. Caroline and team also believe there is a significant opportunity to improve the experience of our existing time-share owners through implementation of technology which will drive incremental time share sales. Our total cash invested in Berkley Group through secured debt,

preferred and common shares decreased to \$665 million as our mortgage loan was refinanced by third parties, receiving cash proceeds of \$170 million. In addition, we received interest and dividend payments of \$85 million during the year.

After first investing in what was then Mytilineos during the Greek financial crisis – we have subsequently increased our stake in Metlen twice over the past few years. Today, we are the second largest shareholder with a stake of 8% worth €510 million. The largest shareholder with a 22% stake is the founder and Chairman, Evangelos Mytilineos, whom we greatly admire. Metlen operates across the metals and energy space. Within metals, it owns and operates one of the lowest cost aluminum facilities in Europe and has announced expansion plans into related strategic metals such as gallium. On the Energy side, Metlen are the second largest power producer in Greece as well a leading global contractor of renewable energy projects. 2025 was a busy year for Metlen having relisted from Athens to London where it was classified as a FTSE 100 company. Underlying results showed good progress albeit with some one-off issues related to project construction. Most importantly, the company has embarked on its third transformation program whereby EBITDA is targeted to double from €1 billion to €2 billion. With the shares trading at less than 10x earnings – we look forward to good returns from our long-standing partnership.

Ed Kinnaly and team continued their track-record of delivering profitable growth by servicing athletes with the innovation that has become synonymous with the Bauer brand. The launch of the Flylite product line in 2025 delivered the highest revenue and operating earnings in their 95+ year history. Key partners such as Hockey Canada and the PWHL (Professional Women's Hockey League) both entered long-term partnership agreements with Bauer which include exclusive apparel and marketing rights. Peak issued bonds at 6.125% which provides long-term rate certainty and provides additional operational flexibility. 2026 will be an exciting year for hockey as NHL players returned to the Winter Olympics and we continue to see significant growth in women's hockey! The team at Bauer has generated significant momentum with their retail partners and core customers as evidenced by a 2026 orderbook which is the largest on record! We carry Peak on our balance sheet at 7x free cash flow.

EXCO is a Texas-based energy company with proved reserves that are 95% natural gas and 5% oil by volume. In 2025, EXCO generated \$340 million of adjusted EBITDA and \$87 million of free cash. EXCO's strong cash flow allowed it to repay \$85 million in debt and ended the year with leverage below 0.4x. Proved reserves increased 17% year-over-year, supported by a 525% reserves replacement ratio. We remain optimistic that growing LNG exports, coal-to-gas switching and AI data centre demand will create a favourable environment for natural gas producers. But our underlying confidence lies in EXCO's health and flexibility – its strong balance sheet, effective hedging program, avoidance of onerous transportation contracts, diligent cost control and nimble operations. These are the hallmarks of long-term, owner-oriented management. With Chairman John Wilder and CEO Hal Hickey, we are in very good hands. As of December 31, 2025, the fair value of Fairfax's investment in EXCO is \$25.83 per share or \$592 million, an increase of 29% from December 31, 2024. EXCO is carried on our books at less than 5x adjusted EBITDA.

Under the outstanding leadership of Frank Hennessey, Recipe Restaurant Group continued its strategic evolution, generating Cdn\$3.5 billion in system sales and Cdn\$197 million in EBITDA while navigating significant economic headwinds. The year was defined by high-impact portfolio optimization, including the divestiture of Marigolds & Onions and the successful spin-out of The Keg. These moves, alongside the acquisition of Olive Garden Canada, have streamlined the domestic portfolio and secured a high-growth runway for iconic brands. In 2025, Recipe repurchased the Phelan family's shares leaving Fairfax with full control of the business. We are grateful to the family for being our very supportive partners for over a decade and for placing the future of the business in our hands. Financially, Recipe bolstered its financial flexibility with a very successful Cdn\$400 million senior unsecured note financing at an attractive rate of 5.7%. With 4% same restaurant sales growth and Cdn\$116 million in free cash flow (including The Keg until the spin-out), the leadership team is focused on a more agile, tech-enabled business. Now 100% under Fairfax control, we are excited to see Frank and his team continue to drive top-line growth and margin expansion!

In 2025, we made the strategic decision to separate Keg Restaurant Ltd. from Recipe. As part of the separation, we privatized Keg Royalties Income Fund for Cdn\$18.60 per unit. Keg Restaurants Ltd. and Keg Royalties Income Fund were merged into one business to simplify operations by eliminating the legacy royalty structure. Following the separation, we partnered with Richard Jaffray, founder and CEO of LFG Growth Partners Inc., who joined Keg Restaurants Ltd. as the operating shareholder and Executive Chairman. Richard spent over two decades building and leading Cactus Club from the ground up into one of Canada's leading high-end restaurant brands before selling the company in 2022. Building on The Keg's history of success, Richard will lead the next phase of growth for the Keg brand, working closely with Nick Dean, President of The Keg and Erin Legge, Chief Financial Officer of The Keg. Our partnership with Richard is off to an incredible start with record system sales of Cdn\$780 million and EBITDA of Cdn\$44 million in 2025.

Once again, the Sporting Life Group achieved record sales and near-record profitability in 2025, with all banners hitting new heights in sales. Chad McKinnon retired as CEO after 10 successful years. Taking a bankrupt Golf Town in 2016 to a company with EBITDA of Cdn\$56 million with an estimated 50% market share. Chad had an outstanding track record with Golf Town and we thank him greatly for his success. With Chad's retirement, Bill Gregson has stepped in as Executive Chair of the Sporting Life Group. Barry Williams continues to lead Golf Town. A search for a new Sporting Life President is underway, and Team Town is under new leadership. 2026 promises to be an exciting time as all banners enter the year with strong momentum. Golf Town's growth will continue with the opening of the first 40,000 square foot flagship store in August of this year in Oakville, Ontario. This is more than double the average store size. Sporting Life will also open a new 35,000 square foot store at Oakridge Park in Vancouver, BC as part of a new high-end redevelopment.

Mark Becker and the Dexterra team continue to deliver strong results and are making progress in building a North American support services champion in integrated facilities management, workforce accommodations and asset-based services. Dexterra delivered strong profitability in 2025 and is well positioned for continued success in 2026. It has a strong management team and expects to realize the benefits from two strategic acquisitions which included a 40% interest in Pleasant Valley Corporation (a US facility management business built by the Faciana family) and Right Choice Camps and Catering Ltd., which expanded Dexterra's equipment base and footprint in the Montenay/Duvenay region in Western Canada. The company is also positioned to participate in future infrastructure projects. Dexterra has a strong balance sheet with a goal to deliver a 15% return on equity. The market reacted favourably to its performance and strategy in 2025 with the share price increasing by about 50%. Dexterra is carried on our balance sheet at \$105 million which is significantly less than the market value of \$265 million at December 31, 2025.

AGT, run by its co-founders CEO Murad Al-Katib and Executive Vice Chairman Huseyin Arslan, has become a globally diversified food company that produces high-quality, nutritious products for everyday consumption and operates across 5 continents. Since Murad, Huseyin and Fairfax took AGT private in 2019, AGT has increased EBITDA from Cdn\$65 million to approximately Cdn\$190 million as of FY 2025. Today, the business has more resilient earnings with accelerated growth in the higher margin Packaged Foods & Ingredients segment which represents over 40% of group earnings with growth in earnings of 31% per annum since 2021. The focus over the next couple of years is on free cash flow generation while capitalizing on the global food trends of higher consumption of pasta and pulses as staple foods and increasing global demand for affordable nutrition dense and gluten free products and ingredients. AGT returned to the public markets completing an IPO in March 2026 at Cdn\$23 per share raising Cdn\$450 million from the public. Fairfax also participated in the IPO, investing an additional Cdn\$200 million and retaining a controlling stake. AGT is excited about the future and will have significantly lower financial costs and a very strong balance sheet with nominal debt going forward.

Blue Ant Media Inc. went public via a reverse take-over of Boat Rocker Media Inc. in August 2025. Blue Ant's Founder and CEO Michael MacMillan will run the new merged business which includes Blue Ant's hit properties such as Love Nature, as well as Boat Rocker's two reality television entities, Insight and Proper, and the animation studio, Jam Filled. Combining these businesses has created a new Blue Ant that has significantly larger scale, a strong financial position, and consolidated EBITDA of Cdn\$40 million. Michael and his team wasted no time since the merger last summer: already, Blue Ant has acquired Thunderbird Media for Cdn\$89 million, adding approximately Cdn\$30 million of EBITDA in addition to the digital streaming company Magellan TV for \$12 million. Fairfax is the largest shareholder at approximately 17% of the common shares and we are very excited to partner with Michael and his team at Blue Ant. The founders of Boat Rocker Media Inc., Ivan Schneeberg and David Fortier as well as CEO, John Young, acquired the studio assets and library of Boat Rocker and continue to run that business under the name "Boat Rocker Studios". We wish them and the team at Boat Rocker Studios well and look forward to their next big hit!

We continue to invest with Byron Trott through various BDT Capital Funds. Since 2009, we have invested \$1.2 billion, have received \$1.1 billion in distributions and still have investments with a year-end market value of \$975 million. Byron and his team have generated fantastic long-term returns for Fairfax and we very much look forward to our continued partnership.

We are more excited than ever about our long-term ownership of a 14% stake in Altius Minerals. To refresh your memory, we initially made a Cdn\$100 million investment in preferred shares of Altius in 2017, and this investment came with warrants exercisable at Cdn\$15 per share. We exercised those warrants and our common shares are now worth close to Cdn\$300 million. There were two very positive notable developments for Altius in 2025. In July, Altius monetized two royalty investments that it owned on the renamed Arthur Gold Project in Nevada. These two transactions netted Altius Cdn\$456 million and allowed it to retain one third of the royalty it sold to Franco-Nevada. These two transactions generated a gain of over Cdn\$400 million. Then in late December, Altius announced a definitive agreement to acquire Lithium Royalty Corp., a public company, for Cdn\$520 million or Cdn\$9.50 per

share for cash and Altius shares. This was a classic contrarian, counter-cyclical investment for Altius. The price of lithium at its low in 2025 was 90% below its cyclical high and demand for the metal has been increasing at over 30% per year. Furthermore, Altius sees the metal potentially being at a market deficit in 2026 as demand has been higher than expected. We are highly optimistic about this large acquisition, as Brian Dalton and his team continue to work their magic in the company he founded in 1997.

Dan Myerson, Darren Morcombe and the team at Foran Mining continued to make great progress in advancing the McIlvenna Bay copper project. The mine was added to the Canadian Government's Major Project office, helping to further accelerate the advancement of McIlvenna Bay and the adjacent Tesla deposit. Due to some cost overruns, Foran raised additional equity capital in 2025. The raise was funded by Agnico Eagle Mines, the Canada Growth Fund and Fairfax, maintaining our ownership at 23%. Phase I of McIlvenna Bay is currently approximately 80% completed and on track for commercial production in mid-2026. The Tesla deposit continues to show impressive exploration results, supporting further resource growth potential in the region and the ability to double copper production in the future. With its gold bi-product, Foran's copper production is expected to be extremely low cost. We are excited to see Phase I of McIlvenna come to completion and for production and cash flows generation to begin this year. In February of 2026, Eldorado Gold Corporation entered into an agreement with Foran to acquire them in an all-share transaction valued at Cdn\$3.8 billion. The transaction is subject to customary court and regulatory approval with a shareholder vote in April 2026.

Commercial International Bank (CIB) had another outstanding year in 2025 with earnings up 49% to \$1.7 billion driven by large loan-loss reserve releases of over \$250 million, improving loan growth of about 30%, government bond yields of 26% and net interest margins of 9%. Under the leadership of Hisham Ezz Al-Arab, CIB has been able to compound EPS and book value per share at 20% per annum since 2014 while maintaining a rock-solid balance sheet with an NPL coverage ratio of 280% and capital adequacy ratio of 30%. CIB recently released its 2026-2030 strategic plan with a focus on growing core banking income, raising loan-to-deposit ratio from 46% to 65%, increasing high-margin fee income to 23% of total revenue (from 10%) and investing about \$300 million to grow digital bank customers to 10 million. We anticipate the dividend payout ratio will be increased to balance growth ambitions with the very high capital adequacy ratio. As of January 2026, our compounded rate of return on our investment in CIB was 25% in local currency and a modest 7% in USD terms. That said we are very excited about the future prospects of generating a 15% return on our investment given CIB shares are trading at a deeply discounted 5x earnings and 1.3x book in spite of ROEs of over 30%.

Under the leadership of CEO Raj Tugnait, the strong strategic momentum for Meadow Foods continued in 2025 with revenue of nearly £600 million and EBITDA of £39 million. While commodity volatility affected Meadow Food's legacy dairy business, the value-add ingredients business delivered a record performance, growing profitability by 25% and now reaching 50% of total contribution (up from 40% two years ago). Meadow also materially expanded its international platform with sales into India, secured a long-term UK manufacturing partnership with Arla, and formed a joint venture with Fonterra to exclusively process and distribute New Zealand dairy fats. Meadow retained all major blue-chip customers and grew through share gains, while continued investment, supported by Fairfax's long-term ownership, strengthened capacity, resilience and culture. Meadow is entering 2026 in a materially stronger position. We expect these strategic initiatives to drive profitability growth in 2026 and beyond. In 2025, Raj and his team continued to deepen their relationship with key customers. Meadow retained the Cadbury business in the United Kingdom for another three years, further strengthening a 10-year relationship. Meadow and Cadbury are also in active dialogue for an India supply agreement when Meadow's new India facility, built per Cadbury specifications, starts up in 2027.

The Helios Fairfax Partners (HFP) team led by Tope Lawani and Babatunde Soyoye had a very busy year in 2025 positioning HFP for growth in 2026 and beyond. HFP is excited to welcome new CFO, Vitali Harwardt to the team. He brings significant global private equity experience to the business. On the fund-raising side, the company is on pace for \$1 billion of new AUMs across Helios Fund V, CLEAR (environmentally focused fund) and Helios Sports and Entertainment. With regards to legacy Helios Funds IV, III and II, significant progress on disposals has been made which in time will allow Helios Investment Partners to begin recycling investments. We are confident that Helios has reached an inflection point and are excited about the prospects for HFP's investments in Africa.

Since 2008 we have invested with founder Kyle Shaw and his private equity firm ShawKwei & Partners. ShawKwei takes significant stakes in middle-market industrial, manufacturing and service companies across Asia, partnering with management to improve their businesses. We have invested \$553 million in two funds, have received cash distributions of \$272 million and have a remaining value of \$545 million at year-end. The returns to date are primarily from our investment in the 2010 vintage fund, which increased 45% in 2025 and has generated a 13.4% compound annual return since 2010. The 2017 vintage fund decreased 11% in value in 2025 and has a compound annual return of -3.3% since inception.

Led by its outstanding Chairman and CEO, Krishan Balendra, John Keells Holdings is Sri Lanka's largest listed conglomerate, with over 150 years of history and a significant presence across leisure, consumer foods, retail, transportation, property and financial services. Amid Sri Lanka's external crisis, the company raised \$75 million in equity capital, entirely provided by Fairfax in the form of convertible debentures, to fund the West Container Terminal at the Port of Colombo. In late 2024 John Keells also raised \$80 million through a rights issue to fund the completion of the City of Dreams Sri Lanka casino resorts. We are happy to say the City of Dreams opened in 2025, featuring a luxury casino, Nuwa hotel and a lifestyle mall. West Container Terminal Phase 1 commenced operations in January 2025 and turned EBITDA-positive in its first year on strong container throughput. John Keells EV push in Sri Lanka is also paying off, with the BYD distributorship securing market leadership and sustaining strong sales momentum. Operationally, John Keells saw its revenue rise 45% to \$1.5 billion in 2025, with earnings before tax increasing 50% to \$99 million over the same period. Sri Lanka's economy in 2025 demonstrated a sustained recovery from prior crises, achieving GDP growth of ~4.6%, driven by a resurgence in tourism and services. Foreign reserves strengthened to \$6 billion, supporting macroeconomic stability. Improved credit conditions were driven by external debt restructuring, IMF support, and assistance from India. Despite challenges such as Cyclone Ditwah, which caused \$4.1 billion in estimated damage (4% of GDP) in November 2025, the Sri Lankan economy is poised for a moderate 3.5% growth in 2026, driven by continued tourist arrivals and infrastructure spending. Fairfax converted its \$75 million debentures into John Keells equity in January 2025 and in September 2025 acquired an additional 1.3% stake for \$18 million. Our ownership in John Keells is now 26%. At year-end Fairfax carried the investment at \$293 million, which was below its market value of \$317 million.

Orla had an exciting year driven by its transformative and well-timed acquisition of the Musselwhite gold mine in late 2024. Since its acquisition of Musselwhite, Orla has increased exploration activity in the region which we believe will result in extending the life of the mine. Musselwhite has the potential to grow production incrementally through higher mining and milling rates. In addition to the growth at Musselwhite, Orla has attractive growth opportunities through the development of its low capital and operating cost South Railroad mining project in Nevada and the building of an underground mine at Camino Rojo in Mexico. Orla is a low-cost operator whose strong growth profile makes it unique amongst its peer group. Despite its unique and attractive attributes, Orla continues to trade at an attractive ~8x multiple of free cash flow. In December of 2025, Fairfax sold 25 million shares of Orla Mining, approximately a quarter of our position if you include our convertibles and warrants as part of a rebalancing of our investment portfolios. This resulted in a pre-tax realized gain of \$228 million. Our remaining position consists of 31.8 million common shares (at a cost of Cdn\$4.80 per share), plus 26.6 million shares through our convertible bonds, convertible at Cdn\$7.90 per share and additional shares of 17.5 million through warrants at Cdn\$11.50 per share.

President Trump's policies may usher in the "golden age" that he promises. The U.S. economy appears strong, resilient and significant increases in productivity in the U.S. appear likely. This is balanced with the U.S. stock market at record highs and valuations at extreme levels like we mentioned last year. The U.S. stock market accounts for 70% of the world index (MSCI World), not unlike Japan in 1989 when it accounted for 50% of the world's capitalization. Of course, the Nikkei index did not see the 1989 high of 39,000 for 30 years. Households have invested in the U.S. stock market like never before (74% of households) and foreigners have record amounts invested in the U.S. stock market.

Institutions and individuals have reached for yield in private credit like collateralized mortgage bonds in the 2007/2008 time period. ETF's are so prevalent that they exceed the number of stocks listed on U.S. stock exchanges. Option trading is at record levels. All indications of extreme speculation in the U.S. stock markets – particularly in the tech sector and AI-related stocks. We have seen this movie before and remember the phrase "Caveat Emptor"! However, opportunities always exist in the stock markets – particularly outside the U.S.!

Our team at Hamblin Watsa Investment Counsel, led by Wade Burton, with strong support from Lawrence Chin, Roger Lace and Brian Bradstreet continue to navigate the uncertain economic environment while providing excellent returns for you, our shareholders.

Shown below are the Hamblin Watsa Investment Counsel professionals with their individual areas of focus:

Hamblin Watsa Professionals	Responsibility
Wade Burton and Lawrence Chin	United States and Canada (stocks & bonds)
Reno Giancola	Canada (stocks & bonds)
Jamie Lowry and Ian Kelly	Europe (stocks & bonds)
Quinn McLean	Middle East, South Africa and private companies
Yi Sang	Asia (stocks & bonds)
Gopalakrishnan Soundarajan	India, Sri Lanka (stocks & bonds)
Jeff Ware	South America (stocks & bonds)
Wendy Teramoto	Private companies
Peter Furlan	Chief Research Officer
Paul Ianni	Private and public companies
Joe Coccimiglio	Private and public companies
Navtej Sidhu	Private and public companies
Paul Blake	Stock trading
Kleven Sava	Bond trading and management

We discussed Under Armour in the investment section. This was brought to the investment committee by Wade Burton late in 2025 – and is one of his investments in the portfolio he manages with Lawrence Chin. We liked it so much we decided to make it a significant investment for Fairfax! Looking forward to more great ideas from Wade and our investment professionals across the world.

As I said last year, our small investment committee, consisting of Wade Burton, Roger Lace, Brian Bradstreet, Lawrence Chin, Chandran Ratnaswami, Quinn McLean, Kleven Sava, Peter Clarke and me will review large investments, asset mix, regulatory requirements and performance. As I have said in the past, committee decision-making in investments has some serious performance risks in our mind. We use this format solely to share information and discuss the pros and cons of any investment. We have built an extremely talented team with the ability to invest worldwide, working in a collaborative team environment but individually empowered at the same time. We continue to be excited about the future returns we expect from our investment team.

Learning from mistakes over the last 40 years

In our 2009 annual report, we said we learned that buying quality insurance companies like Seneca and Zenith and marrying them with our investment expertise was better than buying turnarounds. And that's what we did with Brit and Allied World. That's our learning experience. But remember TIG, which we once considered our greatest failure in the insurance business, as discussed on page 6, we consider now to be perhaps one of our greatest successes. Patience is a virtue!

In our non-insurance investments and businesses, we find that we have often emphasized cheapness at the expense of quality and suffered often from promotional founders/CEOs who were ineffective managers. We are very much guarding against these mistakes in the future. That said, we consider a founder or CEO makes all the difference in a business – it's just very difficult to appraise! As we showed you with Eurobank, miracles do happen!

We have made many many mistakes in the past 40 years and hope not to repeat them in the future! But we have learned that patience is a virtue, the long term is key and to always maintain flexibility.

Miscellaneous

As expected, we maintained our dividend of \$15 per share in 2025 and used our excess cash flow to buy back 1.0 million shares at \$1,615 per share or \$1.6 billion. As I have said before, this represents a hidden dividend for all of you remaining shareholders of \$78 per share (Huge!).

Through dividends and buybacks over the last five years, we have given back to you, our shareholders, approximately \$225 per share of the \$341 per share price at December 31, 2020, or almost 65% of your investment five years ago.

Robbert Hartog, our lead investor, lead director and Chair of the Audit Committee when we began in 1985, introduced me to David Johnston when he retired in 2006. We had lunch and thus began a 20 year relationship.

David was the Dean of the law school at the University of Western, Principal of the University of McGill, President of the University of Waterloo and Chair of the Board of at Overseers Harvard. David was the best Governor General Canada has ever had. We were very fortunate to have David as our Director all these years and we wish David and Sharon, their five daughters and 14 grandchildren a long and happy retirement.

A big thank you to our outstanding Board of Directors, led by Bill McFarland, for providing us with such insightful leadership, extensive experience and unwavering support as we build our company for the long term. We are truly blessed to have such a wonderful Board!

Fairfax now has 22,000 employees in its insurance business; 10% in Canada, 30% in the U.S., 20% in Europe, 15% in both Asia and the Middle East, and the remaining 10% in Africa and Latin America. Also, Fairfax has 40,500 employees in its consolidated non-insurance businesses, mostly in Canada and India.

As I mentioned earlier, we want our employees to be owners and to benefit from the performance of their company. We have strong participation in our employee share ownership plan under which our employees make share purchases through payroll deductions, supplemented by contributions from their employer. It is an excellent plan, and employees have had great returns over the long term, as shown below:

	Compound Annual Return				
	5 Years	10 Years	15 Years	20 Years	Since Inception
Employee Share Ownership Plan	65%	33%	23%	20%	17%

If an employee earning \$40,000 had participated fully in this program since its inception, he or she would have accumulated more than 4,000 shares of Fairfax worth Cdn\$10.7 million at the end of 2025. I am happy to say we have many employees who have done exactly that! Of course, it is highly unlikely this will be repeated – but it will still be a great long-term investment for our employees!

Fairfax Digital, led by Sanjay Tugnait, had another productive year in 2025. One key focus was on accelerating the development and use of AI across the Fairfax's portfolios. For example, at Eurobank, in partnership with EY and Microsoft, we launched a next-gen AI Factory, the first agentic AI ecosystem of its kind in Southern Europe designed to foster AI deployment in core banking. Through this initiative, EVA was developed, Eurobank's AI-native virtual assistant, enhancing the Bank's digital leadership in the region. In India, Thomas Cook India launched Dhruv, a multi-modal, multi-lingual, agentic voice-enabled GenAI advisor, delivering measurable improvements in service quality and operating efficiency in corporate travel. The pipeline on the digital front continues to grow and Sanjay continues to do an outstanding job working with all our companies driving new initiatives forward.

Our ESG efforts put significant focus on how we can support people: our employees, customers, and communities. We also continue to ensure we have the people, tools and processes in place to meet upcoming regulatory reporting requirements, including greenhouse gas emissions and the impact of climate change, which are constantly evolving and vary across jurisdictions. Our ESG report, available on www.fairfax.ca, provides a summary of our activities around the world and is updated annually.

Craig Pinnock continued to chair the cross group Black Initiatives Action Committee (BIAC) throughout 2025, advancing sustained progress across Fairfax's G7 companies through the six-pillar framework and in close partnership with People & Culture leaders. BIAC's work continues to be highlighted in Fairfax's ESG reporting, with strong and deliberate alignment between anti Black racism initiatives and broader diversity, equity, and inclusion strategies. The Golden Rule continues to serve as a unifying principle, reinforcing our shared values and collective purpose. Our partnership with the BlackNorth Initiative also remains strong. In recognition of this ongoing commitment, Northbridge was honoured in 2025 with BlackNorth's Corporate DEI Leadership Award, celebrating both meaningful organizational progress and sustained leadership in this space.

As you know, we think business can be a force for good. Over 40 years, Fairfax has written cumulative premiums of \$324 billion while providing outstanding service to our customers. We are paying annual salaries and benefits to our employees all over the world totaling \$2.9 billion. We have made cumulative donations of \$570 million since we began our donations program in 1991. Over the 40 years we have paid cumulative taxes of \$8.3 billion. This is why we consider business a force for good and why countries that are business-friendly succeed mightily. We are a small microcosm of what business does worldwide.

In 2025, we made a total of \$90 million in donations, hitting our 2% pre-tax profit target. Of that, \$58 million was donated to charities and the remainder to our foundations. Since we began our donations program in 1991, we have made cumulative donations of \$570 million, and our annual donations have gone up approximately 520 times at a compound rate of 20% per year. We are now donating 2% of pre-tax profit each year to charities across the globe – 1% through each of our insurance companies and 1% to our Fairfax foundations.

We are pleased to publish our third Charitable Giving Report, highlighting the impactful work of charitable organizations globally and the many ways our operating companies support these initiatives. This year's report explores the theme of "Why We Give" and tells the stories behind each donation. The report will once again be distributed at our AGM and will be available on www.fairfax.ca.

We announced on February 25, 2025 that Fairfax would start a Centre for Free Enterprise at Huron University. We will officially open the Centre on May 13, 2026. Also, late last year, we opened the Fairfax Centre for Free Enterprise in India under the leadership of Amitabh Kant, our Senior Advisor in India. We think both centres are very much needed.

The 13th Fairfax Leadership Workshop concluded in June, hosting 30 international participants from 17 different countries. This intensive five-day program focuses on Fairfax culture and serves as a vital tool for exposing our diverse leaders to Fairfax Guiding Principles, our senior leadership team and one another. The presenters for the program consist of 20 of our operating company CEOs and Fairfax Executive Committee members. Other than Jane Clarke from Nicholson McBride, who facilitates the program beautifully every year, we have no external presenters – something I believe is unique in this day and age. We will never outsource our culture. No one understands it better than us! This high level of commitment every year by our senior team reinforces the importance of this program to the success of our company. As we have expanded our international footprint, the program has become essential for ensuring connectivity, collaboration and consistency across the globe. Since its inception, we have cultivated a massive network of over 300 alumni, many of whom reconvene in Toronto every year during the AGM to maintain professional and personal bonds. Future iterations of the workshop are expected to maintain this high capacity to meet increasing demand from the company's expanding leadership ranks.

Our working groups are another highly successful initiative that fosters connection and collaboration across Fairfax. Today we have almost 400 professionals participating in 15 or more different working groups. There is a natural ebb and flow to these groups with some being more active than others at times depending on circumstances. These groups allow us to benefit from the depth of expertise within our organization without compromising our decentralized approach. The collaboration between our large North American operations and their smaller international sister companies continues to increase as does the sharing across disciplines. This has been particularly beneficial for our smaller operations, enabling them to grow their knowledge and expertise without compromising the entrepreneurial spirit of individual operations.

In January of this year, we had our investors trip to India. We had restarted it last year after a five-year gap due to the pandemic, and we were very pleased to do it again this year. This annual trip gives our shareholders an opportunity to interact with the leadership of our investee companies, and to experience the remarkable transformation taking place in the country. This trip included visits to some of the world-renowned cultural and tourist sites. As with past years it was organized by Kasi Rao and Dipak Deva covering five cities: Mumbai, New Delhi, Agra, Jaipur and Bengaluru. Our shareholders got a first-hand glimpse of why we believe India continues to be an exceptional investment opportunity in the years ahead. Our plan is to do this every year.

The Value Investing Conference held by George Athanassakos the week of our annual shareholders' meeting will take place again this year on April 14, 2026! This will be its 14th year and I highly recommend that you attend – it is well worth your time. If you have not attended in the past, please see the website for details: www.bengrahaminvesting.ca. Many who have participated have mentioned to me that it is one of the best of its kind, and this year's lineup of speakers, as usual, is outstanding. This year's featured keynote speakers are Stephen Penman, George O. May, Professor Emeritus of Financial Accounting, Francis Chou, Founder and CEO of Chou Associates Management Inc. and Murad Al-Katib, President and CEO, AGT Food and Ingredients Inc.

Fairfax India (of which many of you are also shareholders) will hold its annual shareholders' meeting on Wednesday, April 15 at 9:30a.m. (Toronto time) the day before our annual shareholders' meeting which is on April 16: details will be posted on its website. Helios Fairfax Partners will hold its investor day at 2:30 p.m. on April 15: details will be posted on its website.

While AI has many advantages, it has some negatives also. Over the past number of years, the number of fake and inaccurate social media posts from individuals posing as an employee of Fairfax or myself have been increasing. This resulted in us issuing a press release last year reminding everyone that none of Fairfax, myself, nor any officer of Fairfax provides financial or investment advice to any person over social media, chat or messaging applications. I do not maintain any online social media accounts, so any social media outlet claiming to represent me or to offer advice from me is fraudulent. If you see a post on Facebook or X from me, please ignore! We encourage all persons looking for information about Fairfax to consult our press releases, annual reports, interim quarterly reports and annual general meeting materials, all of which are available on our website.

As we have done for the last 40 years, we look forward once again to seeing all of you in person at our annual shareholders' meeting in Toronto, where our leaders will be ready to answer all your questions. We are truly blessed to have loyal, long-term shareholders like you, and I look forward to seeing you on April 16.

March 6, 2026



V. Prem Watsa
Chairman and Chief Executive Officer

Glossary of Non-GAAP and Other Financial Measures

Management analyzes and assesses the underlying insurance and reinsurance companies, and the financial position of the consolidated company, through various measures and ratios. Certain of those measures and ratios, which have been used consistently and disclosed regularly in the company's Annual Reports and interim financial reporting, do not have a prescribed meaning under IFRS Accounting Standards and may not be comparable to similar measures presented by other companies.

Supplementary Financial Measures

Net insurance revenue – This measure of underwriting activity is calculated as insurance revenue less cost of reinsurance, both as presented in the consolidated statement of earnings.

	2025	2024
Insurance revenue	31,595.0	31,064.1
Cost of reinsurance	(5,522.1)	(6,197.7)
Net insurance revenue	<u>26,072.9</u>	<u>24,866.4</u>

Net insurance service expenses – This measure of underwriting activity is calculated as insurance service expenses less recoveries of insurance service expenses, both as presented in the consolidated statement of earnings.

	2025	2024
Insurance service expenses	(26,051.5)	(24,866.8)
Recoveries of insurance service expenses	3,826.6	4,453.2
Net insurance service expenses	<u>(22,224.9)</u>	<u>(20,413.6)</u>

Combined ratio, discounted – Also referred to as the **discounted combined ratio**, this performance measure of underwriting results under IFRS 17 is calculated as net insurance service expenses expressed as a percentage of net insurance revenue.

Book value per basic share – The company considers book value per basic share a key performance measure as one of the company's stated objectives is to build long term shareholder value by compounding book value per basic share by 15% annually over the long term. This measure is calculated by the company as common shareholders' equity divided by the number of common shares effectively outstanding. Those amounts are presented in the consolidated balance sheet and note 16 (Total Equity, under the heading "Common stock") respectively to the consolidated financial statements for the year ended December 31, 2025. **Increase or decrease in book value per basic share** is calculated as the percentage change in book value per basic share from the end of the last annual reporting period to the end of the current reporting period. **Increase or decrease in book value per basic share adjusted for the \$15.00 per common share dividend** is calculated in the same manner except that it assumes the annual \$15.00 per common share dividend paid in the first quarter of 2025 was not paid and book value per basic share at the end of the current reporting period would be higher as a result.

Equity exposures – Long equity exposures refers to the company's long positions in equity and equity-related instruments held for investment purposes, and **long equity exposures and financial effects** refers to the aggregate position and performance of the company's long equity exposures. Long equity exposures exclude the company's insurance and reinsurance investments in associates and joint ventures, and other equity and equity-related holdings which are considered long-term strategic holdings. These measures are presented and explained in note 22 (Financial Risk Management, under the heading "Market Risk") to the consolidated financial statements for the year ended December 31, 2025.

Capital Management Measures

Net debt, net total capital, total capital, net debt divided by total equity, net debt divided by net total capital and total debt divided by total capital are measures and ratios used by the company to assess the amount of leverage employed in its operations. The company also uses an **interest coverage ratio** and an **interest and preferred share dividend distribution coverage ratio** to measure its ability to service its debt and pay dividends to its preferred shareholders. These measures and ratios are calculated using amounts presented in the company's consolidated financial statements for the year ended December 31, 2025, both including and excluding the relevant balances of consolidated non-insurance companies, and are presented and explained in note 22 (Financial Risk Management, under the heading "Capital Management").

Total of Segments Measures

Property and casualty insurance and reinsurance – References in this MD&A to the company’s property and casualty insurance and reinsurance operations do not include the company’s life insurance and run-off operations. The company believes this aggregation of reporting segments to be helpful in evaluating the performance of its core property and casualty insurance and reinsurance companies and has historically disclosed measures on this basis including operating income (loss), consistent with the information presented in note 23 (Segmented Information) to the consolidated financial statements for the year ended December 31, 2025, as well as net premiums written, net premiums earned and underwriting profit (loss), which are presented in this MD&A. References to “**insurance and reinsurance**” operations includes property and casualty insurance and reinsurance, life insurance and run-off operations.

Net finance income (expense) from insurance contracts and reinsurance contract assets held – This measure represents the net change in the carrying amounts of the company’s insurance contracts and reinsurance contract assets held arising from the effects of the time value of money, and is calculated as the sum of the respective amounts presented in the consolidated statement of earnings.

Operating income (loss) – This measure is used by the company as a pre-tax performance measure of operations that excludes net finance income (expense) from insurance contracts and reinsurance contract assets held, net gains (losses) on investments, interest expense and corporate overhead and other, and that includes interest and dividends and share of profit (loss) of associates, which the company considers to be more predictable sources of investment income. Operating income (loss) includes the insurance service result and other insurance operating expenses of the insurance and reinsurance operations and the revenue and expenses of the non-insurance companies. A reconciliation of operating income (loss) to earnings before income taxes, the most directly comparable measure under IFRS Accounting Standards, is presented in note 23 (Segmented Information) to the consolidated financial statements for the year ended December 31, 2025. All figures in that reconciliation are from the company’s consolidated statement of earnings for the year ended December 31, 2025, except for net finance income (expense) from insurance contracts and reinsurance contract assets held, which is comprised of figures from the consolidated statement of earnings as described above, and corporate overhead and other, which is described below.

Corporate overhead and other – This measure includes corporate and other expenses as presented in the consolidated statement of earnings, representing the non-underwriting operating expenses of the Fairfax holding company and the holding companies of the insurance and reinsurance operations, and the amortization of intangible assets that primarily arose on acquisition of the insurance and reinsurance subsidiaries. Also included are investment management and administration fees paid by the insurance and reinsurance subsidiaries to the Fairfax holding company, interest and dividends earned on holding company cash and investments and holding company share of profit (loss) of associates. Refer to the Corporate Overhead and Other section in this MD&A.

Non-GAAP Financial Measures and Ratios

The financial measures and ratios described below are presented on the same basis as prior to the adoption of IFRS 17 *Insurance Contracts* on January 1, 2023.

Net premiums earned – Net premiums earned represents the portion of net premiums written that are considered earned by the company during a specified period in exchange for providing insurance coverage to the policyholder. This measure is used in the insurance industry and by the company primarily to evaluate business volumes, including related trends, and the management of insurance risk.

Underwriting profit (loss) – A measure of underwriting activity calculated as insurance service result with the effects of discounting for net claims recorded in the current period and changes in the risk adjustment and other excluded, and other insurance operating expenses deducted, as shown in the table in the Overview of Consolidated Performance section of this MD&A, under the heading “Property and Casualty Insurance and Reinsurance”.

Adjusted operating income (loss) – Calculated as the sum of underwriting profit (loss), interest and dividends and share of profit (loss) of associates for the property and casualty insurance and reinsurance companies, this measure is used in a similar manner to operating income (loss).

Adjusted operating income interest coverage and **adjusted operating income interest and preferred share dividend distribution coverage** are ratios used to measure the ability of the property and casualty insurance and reinsurance companies to service their debt and the debt and preferred dividend obligations of the holding company. Balances of the non-insurance companies are excluded from the calculation of these ratios. Adjusted operating income interest coverage is calculated as adjusted operating income of the property and casualty

insurance and reinsurance companies divided by consolidated interest expense on borrowings excluding non-insurance companies. Adjusted operating income interest and preferred share dividend distribution coverage is calculated as adjusted operating income of the property and casualty insurance and reinsurance companies divided by the sum of consolidated interest expense on borrowings, excluding non-insurance companies, and preferred share dividend distributions of the holding company adjusted to a pre-tax equivalent at the company's Canadian statutory income tax rate.

Property and casualty insurance and reinsurance ratios – The **combined ratio, undiscounted**, which may also be referred to as the **undiscounted combined ratio**, is the traditional performance measure of underwriting results of property and casualty companies and is calculated by the company as the sum of the **loss ratio** (claims losses and loss adjustment expenses expressed as a percentage of net premiums earned), the **commission expense ratio** (commissions expressed as a percentage of net premiums earned) and the **underwriting expense ratio** (other underwriting expenses, including premium acquisition costs, expressed as a percentage of net premiums earned). Other ratios used by the company include the **accident year loss ratio** (claims losses and loss adjustment expenses excluding the net favourable or adverse development of reserves established for claims that occurred in previous accident years, expressed as a percentage of net premiums earned), and the **accident year combined ratio** (the sum of the accident year loss ratio and the expense ratio). The ratios described are derived from information disclosed in the Net Earnings by Reporting Segment section of this MD&A and adjusted principally to remove the effects of discounting for net claims recorded in the current period, the change in the risk adjustment and other insurance operating expenses. These ratios are used by the company for comparisons to historical underwriting results, to the underwriting results of competitors and to the broader property and casualty industry, as well as for evaluating the performance of individual operating companies. The company may also refer to **combined ratio points**, which expresses, on an undiscounted basis, a loss that is a component of losses on claims, net, such as a catastrophe loss or net favourable or adverse prior year reserve development, as a percentage of net premiums earned during the same period.

The tables below present the amounts used in the calculation of the property and casualty insurance and reinsurance companies ratios and reconciles insurance revenue to net premiums earned. A reconciliation of underwriting profit (loss) of the property and casualty insurance and reinsurance reporting segments to insurance service result, the most directly comparable measure under IFRS Accounting Standards, is shown in the Overview of Consolidated Performance section of this MD&A, under the heading "Property and Casualty Insurance and Reinsurance".

	North American		Global Insurers and		International Insurers		Property and Casualty	
	Insurers		Reinsurers		and Reinsurers		Insurance and	
	2025	2024	2025	2024	2025	2024	2025	2024
Reconciliation of net premiums earned:								
Insurance revenue ⁽¹⁾	9,212.2	8,779.9	16,388.6	15,684.7	6,178.4	6,825.5	31,779.2	31,290.1
Cost of reinsurance ⁽¹⁾	(1,404.7)	(1,297.9)	(2,573.1)	(2,706.2)	(1,942.3)	(2,592.4)	(5,920.1)	(6,596.5)
Net insurance revenue	7,807.5	7,482.0	13,815.5	12,978.5	4,236.1	4,233.1	25,859.1	24,693.6
Adjust for: net ceding commissions on reinsurance assumed (reinsurance held) and other	(355.9)	(409.5)	590.6	737.1	(92.9)	(450.4)	141.8	(122.8)
Net premiums earned	7,451.6	7,072.5	14,406.1	13,715.6	4,143.2	3,782.7	26,000.9	24,570.8
Total underwriting expenses, net:								
Losses on claims – accident year	4,746.7	4,464.3	9,426.9	8,887.4	2,630.3	2,493.6	16,803.9	15,845.3
Net favourable prior year reserve development	(132.0)	(101.0)	(339.1)	(257.4)	(280.4)	(235.2)	(751.5)	(593.6)
Losses on claims – calendar year	4,614.7	4,363.3	9,087.8	8,630.0	2,349.9	2,258.4	16,052.4	15,251.7
Commissions	1,173.1	1,093.5	2,589.9	2,339.2	656.7	600.3	4,419.7	4,033.0
Other underwriting expenses	1,204.1	1,168.6	1,590.6	1,505.8	917.5	820.3	3,712.2	3,494.7
Total underwriting expenses, net	6,991.9	6,625.4	13,268.3	12,475.0	3,924.1	3,679.0	24,184.3	22,779.4
Underwriting profit	459.7	447.1	1,137.8	1,240.6	219.1	103.7	1,816.6	1,791.4
Combined ratio, undiscounted	93.8%	93.7%	92.1%	91.0%	94.7%	97.3%	93.0%	92.7%

(1) As presented in the Net Earnings by Reporting Segment section of this MD&A.

Float – In the insurance industry the funds available for investment that arise as an insurance or reinsurance operation receives premiums in advance of the payment of claims is referred to as float. The company calculates its float as the sum of its insurance contract liabilities and insurance contract payables, less the sum of its reinsurance contract assets held and insurance contract receivables, adjusted to remove the effects of discounting, risk adjustment and life insurance operations from insurance contract liabilities and reinsurance contract assets held. Float of a reporting segment or segments is calculated in the same manner using the company's segmented balance sheet. The **annual (benefit) cost of float** is calculated by expressing annual underwriting profit (loss) as described above as a percentage of **average float** for the year (the simple average of float at the beginning and end of the year).

Excess (deficiency) of fair value over carrying value – These pre-tax amounts, while not included in the calculation of book value per basic share, are regularly reviewed by management as an indicator of investment performance for the company's non-insurance associates and market traded consolidated non-insurance subsidiaries that are considered to be portfolio investments, which are Fairfax India, Thomas Cook India and Dexterra Group at December 31, 2025, and also Boat Rocker at December 31, 2024.

	December 31, 2025			December 31, 2024		
	Fair value	Carrying value	Excess of fair value over carrying value	Fair value	Carrying value	Excess of fair value over carrying value
Non-insurance associates	9,913.7	7,456.9	2,456.8	7,394.9	6,615.9	779.0
Non-insurance companies	1,734.8	1,052.0	682.8	1,779.0	1,077.5	701.5
	<u>11,648.5</u>	<u>8,508.9</u>	<u>3,139.6</u>	<u>9,173.9</u>	<u>7,693.4</u>	<u>1,480.5</u>

Non-insurance associates included in the performance measure

The fair values and carrying values of non-insurance associates used in the determination of this performance measure are the values included in the consolidated balance sheets as at December 31, 2025 and December 31, 2024, and excludes investments in associates held by the company's consolidated non-insurance companies as those amounts are already included in the carrying values of the consolidated non-insurance companies used in this performance measure.

	December 31, 2025		December 31, 2024	
	Fair value	Carrying value	Fair value	Carrying value
Investments in associates as presented on the consolidated balance sheets	11,057.7	8,362.3	8,144.8	7,153.3
Less:				
Insurance and reinsurance investments in associates ⁽¹⁾	1,078.7	839.4	745.9	532.8
Associates held by consolidated non-insurance companies ⁽²⁾	65.3	66.0	4.0	4.6
Non-insurance associates included in the performance measure	<u>9,913.7</u>	<u>7,456.9</u>	<u>7,394.9</u>	<u>6,615.9</u>

(1) As presented in note 6 (Investments in Associates) to the consolidated financial statements for the year ended December 31, 2025.

(2) Comprised of associates held by Thomas Cook India (including its share of Quess) and Dexterra Group at December 31, 2025, and also Boat Rocker at December 31, 2024.

Non-insurance companies included in the performance measure

The fair values of market traded consolidated non-insurance companies are calculated as the company's pro rata ownership share of each subsidiary's market capitalization as determined by traded share prices at the financial statement date. The carrying value of each subsidiary represents Fairfax's share of that subsidiary's net assets, calculated as the subsidiary's total assets less total liabilities and non-controlling interests. Carrying value is included in shareholders' equity attributable to shareholders of Fairfax in the company's consolidated balance sheets as at December 31, 2025 and December 31, 2024, as shown in the table below, which reconciles the consolidated balance sheet of the market traded non-insurance companies to that of the total non-insurance companies included in the company's consolidated balance sheet.

	December 31, 2025			December 31, 2024		
	Market traded non-insurance companies	All other non-insurance companies	Total non- insurance companies ⁽¹⁾	Market traded non-insurance companies ⁽²⁾	All other non-insurance companies	Total non- insurance companies ⁽¹⁾
Portfolio investments ⁽³⁾	2,438.3	107.3	2,545.6	2,180.1	111.8	2,291.9
Deferred income tax assets	28.4	78.8	107.2	36.3	52.3	88.6
Goodwill and intangible assets	481.5	3,834.3	4,315.8	582.7	3,599.0	4,181.7
Other assets ⁽⁴⁾	1,079.8	3,970.0	5,049.8	1,190.9	4,014.3	5,205.2
Total assets	<u>4,028.0</u>	<u>7,990.4</u>	<u>12,018.4</u>	<u>3,990.0</u>	<u>7,777.4</u>	<u>11,767.4</u>
Accounts payable and accrued liabilities ⁽⁴⁾	876.3	2,278.6	3,154.9	839.6	2,402.0	3,241.6
Derivative obligations	–	68.6	68.6	0.1	82.6	82.7
Deferred income tax liabilities	83.4	437.0	520.4	68.9	445.4	514.3
Borrowings – non-insurance companies	738.7	2,441.6	3,180.3	676.3	2,212.6	2,888.9
Total liabilities	<u>1,698.4</u>	<u>5,225.8</u>	<u>6,924.2</u>	<u>1,584.9</u>	<u>5,142.6</u>	<u>6,727.5</u>
Shareholders' equity attributable to shareholders of Fairfax ⁽⁵⁾	1,052.0	2,687.8	3,739.8	1,077.5	2,421.4	3,498.9
Non-controlling interests	1,277.6	76.8	1,354.4	1,327.6	213.4	1,541.0
Total equity	<u>2,329.6</u>	<u>2,764.6</u>	<u>5,094.2</u>	<u>2,405.1</u>	<u>2,634.8</u>	<u>5,039.9</u>
Total liabilities and total equity	<u>4,028.0</u>	<u>7,990.4</u>	<u>12,018.4</u>	<u>3,990.0</u>	<u>7,777.4</u>	<u>11,767.4</u>

(1) Non-insurance companies as presented in the Segmented Balance Sheet in note 23 (Segmented Information) to the consolidated financial statements for the year ended December 31, 2025.

(2) Boat Rocker was deconsolidated in 2025 and is only included at December 31, 2024. See note 21 (Acquisitions and Divestitures) to the consolidated financial statements for the year ended December 31, 2025.

(3) Portfolio investments include intercompany debt securities, issued by a non-insurance company to Fairfax affiliates, which are eliminated on consolidation.

(4) Other assets include due from affiliates. Accounts payable and accrued liabilities include due to affiliates.

(5) **Bolded figures** represent the carrying values of the market traded non-insurance subsidiaries.

Cash provided by (used in) operating activities (excluding operating cash flow activity related to purchases and sales of investments classified at FVTPL) is presented in this MD&A for the larger property and casualty insurance and reinsurance reporting segments as management believes this measure to be a useful estimate of cash generated or used by underwriting activities. This measure is a component of cash provided by (used in) operating activities as presented in the consolidated statement of cash flows, the most directly comparable measure under IFRS Accounting Standards.

	2025	2024
Cash provided by (used in) operating activities (excluding operating cash flow activity related to purchases and sales of investments classified at FVTPL):		
North American Insurers and Global Insurers and Reinsurers	5,573.9	5,286.2
All other reporting segments	904.6	(776.5)
Net purchases of investments classified at FVTPL	<u>(4,059.1)</u>	<u>(515.8)</u>
Cash provided by operating activities as presented in the consolidated statement of cash flows	<u>2,419.4</u>	<u>3,993.9</u>

Intercompany shareholdings – On the segmented balance sheets intercompany shareholdings of insurance and reinsurance subsidiaries are presented as “**Investments in Fairfax insurance and reinsurance affiliates**”, intercompany shareholdings of non-insurance subsidiaries are included in “Portfolio investments” and total intercompany shareholdings of subsidiaries are presented as “**Investments in Fairfax affiliates**” in the “Capital” section. Intercompany shareholdings of subsidiaries are carried at cost in the segmented balance sheets as management believes that provides a better comparison of operating performance over time, whereas those shareholdings are eliminated upon consolidation in the consolidated financial statements with no directly comparable measure under IFRS Accounting Standards.

Appendix to Chairman's Letter to Shareholders

The Chairman's Letter to Shareholders ("the Letter") presents the performance of the underlying insurance and reinsurance companies, and the financial position of the consolidated company, in various ways. Certain of those measures and ratios, which have been used consistently and disclosed regularly in the Letter, do not have a prescribed meaning under IFRS Accounting Standards and may not be comparable to similar measures presented by other companies.

Fairfax Worldwide Insurance Operations as at December 31, 2025

This table in the Letter includes information on certain non-consolidated insurance companies which are presented as insurance and reinsurance investments in associates in note 6 (Investments in Associates) to the company's consolidated financial statements for the year ended December 31, 2025. As associates are recorded using the equity method of accounting under IFRS Accounting Standards and not consolidated, the gross premiums written and investment portfolios of these associates are not included in the relevant amounts presented in the company's consolidated statement of earnings and consolidated balance sheet respectively.

Gross Premiums Written per Share

This is a non-GAAP financial measure calculated as gross premiums written by the property and casualty insurance and reinsurance companies divided by the number of common shares effectively outstanding, which are presented in the MD&A of this Annual Report, under the heading "Overview of Consolidated Performance", and in note 16 (Total Equity) to the company's consolidated financial statements for the year ended December 31, 2025, respectively. Management uses this measure as an indicator of organic growth and accretive acquisitions in its property and casualty insurance and reinsurance operations, and to illustrate the benefit premiums have on book value per basic share.

Compound Growth in Book Value per Share

This supplementary financial measure is calculated as the compound return on book value per basic share for the beginning and ending years of the relevant measurement period. Book value per basic share is described in the MD&A of this Annual Report, under the heading "Glossary of Non-GAAP and Other Financial Measures".

Average Total Return on Investments

This supplementary financial measure is calculated as the simple average of total return on average investments for the relevant years in the measurement period. Total return on average investments is described in the MD&A of this Annual Report, under the heading "Total Return on the Investment Portfolio".

Yield on Fixed Income Portfolio

This supplementary financial measure is used by the company, among other financial measures, to evaluate the investment performance of the company's fixed income portfolio, and is calculated as interest income earned on cash, short term investments and bonds divided by the average fixed income portfolio balance.

	2025	2024
Interest income: ⁽¹⁾		
Cash and short term investments	341.0	359.8
Bonds	<u>2,109.2</u>	<u>2,055.3</u>
Total	<u>2,450.2</u>	<u>2,415.1</u>
Fixed income portfolio: ⁽²⁾		
Cash and cash equivalents	6,887.5	7,512.6
Short term investments	2,451.0	1,010.0
Bonds	<u>42,162.5</u>	<u>38,235.5</u>
Total	<u>51,501.0</u>	<u>46,758.1</u>
Yield on Fixed Income Portfolio	<u>5.0%</u>	<u>5.2%</u>

(1) As presented in note 5 (Cash and Investments) to the consolidated financial statements for the year ended December 31, 2025.

(2) As presented in note 5 (Cash and Investments) to the consolidated financial statements for the year ended December 31, 2025 and including the cash and cash equivalents, short term investments and bonds of the Eurolife Life Operations that were classified as held for sale at December 31, 2025 of \$104.6, \$16.0 and \$1,403.8, respectively.

Unconsolidated Balance Sheet

The unconsolidated balance sheet in the Letter presents the carrying values of the company's subsidiaries prior to consolidation to better reflect the amount invested into the company's core property and casualty insurance and reinsurance operations. The company also presents per share amounts for each line item in the unconsolidated balance sheet to better illustrate the composition of book value per basic share. Per share amounts are calculated by dividing the dollar amount of each line item by the number of common shares effectively outstanding, which is presented in note 16 (Total Equity) to the consolidated financial statements for the year ended December 31, 2025. As IFRS Accounting Standards require that controlled subsidiaries be consolidated, the following table presents a reconciliation of the unconsolidated balance sheet to the company's consolidated balance sheet as at December 31, 2025. All figures are rounded to US\$ billions, and may not add due to rounding.

	December 31, 2025			
	As presented in the unconsolidated balance sheet	Reclassifications	Consolidation of subsidiaries	As presented in the consolidated balance sheet
	(US\$ billions)			
Assets				
Northbridge	2.5	—	(2.5)	—
Crum & Forster	3.4	—	(3.4)	—
Zenith National	1.0	—	(1.0)	—
Odyssey Group	6.3	—	(6.3)	—
Allied World	5.6	—	(5.6)	—
Brit	2.4	—	(2.4)	—
Gulf Insurance	1.4	—	(1.4)	—
Other insurers and reinsurers including Life insurance and Run-off	4.9	—	(4.9)	—
Insurance and reinsurance operations	<u>27.5</u>	<u>—</u>	<u>(27.5)</u>	<u>—</u>
Fairfax India	0.7	—	(0.7)	—
Recipe	0.7	—	(0.7)	—
Sleep Country	0.6	—	(0.6)	—
Grivalia Hospitality	0.5	—	(0.5)	—
Peak Achievement	0.5	—	(0.5)	—
Meadow Foods	0.3	—	(0.3)	—
Thomas Cook India	0.2	—	(0.2)	—
Other Non-insurance	0.2	—	(0.2)	—
Non-insurance operations	<u>3.7</u>	<u>—</u>	<u>(3.7)</u>	<u>—</u>
Total consolidated operations	31.2	—	(31.2)	—
Holding company cash and investments	2.7	—	—	2.7
Insurance contract receivables	—	—	1.0	1.0
Investments in associates	2.0	(2.0)	—	—
Portfolio investments	—	2.0	70.9	72.9
Assets held for sale	—	—	3.4	3.4
Reinsurance contract assets held	—	—	11.3	11.3
Deferred income tax assets	—	—	0.4	0.4
Goodwill and intangible assets	—	—	8.3	8.3
Other assets	—	—	7.7	7.7
Total assets	<u>35.9</u>	<u>—</u>	<u>71.8</u>	<u>107.8</u>
Liabilities				
Accounts payable and accrued liabilities	0.5	—	5.6	6.1
Derivative obligations	—	—	0.8	0.8
Liabilities associated with assets held for sale	—	—	3.6	3.6
Deferred income tax liabilities	—	—	1.9	1.9
Insurance contract payables	—	—	0.3	0.3
Insurance contract liabilities	—	—	50.4	50.4
Borrowings – holding company and insurance and reinsurance companies	—	8.9	1.6	10.5
Borrowings – non-insurance companies	—	—	3.2	3.2
Borrowings – holding company	8.9	(8.9)	—	—
Total liabilities	<u>9.4</u>	<u>—</u>	<u>67.5</u>	<u>76.9</u>
Equity				
Common shareholders' equity	26.3	—	—	26.3
Preferred stock	0.2	—	—	0.2
Shareholders' equity attributable to shareholders of Fairfax	26.5	—	—	26.5
Non-controlling interests	—	—	4.4	4.4
Total Equity	<u>26.5</u>	<u>—</u>	<u>4.4</u>	<u>30.9</u>
Total Liabilities and Total Equity	<u>35.9</u>	<u>—</u>	<u>71.9</u>	<u>107.8</u>