FAIRFAX

FINANCIAL HOLDINGS LIMITED

2

INTERIM REPORT

For the six months ended
June 30, 2026

CONSOLIDATED BALANCE SHEETS
as at June 30, 2026 and December 31, 2025
(unaudited - US$ millions)

	Notes	June 30, 2026	December 31, 2025
Assets			
Holding company cash and investments (including assets pledged for derivative obligations – $178.2; December 31, 2025 – $207.8)	5	2,326.7	2,724.9
Insurance contract receivables		968.6	1,006.2
Portfolio investments			
Subsidiary cash and short term investments (including restricted cash and cash equivalents – $636.9; December 31, 2025 – $640.4)	5	8,198.7	8,979.2
Bonds (cost $43,396.8; December 31, 2025 – $39,655.2)	5	43,072.0	39,988.8
Preferred stocks (cost $586.7; December 31, 2025 – $957.4)	5	1,760.6	2,307.4
Common stocks (cost $7,798.9; December 31, 2025 – $7,926.0)	5	9,692.6	9,204.0
Investments in associates (fair value $11,265.6; December 31, 2025 – $11,057.7)	5, 6	7,522.4	8,362.3
Derivatives and other invested assets (cost $1,387.1; December 31, 2025 – $1,312.7)	5, 7	1,729.4	1,764.3
Assets pledged for derivative obligations (cost $128.1; December 31, 2025 – $187.2)	5	128.2	190.8
Fairfax India cash, portfolio investments and associates (fair value $3,405.7; December 31, 2025 – $3,685.1)	5, 6	1,938.9	2,125.0
		74,042.8	72,921.8
Assets held for sale	13	3,512.8	3,445.9
Reinsurance contract assets held	9	11,426.4	11,251.0
Deferred income tax assets		415.6	367.1
Goodwill and intangible assets		8,142.7	8,339.4
Other assets		8,253.9	7,731.4
Total assets		109,089.5	107,787.7
Liabilities			
Accounts payable and accrued liabilities		6,488.4	6,119.7
Derivative obligations	5, 7	421.8	786.9
Liabilities associated with assets held for sale	13	3,666.1	3,638.1
Deferred income tax liabilities		1,838.9	1,946.7
Insurance contract payables		392.8	338.3
Insurance contract liabilities	8	50,997.8	50,441.0
Borrowings – holding company and insurance and reinsurance companies	11	11,424.4	10,455.7
Borrowings – non-insurance companies	11	2,865.9	3,187.2
Total liabilities		78,096.1	76,913.6
Equity	12		
Common shareholders' equity		26,048.5	26,282.6
Preferred stock		231.7	231.7
Shareholders' equity attributable to shareholders of Fairfax		26,280.2	26,514.3
Non-controlling interests		4,713.2	4,359.8
Total equity		30,993.4	30,874.1
		109,089.5	107,787.7

See accompanying notes.

CONSOLIDATED STATEMENTS OF EARNINGS

for the three and six months ended June 30, 2026 and 2025

(unaudited - US$ millions except per share amounts)

		Second quarter		First six months	
	Notes	2026	2025	2026	2025
Insurance					
Insurance revenue	16	8,188.1	7,735.2	16,009.0	15,217.9
Insurance service expenses	17	(6,756.7)	(6,320.2)	(13,088.1)	(12,922.2)
Net insurance result		1,431.4	1,415.0	2,920.9	2,295.7
Cost of reinsurance		(1,463.1)	(1,333.2)	(2,829.1)	(2,662.9)
Recoveries of insurance service expenses	17	1,231.9	919.8	2,237.5	1,974.5
Net reinsurance result		(231.2)	(413.4)	(591.6)	(688.4)
Insurance service result	16	1,200.2	1,001.6	2,329.3	1,607.3
Other insurance operating expenses	16, 17	(297.5)	(292.5)	(578.4)	(562.1)
Net finance expense from insurance contracts	10	(404.0)	(398.7)	(591.3)	(1,212.1)
Net finance income from reinsurance contract assets held	10	92.5	100.2	142.1	309.0
		591.2	410.6	1,301.7	142.1
Investment income					
Interest and dividends	5	737.2	666.3	1,399.3	1,272.8
Share of profit of associates	6	42.8	130.7	414.3	259.3
Net gains on investments	5	768.9	952.0	383.0	2,008.1
		1,548.9	1,749.0	2,196.6	3,540.2
Other revenue and expenses					
Non-insurance revenue		2,024.9	2,181.0	3,749.7	4,270.4
Non-insurance expenses	17	(1,850.2)	(2,061.1)	(3,571.7)	(4,208.8)
Interest expense		(219.1)	(207.4)	(430.7)	(397.8)
Corporate and other expenses	17	(134.8)	(118.1)	(243.0)	(226.4)
		(179.2)	(205.6)	(495.7)	(562.6)
Earnings before income taxes		1,960.9	1,954.0	3,002.6	3,119.7
Provision for income taxes	14	(400.3)	(352.1)	(704.8)	(564.8)
Net earnings		1,560.6	1,601.9	2,297.8	2,554.9
Attributable to:					
Shareholders of Fairfax		1,392.7	1,436.7	2,088.4	2,382.4
Non-controlling interests		167.9	165.2	209.4	172.5
		1,560.6	1,601.9	2,297.8	2,554.9
Net earnings per share		$ 67.92	$ 66.34	$ 101.04	$ 112.40
Net earnings per diluted share		$ 63.38	$ 61.61	$ 94.23	$ 104.26
Cash dividends paid per share		$ —	$ —	$ 15.00	$ 15.00
Shares outstanding (000) (weighted average)		20,475	21,569	20,626	21,609

See accompanying notes.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
for the three and six months ended June 30, 2026 and 2025
(unaudited – US$ millions)

	Second quarter		First six months	
	2026	**2025**	**2026**	**2025**
Net earnings	1,560.6	1,601.9	2,297.8	2,554.9
Other comprehensive income (loss), net of income taxes				
Items that may be subsequently reclassified to net earnings				
Net unrealized foreign currency translation gains (losses) on foreign subsidiaries	(85.9)	356.1	(375.7)	406.2
Gains (losses) on hedge of net investment in Canadian subsidiaries	44.0	(119.1)	104.5	(117.5)
Gains (losses) on hedge of net investment in European operations	6.7	(69.9)	23.3	(103.2)
Share of other comprehensive income (loss) of associates, excluding net gains (losses) on defined benefit plans	(37.6)	179.9	(143.2)	272.6
Other	2.7	1.0	2.0	1.6
	(70.1)	348.0	(389.1)	459.7
Net unrealized foreign currency translation (gains) losses on associates reclassified to net earnings	(2.0)	0.2	(26.5)	1.1
	(72.1)	348.2	(415.6)	460.8
Items that will not be subsequently reclassified to net earnings				
Net gains on defined benefit plans	12.4	4.5	26.7	3.9
Share of net gains (losses) on defined benefit plans of associates	(0.6)	(0.9)	0.1	(1.9)
Other	1.5	—	13.9	—
	13.3	3.6	40.7	2.0
Other comprehensive income (loss), net of income taxes	(58.8)	351.8	(374.9)	462.8
Comprehensive income	1,501.8	1,953.7	1,922.9	3,017.7
Attributable to:				
Shareholders of Fairfax	1,343.8	1,775.9	1,812.2	2,832.3
Non-controlling interests	158.0	177.8	110.7	185.4
	1,501.8	1,953.7	1,922.9	3,017.7

See accompanying notes.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the six months ended June 30, 2026 and 2025

(unaudited - US$ millions)

	Common shares	Treasury shares at cost	Share-based payments and other reserves	Retained earnings	Accumulated other comprehensive income (loss)	Common shareholders' equity	Preferred shares	Equity attributable to shareholders of Fairfax	Non-controlling interests	Total equity
Balance as at January 1, 2026	5,412.9	(1,105.0)	779.0	22,100.7	(905.0)	26,282.6	231.7	26,514.3	4,359.8	30,874.1
Net earnings for the period	—	—	—	2,088.4	—	2,088.4	—	2,088.4	209.4	2,297.8
Other comprehensive income (loss), net of income taxes:										
Net unrealized foreign currency translation losses on foreign subsidiaries	—	—	—	—	(290.0)	(290.0)	—	(290.0)	(85.7)	(375.7)
Gains on hedge of net investment in Canadian subsidiaries	—	—	—	—	104.5	104.5	—	104.5	—	104.5
Gains on hedge of net investment in European operations	—	—	—	—	23.3	23.3	—	23.3	—	23.3
Share of other comprehensive loss of associates, excluding net gains (losses) on defined benefit plans	—	—	—	—	(138.0)	(138.0)	—	(138.0)	(5.2)	(143.2)
Net unrealized foreign currency translation gains on associates reclassified to net earnings	—	—	—	—	(12.7)	(12.7)	—	(12.7)	(13.8)	(26.5)
Net gains on defined benefit plans	—	—	—	—	26.5	26.5	—	26.5	0.2	26.7
Share of net gains (losses) on defined benefit plans of associates	—	—	—	—	(0.3)	(0.3)	—	(0.3)	0.4	0.1
Other	—	—	—	—	10.5	10.5	—	10.5	5.4	15.9
Issuances for share-based payments	—	94.1	(89.1)	—	—	5.0	—	5.0	—	5.0
Purchases and amortization for share-based payments	—	(117.4)	95.4	—	—	(22.0)	—	(22.0)	—	(22.0)
Purchases for cancellation (note 12)	(261.4)	—	—	(1,459.2)	—	(1,720.6)	—	(1,720.6)	—	(1,720.6)
Common share dividends	—	—	—	(329.1)	—	(329.1)	—	(329.1)	(102.3)	(431.4)
Net changes in capitalization (note 12)	—	—	13.7	(7.8)	(2.3)	3.6	—	3.6	319.5	323.1
Other	—	—	32.3	(33.5)	18.0	16.8	—	16.8	25.5	42.3
Balance as at June 30, 2026	5,151.5	(1,128.3)	831.3	22,359.5	(1,165.5)	26,048.5	231.7	26,280.2	4,713.2	30,993.4
Balance as at January 1, 2025	5,662.2	(1,038.8)	732.9	18,987.5	(1,384.0)	22,959.8	1,108.2	24,068.0	4,281.2	28,349.2
Net earnings for the period	—	—	—	2,382.4	—	2,382.4	—	2,382.4	172.5	2,554.9
Other comprehensive income (loss), net of income taxes:										
Net unrealized foreign currency translation gains (losses) on foreign subsidiaries	—	—	—	—	409.8	409.8	—	409.8	(3.6)	406.2
Losses on hedge of net investment in Canadian subsidiaries	—	—	—	—	(117.5)	(117.5)	—	(117.5)	—	(117.5)
Losses on hedge of net investment in European operations	—	—	—	—	(103.2)	(103.2)	—	(103.2)	—	(103.2)
Share of other comprehensive income of associates, excluding net losses on defined benefit plans	—	—	—	—	255.6	255.6	—	255.6	17.0	272.6
Net unrealized foreign currency translation losses on associates reclassified to net earnings	—	—	—	—	1.1	1.1	—	1.1	—	1.1
Net gains (losses) on defined benefit plans	—	—	—	—	4.1	4.1	—	4.1	(0.2)	3.9
Share of net losses on defined benefit plans of associates	—	—	—	—	(0.9)	(0.9)	—	(0.9)	(1.0)	(1.9)
Other	—	—	—	—	0.9	0.9	—	0.9	0.7	1.6
Issuances for share-based payments	—	101.5	(97.3)	—	—	4.2	—	4.2	—	4.2
Purchases and amortization for share-based payments	—	(132.3)	88.4	—	—	(43.9)	—	(43.9)	—	(43.9)
Redemptions and purchases for cancellation (note 12)	(63.6)	—	—	(297.3)	—	(360.9)	(352.1)	(713.0)	—	(713.0)
Common share dividends	—	—	—	(343.6)	—	(343.6)	—	(343.6)	(86.3)	(429.9)
Net changes in capitalization	—	—	(34.5)	(4.4)	0.5	(38.4)	—	(38.4)	(185.8)	(224.2)
Other	—	—	—	(15.5)	19.5	4.0	—	4.0	32.2	36.2
Balance as at June 30, 2025	5,598.6	(1,069.6)	689.5	20,709.1	(914.1)	25,013.5	756.1	25,769.6	4,226.7	29,996.3

See accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS
for the three and six months ended June 30, 2026 and 2025
(unaudited - US$ millions)

	Notes	Second quarter 2026	Second quarter 2025	First six months 2026	First six months 2025
Operating activities					
Net earnings		1,560.6	1,601.9	2,297.8	2,554.9
Depreciation, amortization and impairment charges		174.4	167.7	350.7	459.2
Net bond discount amortization		(43.3)	(65.8)	(92.9)	(129.2)
Amortization of share-based payment awards		49.1	44.8	95.4	88.4
Share of profit of associates	6	(42.8)	(130.7)	(414.3)	(259.3)
Deferred income taxes	14	(147.2)	181.4	(83.0)	159.0
Net gains on investments	5	(768.9)	(952.0)	(383.0)	(2,008.1)
Net purchases of investments classified at FVTPL		(1,828.1)	(606.9)	(2,923.4)	(1,275.7)
Changes in operating assets and liabilities		431.4	630.9	266.4	1,976.5
Cash provided by (used in) operating activities		(614.8)	871.3	(886.3)	1,565.7
Investing activities					
Sales of investments in associates	6	1,907.1	32.5	1,920.6	551.6
Distributions and dividends from investments in associates	6	151.7	173.6	259.7	207.1
Purchases of investments in associates	6	(90.5)	(636.2)	(163.4)	(777.6)
Net purchases of premises and equipment and intangible assets		(93.4)	(98.6)	(224.8)	(210.8)
Net purchases of investment property		(4.4)	(1.8)	(6.6)	(2.0)
Purchases of subsidiaries, net of cash acquired		(41.5)	(89.6)	(41.5)	(81.9)
Proceeds from sale of non-insurance subsidiaries, net of cash divested		—	17.0	—	137.0
Cash provided by (used in) investing activities		1,829.0	(603.1)	1,744.0	(176.6)
Financing activities					
Borrowings - holding company and insurance and reinsurance companies:	11				
Proceeds, net of issuance costs		951.8	889.6	1,424.9	889.6
Repayments		(420.2)	—	(428.4)	—
Net repayments on holding company credit facility		(300.0)	(200.0)	—	—
Net borrowings on other revolving credit facilities		33.2	—	85.7	—
Borrowings - non-insurance companies:	11				
Proceeds, net of issuance costs		302.8	112.7	332.3	116.5
Repayments		(263.7)	(163.6)	(288.8)	(174.3)
Net borrowings (repayments) on revolving credit facilities and short term loans		0.8	79.9	(371.9)	240.6
Principal payments on lease liabilities - holding company and insurance and reinsurance companies		(20.9)	(20.5)	(40.0)	(35.9)
Principal payments on lease liabilities - non-insurance companies		(34.6)	(40.6)	(68.2)	(76.1)
Subordinate voting shares:	12				
Purchases for treasury		(17.6)	(56.8)	(117.4)	(132.3)
Purchases for cancellation		(1,089.3)	(71.7)	(1,720.6)	(360.9)
Common share dividends		—	—	(329.1)	(343.6)
Preferred shares:					
Redemptions		—	—	—	(290.8)
Dividends		(2.1)	(5.8)	(4.3)	(14.7)
Subsidiary shares:	12				
Issuances to non-controlling interests, net of issuance costs		0.7	1.2	300.9	14.3
Purchases of non-controlling interests		(8.6)	(5.0)	(12.4)	(162.6)
Dividends paid to non-controlling interests		(94.1)	(84.3)	(99.3)	(86.3)
Cash provided by (used in) financing activities		(961.8)	435.1	(1,336.6)	(416.5)
Increase (decrease) in cash and cash equivalents		252.4	703.3	(478.9)	972.6
Cash and cash equivalents – beginning of period	5	5,462.0	6,397.9	6,242.8	6,112.5
Foreign currency translation		11.1	70.1	(38.4)	86.2
Cash and cash equivalents – end of period	5	5,725.5	7,171.3	5,725.5	7,171.3

See accompanying notes.

Index to Notes to Interim Consolidated Financial Statements

Notes to Interim Consolidated Financial Statements
for the three and six months ended June 30, 2026 and 2025
(unaudited – in US$ and $ millions except per share amounts and as otherwise indicated)

1. Business Operations

Fairfax Financial Holdings Limited ("the company" or "Fairfax") is a holding company which, through its subsidiaries, is primarily engaged in property and casualty insurance and reinsurance and the associated investment management. The holding company is federally incorporated and domiciled in Ontario, Canada.

2. Basis of Presentation

These interim consolidated financial statements of the company for the three and six months ended June 30, 2026 have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") applicable to the preparation of interim financial statements, including International Accounting Standard 34 *Interim Financial Reporting*. Accordingly, certain information and disclosures typically included in annual consolidated financial statements prepared in accordance with IFRS Accounting Standards have been omitted or condensed. These interim consolidated financial statements should be read in conjunction with the company's annual consolidated financial statements for the year ended December 31, 2025, which have been prepared in accordance with IFRS Accounting Standards.

These interim consolidated financial statements were approved for issue by the company's Board of Directors on July 30, 2026.

3. Summary of Material Accounting Policies

The principal accounting policies applied to the preparation of these interim consolidated financial statements are as set out in the company's annual consolidated financial statements for the year ended December 31, 2025, prepared in accordance with IFRS Accounting Standards. Those policies and methods of computation have been consistently applied to all periods presented except as described below.

New accounting pronouncements adopted in 2026

On January 1, 2026 the company adopted *Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)*, which did not have a significant impact on the company's consolidated financial statements.

New accounting pronouncements issued but not yet effective

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 is to be applied retrospectively, with specific transition provisions, for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The company does not expect to adopt IFRS 18 in advance of its effective date and is currently evaluating its impact on the company's consolidated financial statements. IFRS 18 requirements and adoption details are described in the company's annual consolidated financial statements for the year ended December 31, 2025.

Amendments to the Fair Value Option for Investments in Associates and Joint Ventures (Amendments to IAS 28)

On June 26, 2026 the IASB issued narrow scope amendments to IAS 28 *Investments in Associates and Joint Ventures* to clarify that entities with a main business activity of investing in particular types of assets under IFRS 18 may elect, at initial recognition of an investment in associate or joint venture, to measure the investment at fair value through profit or loss rather than apply the equity method. The amendments are effective concurrently with the adoption of IFRS 18, for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted in certain circumstances. Additionally, on initial application of IFRS 18, an eligible entity may make a one-time election, for each of its investments in associates and joint ventures, to change the measurement basis from the equity method to fair value through profit or loss, with the change applied retrospectively. The company is currently assessing whether to change the measurement basis of any of its investments in associates and joint ventures upon adoption of IFRS 18 and the effect, if any, on its consolidated financial statements.

4. Critical Accounting Estimates and Judgments

In these interim consolidated financial statements management has made critical estimates and judgments in determining: (i) the measurement of insurance contracts and reinsurance contract assets held (notes 8 and 9 respectively); (ii) the fair value of financial instruments classified as Level 3 in the fair value hierarchy (note 5); and (iii) the classification of investments in associates (note 6), in a manner consistent with that described in the company's consolidated financial statements for the year ended December 31, 2025.

5. Cash and Investments

Presented in the table below are holding company cash and investments and portfolio investments, net of derivative obligations, all of which are classified at FVTPL except for investments in associates and other invested assets.

	June 30, 2026	December 31, 2025
Holding company		
Cash and cash equivalents	704.5	197.2
Short term investments	22.3	19.5
Bonds	348.4	328.7
Preferred stocks	12.5	12.7
Common stocks(1)	156.7	141.4
Derivatives (note 7)(2)	904.1	1,817.6
	2,148.5	2,517.1
Assets pledged for derivative obligations:		
Cash equivalents	0.9	—
Short term investments	0.1	—
Bonds	177.2	207.8
	178.2	207.8
Holding company cash and investments as presented on the consolidated balance sheet	2,326.7	2,724.9
Derivative obligations (note 7)	(3.8)	(8.0)
	2,322.9	2,716.9
Portfolio investments(3)		
Cash and cash equivalents(4)	5,444.2	6,563.7
Short term investments	2,754.5	2,415.5
Bonds(5)	43,072.0	39,988.8
Preferred stocks(5)	1,760.6	2,307.4
Common stocks(1)	9,692.6	9,204.0
Investments in associates (note 6)	7,522.4	8,362.3
Derivatives (note 7)	751.7	1,029.5
Other invested assets(6)	977.7	734.8
	71,975.7	70,606.0
Assets pledged for derivative obligations:		
Bonds	128.2	190.8
Fairfax India cash, portfolio investments and associates:		
Cash and cash equivalents(4)	49.7	22.0
Bonds	3.3	42.6
Common stocks	350.7	445.1
Investments in associates (note 6)	1,535.2	1,615.3
	1,938.9	2,125.0
Portfolio investments as presented on the consolidated balance sheet	74,042.8	72,921.8
Derivative obligations (note 7)	(418.0)	(778.9)
	73,624.8	72,142.9
Total cash and investments, net of derivative obligations	75,947.7	74,859.8

(1) Includes aggregate investments in limited partnerships with a carrying value at June 30, 2026 of $2,351.6 (December 31, 2025 - $2,368.8).

(2) During the second quarter of 2026 the company closed out derivative contracts on 418,795 Fairfax subordinate voting shares with an original notional amount of $132.0 (Cdn$171.7) and received cash of $516.6 from derivative counterparties upon settlement. See note 7.

(3) Excludes portfolio investments of the Eurolife Life Operations totaling $1,640.2 at June 30, 2026 (December 31, 2025 - $1,663.6), comprised principally of bonds of $1,272.5 (December 31, 2025 - $1,403.8), that were classified as held for sale on the consolidated balance sheet. See note 13.

(4) Includes aggregate restricted cash and cash equivalents at June 30, 2026 of $644.4 (December 31, 2025 - $644.6), principally in portfolio cash and cash equivalents, which is excluded from cash and cash equivalents as presented in the consolidated statement of cash flows.

(5) Pursuant to the privatization of Kennedy Wilson on June 16, 2026 as described in note 6, the company invested cash of $400.0 and its holdings of Kennedy Wilson preferred shares with a fair value of $316.0 for newly issued Kona Bidco securities with a fair value of $716.0, which are recorded as bonds.

(6) Comprised primarily of investment property.

Fixed Income Maturity Profile

Bonds are summarized by their earliest contractual maturity date in the table below. Actual maturities may differ from maturities shown due to the existence of call and put features. The table below excludes the impact of U.S. treasury bond forward contracts with a notional amount of $246.6 to sell long-dated U.S. treasury bonds which economically hedged the company's exposure to interest rate risk at December 31, 2025.

	June 30, 2026		December 31, 2025	
	Amortized cost(1)(2)	**Fair value(1)(2)**	**Amortized cost(1)(2)**	**Fair value(1)(2)**
Due in 1 year or less(3)(4)	8,111.1	7,737.9	9,473.6	9,182.3
Due after 1 year through 3 years(3)(4)	14,105.9	14,082.3	13,652.3	13,720.5
Due after 3 years through 5 years(3)(4)	19,862.6	19,973.5	14,796.8	15,196.6
Due after 5 years through 10 years(4)	946.7	898.2	2,233.2	2,225.4
Due after 10 years	1,052.9	1,037.2	415.7	433.9
	44,079.2	43,729.1	40,571.6	40,758.7

(1) Includes bonds held by the holding company and Fairfax India.

(2) Excludes the bonds of the Eurolife Life Operations totaling $1,272.5 at June 30, 2026 (December 31, 2025 - $1,403.8) that were classified as held for sale on the consolidated balance sheet. See note 13.

(3) Includes the company's investments in first mortgage loans at June 30, 2026 of $5,654.5 (December 31, 2025 - $5,402.5) secured by real estate predominantly in the U.S., Europe and Canada.

(4) Includes U.S. treasury bonds at June 30, 2026 of $301.3 (December 31, 2025 - $705.7) with maturities in 1 year or less, $5,439.5 (December 31, 2025 - $7,372.2) with maturities between 1 to 3 years, $14,844.2 (December 31, 2025 - $11,575.7) with maturities between 3 to 5 years and $140.2 (December 31, 2025 - $372.1) with maturities between 5 to 7 years.

The decrease in the company's holdings of bonds due in 1 year or less was primarily due to net sales and maturities of corporate and other bonds of $1,555.5, Canadian government bonds of $898.9, U.S. treasury bonds of $871.9 and other government bonds of $584.6, partially offset by the passage of time shifting bonds from 1 through 3 years. The increase in the company's holdings of bonds due after 1 year through 3 years was primarily due to net purchases of Canadian government bonds of $1,501.4, other government bonds of $1,068.2 and corporate and other bonds of $839.0, partially offset by the net sales of U.S. treasury bonds of $1,949.7 and the passage of time impacting their earliest maturity dates. The increase in the company's holdings of bonds due after 3 years through 5 years was primarily due to net purchases of U.S. treasury bonds of $3,884.9, other government bonds of $944.0 and Canadian government bonds of $512.8. The decrease in the company's holdings of bonds due after 5 years through 10 years was primarily due to the passage of time impacting their earliest maturity dates. The increase in the company's holdings of bonds due after 10 years was primarily due to the receipt of $716.0 of newly issued securities pursuant to the privatization of Kennedy Wilson as described in note 6.

Fair Value Disclosures

The company's use of quoted market prices (Level 1), valuation models with significant observable market information as inputs (Level 2) and valuation models with significant unobservable information as inputs (Level 3) in the valuation of securities and derivative contracts by type of issuer was as follows:

	June 30, 2026				December 31, 2025			
	Quoted prices (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value asset (liability)	Quoted prices (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value asset (liability)
Cash and cash equivalents	6,199.3	—	—	6,199.3	6,782.9	—	—	6,782.9
Short term investments:								
Canadian government and provincials	132.9	—	—	132.9	1,542.8	—	—	1,542.8
U.S. treasury	647.2	—	—	647.2	107.2	—	—	107.2
Other government	81.7	1,461.6	—	1,543.3	93.6	282.5	—	376.1
Corporate and other	—	453.5	—	453.5	—	408.9	—	408.9
	861.8	1,915.1	—	2,776.9	1,743.6	691.4	—	2,435.0
Bonds:								
Canadian government and provincials	—	3,594.7	—	3,594.7	—	2,609.8	—	2,609.8
U.S. treasury	—	20,785.2	—	20,785.2	—	20,081.9	—	20,081.9
U.S. states and municipalities	—	21.3	—	21.3	—	163.1	—	163.1
Other government	—	7,589.0	54.8	7,643.8	—	6,027.5	54.0	6,081.5
Corporate and other(1)	—	4,204.2	7,479.9	11,684.1	—	4,826.0	6,996.4	11,822.4
	—	36,194.4	7,534.7	43,729.1	—	33,708.3	7,050.4	40,758.7
Preferred stocks:								
Canadian	18.6	—	7.1	25.7	18.7	—	12.1	30.8
U.S.	—	—	68.0	68.0	—	—	444.9	444.9
Other	17.0	1,360.3	302.1	1,679.4	16.2	1,527.0	301.2	1,844.4
	35.6	1,360.3	377.2	1,773.1	34.9	1,527.0	758.2	2,320.1
Common stocks:								
Canadian	1,662.2	6.1	215.6	1,883.9	1,737.7	101.3	245.7	2,084.7
U.S.	1,374.9	45.4	1,604.1	3,024.4	1,341.0	39.4	1,640.0	3,020.4
Other	3,140.3	585.5	1,565.9	5,291.7	2,536.9	644.8	1,503.7	4,685.4
	6,177.4	637.0	3,385.6	10,200.0	5,615.6	785.5	3,389.4	9,790.5
Derivatives and other invested assets:								
Derivatives	—	1,319.2	336.6	1,655.8	—	2,340.4	506.7	2,847.1
Other invested assets(2)	—	—	977.7	977.7	—	—	734.8	734.8
	—	1,319.2	1,314.3	2,633.5	—	2,340.4	1,241.5	3,581.9
Derivative obligations (note 7)	—	(160.6)	(261.2)	(421.8)	—	(331.4)	(455.5)	(786.9)
Holding company cash and investments and portfolio investments measured at fair value	13,274.1	41,265.4	12,350.6	66,890.1	14,177.0	38,721.2	11,984.0	64,882.2
	19.8%	61.7%	18.5%	100.0%	21.9%	59.7%	18.4%	100.0%
Investments in associates (note 6)	6,938.9	688.9	6,639.8	14,267.6	6,217.6	735.8	7,279.7	14,233.1

(1) *Included in Level 3 are the company's investments in first mortgage loans at June 30, 2026 of \$5,654.5 (December 31, 2025 - \$5,402.5) secured by real estate predominantly in the U.S., Europe and Canada.*

(2) *Comprised primarily of investment property.*

There were no significant changes to the valuation techniques and processes used at June 30, 2026 compared to those described in the Summary of Material Accounting Policies in the company's consolidated financial statements for the year ended December 31, 2025.

In the preceding table certain limited partnerships included in common stocks are classified as Level 3 because their net asset values are unobservable or because they contractually require greater than three months to liquidate or redeem. During the six months ended June 30, 2026 and 2025 there were no significant transfers of financial instruments between Level 1 and Level 2, and there were no significant transfers of financial instruments in or out of Level 3 as a result of changes in the observability of valuation inputs.

	2026							
	Private placement debt securities	Private company preferred shares	Limited partnerships and other[(1)]	Private equity funds[(1)]	Common shares	Derivatives, net of derivative obligations	Other invested assets	Total
Balance - January 1	7,050.4	758.2	2,284.0	71.1	1,034.3	51.2	734.8	11,984.0
Net realized and unrealized gains (losses) included in the consolidated statement of earnings	(85.0)	(61.3)	161.0	13.2	38.6	148.6	(37.2)	177.9
Purchases and exchanges[(2)(3)]	1,931.6	0.5	22.7	2.1	67.4	—	290.4	2,314.7
Sales, distributions and other[(2)(3)]	(1,344.0)	(318.5)	(202.6)	(0.1)	(88.9)	(124.2)	(4.8)	(2,083.1)
Unrealized foreign currency translation losses on foreign subsidiaries included in other comprehensive income (loss)	(18.3)	(1.7)	(10.6)	(0.4)	(6.2)	(0.2)	(5.5)	(42.9)
Balance - June 30	7,534.7	377.2	2,254.5	85.9	1,045.2	75.4	977.7	12,350.6

	2025							
	Private placement debt securities	Private company preferred shares	Limited partnerships and other[(1)]	Private equity funds[(1)]	Common shares	Derivatives, net of derivative obligations	Other invested assets	Total
Balance - January 1	5,762.6	419.9	2,104.8	70.9	992.7	86.4	621.7	10,059.0
Net realized and unrealized gains (losses) included in the consolidated statement of earnings	113.9	8.0	30.5	(5.1)	26.0	238.5	(26.1)	385.7
Purchases and exchanges[(2)(4)]	2,102.4	5.0	111.6	—	46.1	39.7	106.8	2,411.6
Sales, distributions and other[(2)]	(896.2)	—	(119.1)	(7.6)	(19.6)	(199.7)	(4.3)	(1,246.5)
Unrealized foreign currency translation gains on foreign subsidiaries included in other comprehensive income (loss)	80.1	5.0	17.0	2.4	11.8	0.1	6.8	123.2
Balance - June 30	7,162.8	437.9	2,144.8	60.6	1,057.0	165.0	704.9	11,733.0

(1) Included in common stocks in the fair value hierarchy table presented on the previous page and in holding company cash and investments or common stocks on the consolidated balance sheets.

(2) Private placement debt securities include net purchases of first mortgage loans of $263.7 (2025 - $380.1).

(3) Pursuant to the privatization of Kennedy Wilson on June 16, 2026 as described in note 6, the company invested cash of $400.0 and its holdings of Kennedy Wilson preferred shares with a fair value of $316.0 for newly issued Kona Bidco securities with a fair value of $716.0, which are recorded as bonds.

(4) On January 1, 2025 the company acquired a 50.0% equity interest in Blizzard Vacatia Equity Partners LLC ("Blizzard Vacatia"). The company's total cash investment of $835.0 was comprised of a senior secured loan of $365.0, preferred shares of $275.0 (classified as a bond due to its redemption features), a mortgage-backed loan of $170.0 (subsequently sold on December 12, 2025) and common shares of $25.0. The common shares are recorded and measured using the equity method of accounting.

Net gains (losses) on investments

	Second quarter					
	2026			2025		
	Net realized gains (losses)	Net change in unrealized gains (losses)	Net gains (losses) on investments	Net realized gains (losses)	Net change in unrealized gains	Net gains on investments
Long equity exposures and financial effects[(1)(2)]	1,190.9	(447.1)	743.8	96.2	704.2	800.4
Total bonds	(18.4)	(103.7)	(122.1)	(147.2)	222.0	74.8
Other	49.7	97.5	147.2	(359.6)	436.4	76.8
Net gains (losses) on investments	1,222.2	(453.3)	768.9	(410.6)	1,362.6	952.0

	First six months					
	2026			2025		
	Net realized gains	Net change in unrealized gains (losses)	Net gains (losses) on investments	Net realized gains (losses)	Net change in unrealized gains	Net gains (losses) on investments
Long equity exposures and financial effects[(1)(2)(3)]	1,212.4	(550.4)	662.0	593.1	986.8	1,579.9
Total bonds	44.7	(530.7)	(486.0)	(198.5)	661.7	463.2
Other	69.2	137.8	207.0	(262.6)	227.6	(35.0)
Net gains (losses) on investments	1,326.3	(943.3)	383.0	132.0	1,876.1	2,008.1

(1) During the second quarter and first six months of 2026 the company's long equity total return swaps on Fairfax subordinate voting shares produced net losses of $91.0 and $432.8 (2025 - net gains of $547.9 and $645.1), comprised of net realized gains of $489.2 and $501.0 (2025 - $24.8 and $47.5), which represent cash-settled amounts recorded in holding company cash and investments, and net change in unrealized losses of $580.2 and $933.8 (2025 - net change in unrealized gains of $523.1 and $597.6). Net realized gains during the second quarter and first six months of 2026 included cash-settlement of $516.6 on closing contracts during the second quarter on 418,795 Fairfax subordinate voting shares with an original notional amount of $132.0 (Cdn$171.7). See note 7 for details.

(2) On May 29, 2026 the company sold 23.1% of its 45.3% equity interest in Poseidon Corp. for cash consideration of $1,907.1 and recorded a net realized gain of $838.4. See note 6.

(3) On March 28, 2025 the company sold its investment in Sigma Companies International Corp. ("Sigma") for total consideration of $327.1 and recorded a net realized gain of $178.7.

6. Investments in Associates

Investments in associates and joint ventures were comprised as follows:

	June 30, 2026			December 31, 2025			Share of profit (loss)			
							Second quarter		First six months	
	Ownership percentage[(a)]	Fair value[(b)]	Carrying value	Ownership percentage[(a)]	Fair value[(b)]	Carrying value	2026	2025	2026	2025
Insurance and reinsurance										
Go Digit Infoworks Services Private Limited ("Digit")	49.0 %	456.2	343.3	49.0 %	512.1	362.1	(8.9)	27.4	(0.6)	36.0
Albingia SA ("Albingia")	33.0 %	239.7	261.2	33.0 %	246.3	254.0	3.1	—	14.2	—
Other	—	314.0	212.7	—	320.3	223.3	(2.3)	(1.8)	(3.7)	—
		1,009.9	817.2		1,078.7	839.4	(8.1)	25.6	9.9	36.0
Non-insurance[(1)]										
Eurobank S.A. ("Eurobank")	32.1 %	5,553.1	2,777.6	32.2 %	4,703.0	2,728.2	108.4	104.6	237.0	210.3
Poseidon Corp. ("Poseidon")[(2)]	22.2 %	1,829.1	1,048.1	45.3 %	2,640.4	2,046.4	32.5	68.5	109.3	149.0
EXCO Resources Inc. ("EXCO")	49.3 %	591.6	543.3	49.3 %	591.6	512.6	1.8	(13.0)	28.9	(20.1)
Waterous Energy Fund III	75.7 %	389.0	389.0	75.6 %	390.2	390.2	(45.6)	(59.5)	71.0	(98.2)
Other[(3)]	—	1,892.9	1,947.2	—	1,653.8	1,845.5	(71.3)	(6.6)	(106.4)	(48.6)
		10,255.7	6,705.2		9,979.0	7,522.9	25.8	94.0	339.8	192.4
		11,265.6	7,522.4		11,057.7	8,362.3	17.7	119.6	349.7	228.4
Fairfax India										
Investments in associates	—	3,002.0	1,535.2	—	3,175.4	1,615.3	25.1	11.1	64.6	30.9
		14,267.6	9,057.6		14,233.1	9,977.6	42.8	130.7	414.3	259.3

(a) Ownership percentages include the effects of financial instruments that are considered in-substance equity.

(b) See note 5 for fair value hierarchy information.

(1) During the second quarter and first six months of 2026 the company recognized distributions and dividends of $125.2 and $240.0 (2025 - $374.0 and $417.3) from its non-insurance associates and joint ventures.

(2) On May 29, 2026 the company sold 23.1% of its 45.3% equity interest in Poseidon for cash consideration of $28.30 per share for aggregate proceeds of $1,907.1, which decreased the company's equity interest to 22.2%. Accordingly, the company recorded a realized gain of $838.4 in the consolidated statement of earnings. The company continues to apply the equity method of accounting to the retained portion of its investment in Poseidon.

(3) On June 16, 2026 all of the outstanding common shares of Kennedy-Wilson Holdings, Inc. (“Kennedy Wilson”) not already owned by the company and certain senior executives of Kennedy Wilson (the “Consortium”) were acquired by Kona Bidco, LLC ("Kona Bidco"), a newly formed holding company established by the Consortium. Kona Bidco acquired the common shares of Kennedy Wilson for $10.90 per share in cash, funded principally by $1.3 billion of acquisition financing obtained by Kona Bidco, in respect of which the company provided a standby guarantee enforceable upon certain payment default events. Concurrently, the company invested cash of $400.0, and contributed its holdings of Kennedy Wilson preferred shares with a fair value of $316.0 and its Kennedy Wilson common shares with a fair value of $145.2, for: (i) Kona Bidco mandatorily redeemable preferred shares with a fair value of $716.0, which the company recorded as bonds; and (ii) Kona Bidco common shares with a fair value of $145.2, which the company recorded as an investment in associate. Although the company received a majority economic interest through its Kona Bidco investments, it does not have power over Kona Bidco’s relevant activities to exercise control. Accordingly, the company concluded that it has significant influence over Kona Bidco and commenced applying the equity method of accounting to its indirect equity interest in Kennedy Wilson.

Subsequent to June 30, 2026

Acquisition of additional equity interest in IIFL Capital Services Limited

On May 7, 2026 Fairfax India entered into an investment agreement with IIFL Capital Services Limited ("IIFL Capital") and its existing promoters to increase the company's equity interest in IIFL Capital, through a series of transactions, to a minimum of 51.0% for aggregate consideration of approximately $417 (39.3 billion Indian rupees). Closing of the transaction is subject to customary closing conditions, including regulatory approvals, and is expected to be in the fourth quarter of 2026.

7. Derivatives

The following table summarizes the company's derivative financial instruments:

	June 30, 2026				December 31, 2025			
	Notional amount	Cost	Fair value		Notional amount	Cost	Fair value	
			Assets	Liabilities			Assets	Liabilities
Equity derivative contracts	4,575.5	181.1	1,026.3	3.8	6,186.4	269.8	2,090.2	1.4
Foreign currency derivative contracts	—	—	248.9	105.3	—	—	51.1	147.4
Other derivative contracts	—	167.6	380.6	312.7	—	135.7	705.8	638.1
Total			1,655.8	421.8			2,847.1	786.9

Equity derivative contracts

Long equity total return swaps

At June 30, 2026 the company held long equity total return swaps on individual equities for investment purposes with an original notional amount of $849.6 (December 31, 2025 - $981.6), which included an aggregate of 1,341,560 (December 31, 2025 - 1,760,355) Fairfax subordinate voting shares with an original notional amount of $532.0 (Cdn$674.4) or $396.59 (Cdn$502.68) per share (December 31, 2025 - $664.0 (Cdn$846.1) or $377.19 (Cdn$480.62) per share) that produced net losses of $91.0 and $432.8 during the second quarter and first six months of 2026 (2025 - net gains of $547.9 and $645.1).

During the second quarter and first six months of 2026, net losses of $91.0 and $432.8 were comprised of net change in unrealized losses of $580.2 and $933.8, partially offset by net realized gains of $489.2 and $501.0. The net realized gains primarily reflected cash-settlement of $516.6 on the closure of long equity total return swaps on 418,795 Fairfax subordinate voting shares during the second quarter of 2026, which had an original notional amount of $132.0 (Cdn$171.7). During the second quarter and first six months of 2025, net gains of $547.9 and $645.1 were comprised of net change in unrealized gains of $523.1 and $597.6 and net realized gains of $24.8 and $47.5.

Foreign currency derivative contracts

Foreign currency forward contracts

Long and short foreign currency forward contracts, primarily denominated in the euro, British pound sterling and Canadian dollar, are principally used to economically hedge against fluctuations in exchange rates that primarily affect the company's foreign currency denominated investments. These contracts have an average term to maturity of less than one year and may be renewed at market rates.

During the second quarter and first six months of 2026 the company recorded net gains on foreign currency contracts of $146.9 and $344.7 (2025 - net losses of $251.0 and $285.0) primarily due to the strengthening of the U.S. dollar against the Canadian dollar and euro.

8. Insurance Contract Liabilities

	June 30, 2026			December 31, 2025		
	PAA	GMM(1)(2)	Total(3)	PAA	GMM(1)(2)	Total(3)
Insurance contracts issued	48,931.2	2,239.2	51,170.4	48,228.3	2,383.5	50,611.8
Assets for insurance acquisition cash flows	(172.6)	—	(172.6)	(170.8)	—	(170.8)
Insurance contract liabilities	48,758.6	2,239.2	50,997.8	48,057.5	2,383.5	50,441.0

(1) Insurance contracts issued measured under the GMM at June 30, 2026 was comprised of LRC of $814.8 and LIC of $1,424.4 (December 31, 2025 - $834.4 and $1,549.1).

(2) Excludes insurance contract liabilities measured under the GMM of the Eurolife Life Operations of $2,842.5 at June 30, 2026 and $2,739.4 at December 31, 2025, which are included within liabilities associated with assets held for sale on the consolidated balance sheets. See note 13.

(3) Total insurance contracts issued at June 30, 2026 was comprised of LRC of $3,936.2 and LIC of $47,234.2 (December 31, 2025 - $4,452.8 and $46,159.0).

Insurance contracts issued, measured under the PAA by reporting segment and excluding intercompany balances, were as follows:

	Property and Casualty Insurance and Reinsurance											
	North American Insurers			Global Insurers and Reinsurers			International Insurers and Reinsurers			Total	Life insurance and Run-off(1)	Consolidated
	LRC	LIC	Total	LRC	LIC	Total	LRC	LIC	Total			
2026												
January 1	1,168.5	10,960.9	12,129.4	1,774.0	28,563.0	30,337.0	678.2	5,080.4	5,758.6	48,225.0	3.3	48,228.3
June 30	1,119.3	11,128.2	12,247.5	1,305.1	29,177.0	30,482.1	698.9	5,499.7	6,198.6	48,928.2	3.0	48,931.2
2025												
January 1	1,117.8	9,676.2	10,794.0	891.8	26,298.6	27,190.4	737.5	4,187.1	4,924.6	42,909.0	80.4	42,989.4
June 30	1,067.9	10,385.2	11,453.1	974.8	28,189.0	29,163.8	457.3	4,973.3	5,430.6	46,047.5	87.9	46,135.4

(1) The decrease at Life insurance and Run-off primarily reflected the classification of the Eurolife Life Operations as held for sale (see note 13).

Movements in insurance contracts issued

An analysis of the liability for remaining coverage and the liability for incurred claims for insurance contracts issued by the property and casualty insurance and reinsurance reporting segments measured under the PAA for the six months ended June 30 were as follows:

Six months ended June 30, 2026

	Property and Casualty Insurance and Reinsurance			
		Liability for incurred claims (LIC)		
	Liability for remaining coverage (LRC)(1)	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
Balance - January 1	3,620.7	41,462.7	3,141.6	48,225.0
Changes in the consolidated statement of comprehensive income:				
Insurance revenue	(15,801.9)	—	—	(15,801.9)
Incurred claims and other insurance service expenses	7.0	9,940.7	594.4	10,542.1
Amortization of acquisition costs	3,027.4	—	—	3,027.4
Prior year reserve development and release of risk adjustment on prior year claims	—	(123.4)	(513.3)	(636.7)
Insurance service expenses	3,034.4	9,817.3	81.1	12,932.8
Net insurance result	(12,767.5)	9,817.3	81.1	(2,869.1)
Net finance expense from insurance contracts	7.8	532.1	—	539.9
Foreign exchange effects	(16.8)	(219.0)	(15.3)	(251.1)
Total changes in the consolidated statement of comprehensive income	(12,776.5)	10,130.4	65.8	(2,580.3)
Cash flows:				
Premiums received	15,387.4	—	—	15,387.4
Claims and other insurance service expenses paid, including investment components	—	(9,112.2)	—	(9,112.2)
Insurance acquisition cash flows	(2,998.7)	—	—	(2,998.7)
Changes in funds withheld	(8.7)	26.7	—	18.0
	12,380.0	(9,085.5)	—	3,294.5
Investment components and other	(100.9)	89.6	0.3	(11.0)
Balance - June 30	3,123.3	42,597.2	3,207.7	48,928.2

(1) Includes loss components of $68.3 at January 1, 2026 and $75.7 at June 30, 2026.

Six months ended June 30, 2025

	Property and Casualty Insurance and Reinsurance			
		Liability for incurred claims (LIC)		
	Liability for remaining coverage (LRC)[1]	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
Balance - January 1	2,747.1	37,370.7	2,791.2	42,909.0
Changes in the consolidated statement of comprehensive income:				
Insurance revenue	(14,766.7)	—	—	(14,766.7)
Incurred claims and other insurance service expenses	(6.0)	9,595.4	585.2	10,174.6
Amortization of acquisition costs	2,781.7	—	—	2,781.7
Prior year reserve development and release of risk adjustment on prior year claims	—	(17.2)	(436.0)	(453.2)
Insurance service expenses	2,775.7	9,578.2	149.2	12,503.1
Net insurance result	(11,991.0)	9,578.2	149.2	(2,263.6)
Net finance expense from insurance contracts	0.3	1,141.6	—	1,141.9
Foreign exchange effects	66.9	773.6	61.7	902.2
Total changes in the consolidated statement of comprehensive income	(11,923.8)	11,493.4	210.9	(219.5)
Cash flows:				
Premiums received	14,584.9	—	—	14,584.9
Claims and other insurance service expenses paid, including investment components	—	(8,721.9)	—	(8,721.9)
Insurance acquisition cash flows	(2,904.6)	—	—	(2,904.6)
Changes in funds withheld	499.8	(486.7)	—	13.1
	12,180.1	(9,208.6)	—	2,971.5
Investment components and other	(503.4)	837.0	52.9	386.5
Balance - June 30	2,500.0	40,492.5	3,055.0	46,047.5

(1) Includes loss components of $184.6 at January 1, 2025 and $57.1 at June 30, 2025.

Discount rates

Cash flows are discounted using risk-free yield curves, adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts and reinsurance contract assets held. The company determines the yield curves using commercially available currency-specific rates and illiquidity premiums.

The tables below set out the primary yield curves that were used to discount the cash flows of insurance contracts and reinsurance contract assets held for currencies in which the company's insurance revenue is principally based.

	June 30, 2026				December 31, 2025				June 30, 2025			
Currencies	**1 year**	**5 years**	**10 years**	**15 years**	**1 year**	**5 years**	**10 years**	**15 years**	**1 year**	**5 years**	**10 years**	**15 years**
United States dollar	4.30 %	4.45 %	4.86 %	5.19 %	3.82 %	4.06 %	4.65 %	5.08 %	4.40 %	4.42 %	5.02 %	5.41 %
Canadian dollar	2.87 %	3.67 %	4.29 %	4.59 %	2.70 %	3.76 %	4.47 %	4.76 %	2.96 %	3.76 %	4.45 %	4.71 %
Euro	2.47 %	2.81 %	3.37 %	3.77 %	2.04 %	2.63 %	3.33 %	3.79 %	1.93 %	2.39 %	3.02 %	3.46 %
British pound sterling	4.26 %	4.59 %	5.24 %	5.73 %	3.89 %	4.29 %	4.97 %	5.46 %	4.30 %	4.42 %	5.11 %	5.62 %

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk represents the compensation that the company requires for bearing uncertainty with respect to both the amount and the timing of cash flows that arise from the non-financial risk of the company's insurance contracts issued and reinsurance contract assets held. The calculated risk adjustment corresponds to a consolidated confidence level at June 30, 2026 of 84.7% (December 31, 2025 - 85.1%).

9. Reinsurance Contract Assets Held

	June 30, 2026			December 31, 2025		
	PAA	GMM	Total	PAA	GMM	Total
Reinsurance contract assets held[1]	10,573.8	852.6	11,426.4	10,337.7	913.3	11,251.0

(1) Total at June 30, 2026 was comprised of ARC of $168.3 and AIC of $11,258.1 (December 31, 2025 - $304.8 and $10,946.2).

Reinsurance contract assets held, measured under the PAA by reporting segment and excluding intercompany balances, were as follows:

	Property and Casualty Insurance and Reinsurance											
	North American Insurers			Global Insurers and Reinsurers			International Insurers and Reinsurers			Total	Life insurance and Run-off	Consolidated
	ARC	AIC	Total	ARC	AIC	Total	ARC	AIC	Total			
2026												
January 1	(55.4)	1,409.7	1,354.3	91.7	6,880.5	6,972.2	(280.5)	2,284.5	2,004.0	10,330.5	7.2	10,337.7
June 30	(100.2)	1,421.0	1,320.8	66.7	6,954.3	7,021.0	(320.0)	2,549.3	2,229.3	10,571.1	2.7	10,573.8
2025												
January 1	(87.0)	1,236.2	1,149.2	(1.7)	6,750.2	6,748.5	(460.0)	2,310.6	1,850.6	9,748.3	8.9	9,757.2
June 30	13.3	1,265.5	1,278.8	(90.1)	7,184.6	7,094.5	(399.8)	2,194.1	1,794.3	10,167.6	6.6	10,174.2

Movements in reinsurance contract assets held

An analysis of the asset for remaining coverage and the asset for incurred claims for reinsurance contracts held by the property and casualty insurance and reinsurance reporting segments measured under the PAA for the six months ended June 30 were as follows:

Six months ended June 30, 2026

	Property and Casualty Insurance and Reinsurance			
		Asset for incurred claims (AIC)		
	Asset for remaining coverage (ARC)[1]	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
Balance - January 1	(244.2)	9,659.0	915.7	10,330.5
Changes in the consolidated statement of comprehensive income:				
Cost of reinsurance	(2,781.0)	—	—	(2,781.0)
Recoveries of incurred claims and other insurance service expenses	10.2	2,084.0	179.8	2,274.0
Prior year reserve development and release of risk adjustment on prior year claims	—	19.4	(134.8)	(115.4)
Recoveries of insurance service expenses	10.2	2,103.4	45.0	2,158.6
Net reinsurance result	(2,770.8)	2,103.4	45.0	(622.4)
Net finance income (expense) from reinsurance contract assets held	(0.4)	130.8	—	130.4
Foreign exchange effects	5.7	(30.2)	(3.7)	(28.2)
Total changes in the consolidated statement of comprehensive income	(2,765.5)	2,204.0	41.3	(520.2)
Cash flows:				
Premiums paid	2,654.2	—	—	2,654.2
Claims and other insurance service expenses recovered	—	(1,887.7)	—	(1,887.7)
Changes in funds withheld	(13.5)	9.4	—	(4.1)
	2,640.7	(1,878.3)	—	762.4
Investment components and other	15.5	(17.3)	0.2	(1.6)
Balance - June 30	(353.5)	9,967.4	957.2	10,571.1

(1) Includes loss recovery components of $1.9 at January 1, 2026 and $12.4 at June 30, 2026.

Six months ended June 30, 2025

	Property and Casualty Insurance and Reinsurance			
		Asset for incurred claims (AIC)		
	Asset for remaining coverage (ARC)[1]	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
Balance - January 1	(548.7)	9,449.8	847.2	9,748.3
Changes in the consolidated statement of comprehensive income:				
Cost of reinsurance	(2,573.4)	—	—	(2,573.4)
Recoveries of incurred claims and other insurance service expenses	(1.2)	1,725.9	150.6	1,875.3
Prior year reserve development and release of risk adjustment on prior year claims	—	97.4	(120.5)	(23.1)
Recoveries of insurance service expenses	(1.2)	1,823.3	30.1	1,852.2
Net reinsurance result	(2,574.6)	1,823.3	30.1	(721.2)
Net finance income from reinsurance contract assets held	0.1	283.6	—	283.7
Foreign exchange effects	15.0	162.7	16.4	194.1
Total changes in the consolidated statement of comprehensive income	(2,559.5)	2,269.6	46.5	(243.4)
Cash flows:				
Premiums paid	2,548.0	—	—	2,548.0
Claims and other insurance service expenses recovered	—	(1,810.4)	—	(1,810.4)
Changes in funds withheld	(0.1)	(25.9)	—	(26.0)
	2,547.9	(1,836.3)	—	711.6
Investment components and other	83.7	(147.9)	15.3	(48.9)
Balance - June 30	(476.6)	9,735.2	909.0	10,167.6

(1) Includes loss recovery components of $73.4 at January 1, 2025 and $1.8 at June 30, 2025.

10. Net Finance Income or Expense from Insurance Contracts and Reinsurance Contract Assets Held

	Second quarter		First six months	
	2026	2025	2026	2025
Net finance income (expense) from insurance contracts				
Interest accreted to insurance contracts	(434.0)	(467.6)	(854.7)	(914.5)
Effect of changes in interest rates and other financial assumptions	30.0	68.9	263.4	(297.6)
	(404.0)	(398.7)	(591.3)	(1,212.1)
Net finance income (expense) from reinsurance contract assets held				
Interest accreted to reinsurance contract assets held	103.2	123.5	206.7	234.1
Effect of changes in interest rates and other financial assumptions	(10.7)	(23.3)	(64.6)	74.9
	92.5	100.2	142.1	309.0
Net finance expense from insurance contracts and reinsurance contract assets held	(311.5)	(298.5)	(449.2)	(903.1)

The table below presents the company's net effects from changes in discount rates on insurance contracts and reinsurance contract assets held and net gains (losses) on bonds recognized in the consolidated statement of earnings for the three and six months ended June 30, 2026 and 2025.

	Second quarter		First six months	
	2026	2025	2026	2025
Effect of changes in discount rates on total bonds (recognized in net gains (losses) on investments)	(122.1)	74.8	(486.0)	463.2
Effect of changes in discount rates on insurance contracts and reinsurance contract assets held (recognized in net finance income (expense) from insurance contracts and reinsurance contract assets held)	19.3	45.6	198.8	(222.7)
Net benefit (loss) from changes in discount rates in the consolidated statement of earnings	(102.8)	120.4	(287.2)	240.5

11. Borrowings

Subsequent to June 30, 2026

On July 29, 2026 Sleep Country completed an offering of $425.8 (Cdn$600.0) principal amount of 6.375% unsecured senior notes due July 29, 2031 for net proceeds of $416.9 (Cdn$587.5), after discount, commissions and expenses. The net proceeds will fund the acquisition of Sleep Number Corporation, which is described in note 13.

Six months ended June 30, 2026

On June 19, 2026 the company completed an offering of an additional $212.5 (Cdn$300.0) principal amount of its previously issued 4.40% unsecured senior notes due 2036 for net proceeds, excluding accrued interest, of $209.1 after discount, commissions and expenses. Contemporaneously with the issuance, the company designated the carrying value of its additional Cdn$300.0 senior notes due 2036 as a hedge of a portion of its net investment in Canadian subsidiaries.

On June 8, 2026 the company completed an offering of $750.0 principal amount of 6.20% unsecured senior notes due June 8, 2056 for net proceeds of $742.7 after commissions and expenses.

On May 29, 2026 the company redeemed its $326.7 (Cdn$450.0) principal amount of 4.70% unsecured senior notes due December 16, 2026 for cash consideration of $335.1 including accrued interest.

On April 15, 2026 the company redeemed at maturity its $91.8 principal amount of 8.30% unsecured senior notes.

On February 27, 2026 the company completed offerings of $293.3 (Cdn$400.0) principal amount of 4.40% unsecured senior notes due 2036 and an additional $183.3 (Cdn$250.0) principal amount of its previously issued 5.10% unsecured senior notes due 2055, for net proceeds, excluding accrued interest, of $291.8 and $181.3, respectively, after discount, commissions and expenses. Contemporaneously with the issuance, the company designated the carrying value of its Cdn$400.0 senior notes due February 27, 2036 and its additional Cdn$250.0 principal amount of its 5.10% senior notes due 2055, respectively, as a hedge of a portion of its net investment in Canadian subsidiaries.

During the first quarter of 2026 AGT used the net proceeds from its initial public offering and the company's private placement, which are described in note 12, to substantially repay its borrowings. AGT had borrowings at June 30, 2026 of $100.5 (December 31, 2025 - $505.0).

On June 24, 2026 the company extended the expiry date on its revolving credit facility from July 16, 2030 to June 24, 2031. At June 30, 2026 and December 31, 2025, the revolving credit facility was undrawn and the company was in compliance with its financial covenants.

12. Total Equity

Equity attributable to shareholders of Fairfax

Common stock

The number of shares outstanding was as follows:

	2026	2025
Subordinate voting shares – January 1	20,107,316	20,919,696
Purchases for cancellation	(1,055,190)	(256,650)
Treasury shares acquired	(62,612)	(84,731)
Treasury shares reissued	231,611	264,747
Subordinate voting shares – June 30	19,221,125	20,843,062
Multiple voting shares – beginning and end of period	1,548,000	1,548,000
Interest in multiple and subordinate voting shares held through ownership interest in shareholder – beginning and end of period	(799,230)	(799,230)
Common stock effectively outstanding – June 30	19,969,895	21,591,832

During the first six months of 2026 the company purchased for cancellation 1,055,190 subordinate voting shares (2025 – 256,650) under the terms of its normal course issuer bids at a cost of $1,720.6 (2025 – $360.9), of which $1,459.2 (2025 – $297.3) was charged to retained earnings.

During the first six months of 2026 the company acquired for treasury 62,612 subordinate voting shares at a cost of $117.4 (2025 - 84,731 subordinate voting shares at a cost of $132.3) for use in its share-based payment awards.

Non-controlling interests

	Carrying value		Net earnings (loss) attributable to non-controlling interests			
			Second quarter		First six months	
	June 30, 2026	December 31, 2025	2026	2025	2026	2025
Insurance and reinsurance companies	3,166.3	3,005.4	122.7	99.4	256.9	182.6
Non-insurance companies	1,546.9	1,354.4	45.2	65.8	(47.5)	(10.1)
	4,713.2	4,359.8	167.9	165.2	209.4	172.5

On May 29, 2026 certain terms of the Allied World shareholders agreement, which give the company the option to purchase the interests of the minority shareholders in Allied World, were extended to December 31, 2029.

On March 9, 2026 AGT completed a Cdn$449.5 initial public offering and secondary offering of its common shares, consisting of a Cdn$425.0 treasury issuance and a Cdn$24.5 secondary sale, at a price of Cdn$23.00 per common share. Immediately prior to closing of the offerings the company exercised its AGT equity warrants at Cdn$22.50 per common share for aggregate consideration of Cdn$340.0 in exchange for settlement of a Cdn$340.0 loan receivable from AGT. Concurrent with closing, the company also purchased Cdn$200.0 of AGT common shares at Cdn$23.00 per share in a private placement. As a result of these transactions, non-controlling interests in AGT increased by $301.3 and the company continues to control AGT with a 55.8% equity interest. AGT used the net proceeds from its initial public offering of $293.9 (Cdn$398.9) and from the private placement to substantially repay its borrowings as described in note 11.

13. Acquisitions and Divestitures

Subsequent to June 30, 2026

Acquisition of Andrew Peller Limited

On June 14, 2026 the company formed a consortium with John Edward Enterprises Inc. ("JEEI") and the company entered into an agreement to acquire all voting and non-voting shares of Andrew Peller Limited not already owned by JEEI for approximately $233 (Cdn$330). Together with JEEI shares, the consortium, which the company expects to consolidate, will own 100% of the equity of Andrew Peller Limited. Closing of the transaction is subject to shareholder and regulatory approvals and other conditions and is expected to be in the third quarter of 2026.

Acquisition of Sleep Number Corporation by Sleep Country

On June 12, 2026 Sleep Country entered into an agreement to acquire the assets and assume certain liabilities of Sleep Number Corporation (“Sleep Number”), a U.S. manufacturer and retailer of premium adjustable mattresses. Sleep Country will acquire Sleep Number for purchase consideration of approximately $530, as determined through a Chapter 11, court-supervised bidding process for which approval has been received. The purchase consideration will be funded by additional Sleep Country borrowings as described in note 11. Closing of the transaction is subject to customary conditions and is expected to be on July 31, 2026.

Sale of Eurolife life insurance operations to Eurobank

On May 6, 2026 the company entered into definitive agreements on its previously announced transaction with Eurobank pursuant to which Eurobank will acquire the company's 80.0% equity interest in the life insurance operations of Eurolife (the "Eurolife Life Operations") for cash consideration of approximately $930 (€813.0). The company will continue to maintain its 80.0% equity interest in Eurolife General, the property and casualty insurance business operated by Eurolife. Concurrently, the company will purchase a 45.0% equity interest in Eurobank’s Cyprus non-life insurance company ERB Asfalistiki (“ERBA”) for cash consideration of approximately $68 (€59.0), with an option to acquire the remainder of ERBA in the future. The proposed transactions are subject to regulatory approval and customary closing conditions and are expected to close in the third quarter of 2026.

Assets held for sale and liabilities associated with assets held for sale as presented on the company's consolidated balance sheet at June 30, 2026 were comprised of the assets and liabilities of the Eurolife Life Operations as follows:

	Eurolife Life Operations	Consolidation adjustments[1]	As presented on the consolidated balance sheet
Assets held for sale:			
Portfolio investments[2]	2,255.6	(615.4)	1,640.2
Reinsurance contract assets held	3.6	—	3.6
Deferred income tax assets	0.8	—	0.8
Goodwill and intangible assets	8.5	—	8.5
Other assets	2,245.3	(385.6)	1,859.7
	4,513.8	(1,001.0)	3,512.8
Liabilities associated with assets held for sale:			
Accounts payable and accrued liabilities	125.8	(0.8)	125.0
Derivative obligations	2.6	(2.6)	—
Deferred income tax liabilities	87.6	—	87.6
Insurance contract payables	559.8	—	559.8
Insurance contract liabilities	2,893.7	—	2,893.7
	3,669.5	(3.4)	3,666.1

(1) Primarily reflects portfolio investments held through various investment funds which Fairfax will continue to consolidate after closing of the proposed sale, certain investments which are expected to be retained by Fairfax and investments in Fairfax subsidiaries.

(2) Includes cash and cash equivalents of $170.7.

Six months ended June 30, 2026

During the first six months of 2026 there were no significant acquisitions or divestitures.

14. Income Taxes

The company's provision for income taxes for the three and six months ended June 30 were comprised as follows:

	Second quarter		First six months	
	2026	2025	2026	2025
Current income tax:				
Current year expense	563.6	171.8	807.0	414.1
Adjustments to prior years' income taxes	(16.1)	(1.1)	(19.2)	(8.3)
	547.5	170.7	787.8	405.8
Deferred income tax:				
Origination and reversal of temporary differences	(143.6)	190.8	(80.5)	194.8
Adjustments to prior years' deferred income taxes	(3.6)	(9.4)	(2.5)	(35.8)
	(147.2)	181.4	(83.0)	159.0
Provision for income taxes	400.3	352.1	704.8	564.8

Reconciliations of the provision for income taxes calculated at the Canadian statutory income tax rate to the provision for income taxes at the effective tax rate for the three and six months ended June 30 are presented in the following table:

	Second quarter		First six months	
	2026	2025	2026	2025
Canadian statutory income tax rate	26.5 %	26.5 %	26.5 %	26.5 %
Provision for income taxes at the Canadian statutory income tax rate	519.6	517.8	795.7	826.7
Non-taxable investment income and losses	(47.0)	(24.6)	(55.2)	(58.6)
Tax rate differential on income and losses outside Canada	(132.8)	(133.8)	(176.8)	(161.7)
Change in unrecorded tax benefit of losses and temporary differences	72.5	(52.8)	140.4	(48.6)
Other including permanent differences	(12.0)	45.5	0.7	7.0
Provision for income taxes	400.3	352.1	704.8	564.8

Non-taxable investment income in the second quarters and first six months of 2026 and 2025 were principally comprised of dividend income, non-taxable interest income and long term or exempt capital gains, and the 50% of net capital gains and losses which are not taxable or deductible in Canada.

The tax benefit on the tax rate differential on income and losses outside Canada of $132.8 and $176.8 in the second quarter and first six months of 2026 principally related to income taxed at lower rates in the U.S., partially offset by losses tax effected at lower rates in Mauritius. The tax benefit on the tax rate differential on income and losses outside Canada of $133.8 and $161.7 in the second quarter and first six months of 2025 principally related to income taxed at lower rates in the U.S. and Mauritius.

The change in unrecorded tax benefit of losses and temporary differences in the second quarter and first six months of 2026 principally related to unrecorded deferred tax assets in Canada. The change in unrecorded tax benefit of losses and temporary differences in the second quarter and first six months of 2025 principally related to unrecorded deferred tax assets in Canada and the U.K.

15. Financial Risk Management

Overview

There were no significant changes to the company's risk exposures, including underwriting risk, credit risk, liquidity risk, and various market risks, or the processes used by the company for managing those risk exposures, at June 30, 2026 compared to those identified and discussed in the company's annual consolidated financial statements for the year ended December 31, 2025.

Middle East Conflict

On February 28, 2026 a military conflict erupted between the United States, Israel, and Iran. The length, impact, and outcome of this ongoing military conflict is highly unpredictable and could lead to further significant market and other disruptions, including significant volatility in commodity prices and supply of energy resources, instability in financial markets, supply chain interruptions, political and social instability, trade disputes or trade barriers, changes in consumer or purchaser preferences, as well as an increase in insurance claims related to losses incurred in connection with any of the above disruptions. The company has performed assessments of the potential direct impacts of this military conflict on its operations and concluded that there are no significant impacts to its financial condition at this time as its insurance policies generally exclude acts of war. Given ongoing global economic uncertainties, evolving market conditions may affect the company’s business, financial condition and results of operations.

United States Tariffs

The imposition of tariffs by the United States (the “U.S. Tariffs”) and retaliatory measures between governments may cause multifaceted effects on the economy. The company has performed assessments of the potential direct impacts of the U.S. Tariffs on its operations and concluded that there are no significant impacts at this time. While the company is seeking to mitigate the potential impact on its business, given that developments are ongoing with respect to these tariffs and other measures, their impacts are uncertain and could adversely affect the company's business, financial condition and results of operations.

Underwriting Risk

There were no significant changes to the company's exposure to underwriting risk, and there were no changes to the framework used to monitor, evaluate and manage underwriting risk, at June 30, 2026 compared to December 31, 2025.

Credit Risk

Cash and short term investments

The company’s cash and short term investments, including those of the holding company, are primarily held at major financial institutions in the jurisdictions in which the company operates.

Investments in debt instruments

The composition of the company's investments in bonds, classified according to the higher of each security's respective S&P and Moody's issuer credit rating, is presented in the table below. Management considers high quality debt instruments to be those with a S&P or Moody's issuer credit rating of BBB/Baa or higher.

	June 30, 2026			December 31, 2025		
Issuer Credit Rating	**Amortized cost(1)**	**Carrying value(1)**	**%**	**Amortized cost(1)**	**Carrying value(1)**	**%**
AAA/Aaa	4,536.6	4,553.2	10.4	3,477.0	3,507.3	8.6
AA/Aa	23,220.3	23,222.7	53.1	22,253.5	22,629.2	55.5
A/A	1,804.7	1,810.6	4.1	2,227.5	2,301.5	5.6
BBB/Baa	3,135.3	3,169.3	7.2	2,520.0	2,556.2	6.3
BB/Ba	2,507.9	2,489.7	5.7	1,789.6	1,784.1	4.4
B/B	572.9	546.6	1.2	212.2	221.7	0.5
Lower than B/B	71.9	74.9	0.2	363.3	353.1	0.9
Unrated(2)	8,229.6	7,862.1	18.1	7,728.5	7,405.6	18.2
Total	44,079.2	43,729.1	100.0	40,571.6	40,758.7	100.0

(1) Excludes the bonds of the Eurolife Life Operations totaling $1,272.5 at June 30, 2026 (December 31, 2025 - $1,403.8) that were classified as held for sale on the consolidated balance sheet. See note 13.

(2) Includes the company's investments in first mortgage loans at June 30, 2026 of $5,654.5 (December 31, 2025 - $5,402.5) secured by real estate predominantly in the U.S., Europe and Canada.

The increase in bonds rated AAA/Aaa was primarily due to net purchases of Canadian government bonds of $1,115.3. The increase in bonds rated AA/Aa was primarily due to net purchases of U.S. treasury bonds of $1,080.8. The decrease in bonds rated A/A was primarily due to net sales of corporate and other bonds of $305.9. The increase in bonds rated BBB/Baa was primarily due to net purchases of other government bonds of $633.4. The increase in bonds rated BB/Ba was primarily due to net purchases of other government bonds of $679.1. The increase in bonds rated B/B and the decrease in bonds rated lower than B/B were primarily due to the credit rating upgrade of Argentina government bonds. The increase in unrated bonds was primarily due to the receipt of $716.0 of newly issued securities pursuant to the privatization of Kennedy Wilson as described in note 6.

Liquidity Risk

The holding company's remaining known significant commitments for 2026 consist of an annual payment of $165.0 on the note payable of $330.0 principal amount relating to the acquisition of Gulf Insurance in 2023, payment of interest and corporate overhead expenses, income tax payments, potential payments on amounts borrowed, if any, from the revolving credit facility, and other investment related activities. The company may also make payments related to its derivative contracts and to provide capital support to its insurance and reinsurance companies (for underwriting initiatives in favourable insurance markets).

The holding company expects to continue to receive dividends from its insurance and reinsurance subsidiaries, which totaled $998.3 for the six months ended June 30, 2026, of the maximum available of $4,065.9 in 2026 based on information available at June 30, 2026.

Market Risk

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There were no significant changes to the company's framework used to monitor, evaluate and manage interest rate risk at June 30, 2026 compared to December 31, 2025.

Fixed income Portfolio

The company's exposure to interest rate risk on the company's fixed income portfolio increased in the first six months of 2026 primarily due to net purchases of other government bonds, U.S. treasury bonds and Canadian government bonds, the receipt of newly issued securities pursuant to the privatization of Kennedy Wilson as described in note 6 and the closure of forward contracts with a notional amount of $246.6 to sell long-dated U.S. treasury bonds that were held at December 31, 2025.

Liability for incurred claims of insurance contracts, net of reinsurance

There were no significant changes to the company's exposure to interest rate risk on its liability for incurred claims, net of reinsurance, excluding the company's life insurance operations (as a provision for life policy benefits is principally included within the LRC), at June 30, 2026 compared to December 31, 2025.

Generally, an increase (a decrease) in interest rates will result in a decrease (an increase) to the carrying values of both the company's fixed income portfolio and liability for incurred claims, net of reinsurance. While the change to the carrying value of each will not necessarily be equal in magnitude when there is a movement in interest rates, the impact on the company's net earnings is typically partially mitigated.

Market Price Fluctuations

The company has exposure to equity price risk through its equity and equity-related holdings as shown in the following table which summarizes the net effect of the company's equity and equity-related holdings on the company's financial position at June 30, 2026 and December 31, 2025 and results of operations for the three and six months ended June 30, 2026 and 2025:

	June 30, 2026		December 31, 2025		Pre-tax earnings (loss)			
					Second quarter		First six months	
	Exposure/ Notional amount[(1)]	Carrying value[(1)]	Exposure/ Notional amount[(1)]	Carrying value[(1)]	2026	2025	2026	2025
Long equity exposures:								
Common stocks	9,833.2	9,833.2	9,371.1	9,371.1	351.8	213.2	484.7	430.0
Bonds and preferred stocks – convertible[(2)]	44.1	44.1	417.1	417.1	(140.5)	6.8	(77.2)	90.0
Investments in associates[(2)(3)(4)(5)]	13,257.7	8,240.4	13,154.4	9,138.2	838.7	9.2	828.1	223.2
Equity derivatives[(6)(7)]	2,378.1	1,022.5	3,657.6	2,088.8	(306.2)	567.4	(573.6)	828.1
Other	—	—	—	—	—	3.8	—	8.6
Long equity exposures and financial effects	25,513.1	19,140.2	26,600.2	21,015.2	743.8	800.4	662.0	1,579.9

(1) Excludes equity and equity-related holdings of the Eurolife Life Operations totaling $190.8 at June 30, 2026 (December 31, 2025 - $200.7) that were classified as held for sale on the consolidated balance sheet. See note 13.

(2) Excludes the company's insurance and reinsurance investments in associates and joint ventures and certain other equity and equity-related holdings which are considered long term strategic holdings. See note 6.

(3) Pre-tax earnings (loss) excludes share of profit (loss) of associates, and includes gain (loss) on sale of non-insurance associates and joint ventures.

(4) On May 29, 2026 the company sold 23.1% of its 45.3% equity interest in Poseidon for cash consideration of $1,907.1 and recorded a net realized gain of $838.4. See note 6.

(5) On March 28, 2025 the company sold its investment in Sigma for total consideration of $327.1 and recorded a net realized gain of $178.7.

(6) Includes long equity total return swaps, equity warrants and options. Equity exposure for equity warrants and options is the carrying value of the derivatives and for long equity total return swaps it is the notional amount. Pre-tax earnings include net losses of $91.0 and $432.8 during the second quarter and first six months of 2026 (2025 - net gains of $547.9 and $645.1) recognized on the company's investment in long equity total return swaps on Fairfax subordinate voting shares.

(7) During the second quarter of 2026 the company closed out derivative contracts on 418,795 Fairfax subordinate voting shares with an original notional amount of $132.0 (Cdn$171.7) and received cash of $516.6 from derivative counterparties upon settlement. See note 7.

Capital Management

The company's capital management framework is designed to protect, in the following order, its policyholders, its bondholders and its preferred shareholders and then finally to optimize returns to common shareholders. Effective capital management includes measures designed to maintain capital above minimum regulatory levels, above levels required to satisfy issuer credit ratings and financial strength ratings requirements, and above internally determined and calculated risk management levels. Total capital, comprising total debt, shareholders' equity attributable to shareholders of Fairfax and non-controlling interests, was $45,283.7 at June 30, 2026 compared to $44,517.0 at December 31, 2025.

The company manages its capital based on the following financial measurements and ratios:

	Consolidated		Excluding consolidated non-insurance companies	
	June 30, 2026	**December 31, 2025**	**June 30, 2026**	**December 31, 2025**
Holding company cash and investments (net of derivative obligations)	2,322.9	2,716.9	2,322.9	2,716.9
Borrowings – holding company(1)	9,756.0	8,848.1	9,756.0	8,848.1
Borrowings – insurance and reinsurance companies(1)	1,668.4	1,607.6	1,668.4	1,607.6
Borrowings – non-insurance companies(1)	2,865.9	3,187.2	—	—
Total debt	14,290.3	13,642.9	11,424.4	10,455.7
Net debt	11,967.4	10,926.0	9,101.5	7,738.8
Common shareholders’ equity	26,048.5	26,282.6	26,048.5	26,282.6
Preferred stock	231.7	231.7	231.7	231.7
Non-controlling interests	4,713.2	4,359.8	3,166.3	3,005.4
Total equity	30,993.4	30,874.1	29,446.5	29,519.7
Net debt/total equity	38.6%	35.4%	30.9%	26.2%
Net debt/net total capital	27.9%	26.1%	23.6%	20.8%
Total debt/total capital	31.6%	30.6%	28.0%	26.2%
Interest coverage(2)	8.6x	9.6x	11.3x	12.6x
Interest and preferred share dividend distribution coverage(2)	8.5x	9.2x	11.0x	11.8x

(1) At June 30, 2026 the fair value of borrowings - holding company and insurance and reinsurance companies was $11,539.1 (December 31, 2025 - $10,679.0) and the fair value of borrowings - non-insurance companies was $2,885.4 (December 31, 2025 - $3,203.2).

(2) Coverage ratios are for the six months ended June 30, 2026 and year ended December 31, 2025.

16. Segmented Information

The company is a holding company which, through its subsidiaries, is primarily engaged in property and casualty insurance and reinsurance and the associated investment management. There were no significant changes to the identifiable assets and liabilities by reporting segment at June 30, 2026 compared to December 31, 2025.

An analysis of insurance revenue and operating income by reporting segment for the three and six months ended June 30 is presented below:

Quarter ended June 30, 2026

	Property and Casualty Insurance and Reinsurance						
	North American Insurers	**Global Insurers and Reinsurers**	**International Insurers and Reinsurers**	**Total**	**Life insurance and Run-off**	**Non-insurance companies**	**Total**
Reporting segment insurance revenue	2,394.1	4,132.5	1,698.3	8,224.9	80.4	—	8,305.3
Intercompany insurance revenue	(16.4)	(39.4)	(61.4)	(117.2)	—	—	(117.2)
Insurance revenue	2,377.7	4,093.1	1,636.9	8,107.7	80.4	—	8,188.1
Insurance service result	309.6	714.8	179.0	1,203.4	(3.4)	—	1,200.0
Other insurance operating expenses	(83.7)	(98.1)	(88.9)	(270.7)	(26.8)	—	(297.5)
Interest and dividends(1)	153.5	390.2	108.7	652.4	41.8	(7.6)	686.6
Share of profit (loss) of associates	5.4	(1.2)	(9.7)	(5.5)	5.3	26.5	26.3
Non-insurance revenue	—	—	—	—	—	2,024.9	2,024.9
Non-insurance expenses	—	—	—	—	—	(1,850.2)	(1,850.2)
Operating income	384.8	1,005.7	189.1	1,579.6	16.9	193.6	1,790.1
Net finance expense from insurance contracts and reinsurance contract assets held							(311.5)
Net gains on investments							768.9
Interest expense							(219.1)
Corporate overhead and other(2)							(67.5)
Earnings before income taxes							1,960.9
Provision for income taxes							(400.3)
Net earnings							1,560.6
Attributable to:							
Shareholders of Fairfax							1,392.7
Non-controlling interests							167.9
							1,560.6

Quarter ended June 30, 2025

	Property and Casualty Insurance and Reinsurance						
	North American Insurers	Global Insurers and Reinsurers	International Insurers and Reinsurers	Total	Life insurance and Run-off	Non-insurance companies	Total
Reporting segment insurance revenue	2,237.8	4,062.5	1,470.2	7,770.5	62.0	—	7,832.5
Intercompany insurance revenue	(12.6)	(35.0)	(49.7)	(97.3)	—	—	(97.3)
Insurance revenue	2,225.2	4,027.5	1,420.5	7,673.2	62.0	—	7,735.2
Insurance service result	230.4	630.2	149.6	1,010.2	(8.8)	—	1,001.4
Other insurance operating expenses	(80.8)	(111.3)	(67.4)	(259.5)	(33.0)	—	(292.5)
Interest and dividends(1)	145.0	336.9	97.8	579.7	33.9	(4.6)	609.0
Share of profit of associates	24.2	57.2	42.0	123.4	13.3	10.7	147.4
Non-insurance revenue	—	—	—	—	—	2,181.0	2,181.0
Non-insurance expenses	—	—	—	—	—	(2,061.1)	(2,061.1)
Operating income	318.8	913.0	222.0	1,453.8	5.4	126.0	1,585.2
Net finance expense from insurance contracts and reinsurance contract assets held							(298.5)
Net gains on investments							952.0
Interest expense							(207.4)
Corporate overhead and other(2)							(77.3)
Earnings before income taxes							1,954.0
Provision for income taxes							(352.1)
Net earnings							1,601.9
Attributable to:							
Shareholders of Fairfax							1,436.7
Non-controlling interests							165.2
							1,601.9

(1) Presented net of investment management and administration fees paid to the holding company. These intercompany fees are eliminated in corporate overhead and other as shown in the footnote below.

(2) Comprised principally of the expenses of the group holding companies, net of investment management and administration fees earned by the holding company, interest and dividends earned on holding company cash and investments and holding company share of profit (loss) of associates, as shown below.

	Second quarter	
	2026	2025
Corporate and other expenses as presented in the consolidated statements of earnings	134.8	118.1
Holding company interest and dividends	12.0	6.9
Holding company share of (profit) loss of associates	(16.5)	16.7
Investment management and administration fee income and other	(62.8)	(64.4)
Corporate overhead and other as presented in the tables above	67.5	77.3

Six months ended June 30, 2026

	Property and Casualty Insurance and Reinsurance						
	North American Insurers	Global Insurers and Reinsurers	International Insurers and Reinsurers	Total	Life insurance and Run-off	Non-insurance companies	Total
Reporting segment insurance revenue	4,704.3	8,071.2	3,310.0	16,085.5	152.5	—	16,238.0
Intercompany insurance revenue	(33.2)	(81.5)	(114.3)	(229.0)	—	—	(229.0)
Insurance revenue	4,671.1	7,989.7	3,195.7	15,856.5	152.5	—	16,009.0
Insurance service result	602.8	1,380.5	320.3	2,303.6	25.4	—	2,329.0
Other insurance operating expenses	(166.7)	(210.3)	(159.9)	(536.9)	(41.5)	—	(578.4)
Interest and dividends[1]	287.9	717.5	208.2	1,213.6	66.5	(13.7)	1,266.4
Share of profit of associates	42.1	207.4	15.6	265.1	17.2	66.2	348.5
Non-insurance revenue	—	—	—	—	—	3,749.7	3,749.7
Non-insurance expenses	—	—	—	—	—	(3,571.7)	(3,571.7)
Operating income	766.1	2,095.1	384.2	3,245.4	67.6	230.5	3,543.5
Net finance expense from insurance contracts and reinsurance contract assets held							(449.2)
Net gains on investments							383.0
Interest expense							(430.7)
Corporate overhead and other[2]							(44.0)
Earnings before income taxes							3,002.6
Provision for income taxes							(704.8)
Net earnings							2,297.8
Attributable to:							
Shareholders of Fairfax							2,088.4
Non-controlling interests							209.4
							2,297.8

Six months ended June 30, 2025

	Property and Casualty Insurance and Reinsurance						
	North American Insurers	**Global Insurers and Reinsurers**	**International Insurers and Reinsurers**	**Total**	**Life insurance and Run-off**	**Non-insurance companies**	**Total**
Reporting segment insurance revenue	4,412.1	7,940.7	2,944.4	15,297.2	117.3	—	15,414.5
Intercompany insurance revenue	(25.5)	(75.8)	(95.3)	(196.6)	—	—	(196.6)
Insurance revenue	4,386.6	7,864.9	2,849.1	15,100.6	117.3	—	15,217.9
Insurance service result	500.1	855.4	263.8	1,619.3	(12.3)	—	1,607.0
Other insurance operating expenses	(158.9)	(214.7)	(138.1)	(511.7)	(50.4)	—	(562.1)
Interest and dividends[(1)]	271.4	643.8	180.7	1,095.9	61.3	(7.1)	1,150.1
Share of profit of associates	13.5	114.6	67.7	195.8	27.9	30.4	254.1
Non-insurance revenue	—	—	—	—	—	4,270.4	4,270.4
Non-insurance expenses	—	—	—	—	—	(4,208.8)	(4,208.8)
Operating income	626.1	1,399.1	374.1	2,399.3	26.5	84.9	2,510.7
Net finance expense from insurance contracts and reinsurance contract assets held							(903.1)
Net gains on investments							2,008.1
Interest expense							(397.8)
Corporate overhead and other[(2)]							(98.2)
Earnings before income taxes							3,119.7
Provision for income taxes							(564.8)
Net earnings							2,554.9
Attributable to:							
Shareholders of Fairfax							2,382.4
Non-controlling interests							172.5
							2,554.9

(1) Presented net of investment management and administration fees paid to the holding company. These intercompany fees are eliminated in corporate overhead and other as shown in the footnote below.

(2) Comprised principally of the expenses of the group holding companies, net of investment management and administration fees earned by the holding company, interest and dividends earned on holding company cash and investments and holding company share of profit of associates, as shown below.

	First six months	
	2026	**2025**
Corporate and other expenses as presented in the consolidated statements of earnings	243.0	226.4
Holding company interest and dividends	(4.5)	(10.6)
Holding company share of profit of associates	(65.8)	(5.2)
Investment management and administration fee income and other	(128.7)	(112.4)
Corporate overhead and other as presented in the tables above	44.0	98.2

17. Expenses

Expenses of the company's insurance and reinsurance companies and non-insurance companies for the three and six months ended June 30 were comprised as follows:

	Three months ended June 30, 2026						
	Insurance and reinsurance companies[1]					Non-insurance companies	Total
	Directly attributable			Non-directly attributable			
	Insurance acquisition cash flows	Other expenses	Total directly attributable expenses	Other operating expenses	Total expenses of insurance and reinsurance companies	Non-insurance expenses	
Losses on claims, net[2]	—	3,549.2	3,549.2	—	3,549.2	—	3,549.2
Commissions	1,166.3	—	1,166.3	—	1,166.3	—	1,166.3
Cost of sales	—	—	—	—	—	1,136.4	1,136.4
Compensation expense	206.7	291.8	498.5	228.2	726.7	339.6	1,066.3
Administrative expense and other	179.5	131.3	310.8	204.1	514.9	374.2	889.1
Total	1,552.5	3,972.3	5,524.8	432.3	5,957.1	1,850.2	7,807.3
As presented in the consolidated statement of earnings:							
Insurance service expenses	1,552.5	5,204.2	6,756.7	—	6,756.7	—	6,756.7
Recoveries of insurance service expenses	—	(1,231.9)	(1,231.9)	—	(1,231.9)	—	(1,231.9)
Other insurance operating expenses and Corporate and other expenses	—	—	—	432.3	432.3	—	432.3
Non-insurance expenses	—	—	—	—	—	1,850.2	1,850.2
Total	1,552.5	3,972.3	5,524.8	432.3	5,957.1	1,850.2	7,807.3

	Three months ended June 30, 2025						
	Insurance and reinsurance companies[1]					Non-insurance companies	Total
	Directly attributable			Non-directly attributable			
	Insurance acquisition cash flows	Other expenses	Total directly attributable expenses	Other operating expenses	Total expenses of insurance and reinsurance companies	Non-insurance expenses	
Losses on claims, net[2]	—	3,512.5	3,512.5	—	3,512.5	—	3,512.5
Commissions	1,104.7	—	1,104.7	—	1,104.7	—	1,104.7
Cost of sales	—	—	—	—	—	1,318.2	1,318.2
Compensation expense	206.9	290.4	497.3	226.6	723.9	350.5	1,074.4
Administrative expense and other	155.0	130.9	285.9	184.0	469.9	392.4	862.3
Total	1,466.6	3,933.8	5,400.4	410.6	5,811.0	2,061.1	7,872.1
As presented in the consolidated statement of earnings:							
Insurance service expenses	1,466.6	4,853.6	6,320.2	—	6,320.2	—	6,320.2
Recoveries of insurance service expenses	—	(919.8)	(919.8)	—	(919.8)	—	(919.8)
Other insurance operating expenses and Corporate and other expenses	—	—	—	410.6	410.6	—	410.6
Non-insurance expenses	—	—	—	—	—	2,061.1	2,061.1
Total	1,466.6	3,933.8	5,400.4	410.6	5,811.0	2,061.1	7,872.1

(1) Includes Life insurance and Run-off, and the group holding companies.

(2) Includes the effects of discounting losses and ceded losses on claims recorded in the period, changes in loss components and changes in risk adjustment.

	Six months ended June 30, 2026						
	Insurance and reinsurance companies(1)					Non-insurance companies	Total
	Directly attributable			Non-directly attributable	Total expenses of insurance and reinsurance companies		
	Insurance acquisition cash flows	Other expenses	Total directly attributable expenses	Other operating expenses		Non-insurance expenses	
Losses on claims, net(2)	—	6,950.3	6,950.3	—	6,950.3	—	6,950.3
Commissions	2,282.5	—	2,282.5	—	2,282.5	—	2,282.5
Cost of sales	—	—	—	—	—	2,122.1	2,122.1
Compensation expense	410.4	591.9	1,002.3	475.8	1,478.1	718.3	2,196.4
Administrative expense and other	363.2	252.3	615.5	345.6	961.1	731.3	1,692.4
Total	3,056.1	7,794.5	10,850.6	821.4	11,672.0	3,571.7	15,243.7
As presented in the consolidated statement of earnings:							
Insurance service expenses	3,056.1	10,032.0	13,088.1	—	13,088.1	—	13,088.1
Recoveries of insurance service expenses	—	(2,237.5)	(2,237.5)	—	(2,237.5)	—	(2,237.5)
Other insurance operating expenses and Corporate and other expenses	—	—	—	821.4	821.4	—	821.4
Non-insurance expenses	—	—	—	—	—	3,571.7	3,571.7
Total	3,056.1	7,794.5	10,850.6	821.4	11,672.0	3,571.7	15,243.7

	Six months ended June 30, 2025						
	Insurance and reinsurance companies(1)					Non-insurance companies	Total
	Directly attributable			Non-directly attributable	Total expenses of insurance and reinsurance companies		
	Insurance acquisition cash flows	Other expenses	Total directly attributable expenses	Other operating expenses		Non-insurance expenses	
Losses on claims, net(2)	—	7,241.1	7,241.1	—	7,241.1	—	7,241.1
Commissions	2,178.0	—	2,178.0	—	2,178.0	—	2,178.0
Cost of sales	—	—	—	—	—	2,657.4	2,657.4
Compensation expense	395.9	556.6	952.5	462.2	1,414.7	678.8	2,093.5
Administrative expense and other	311.0	265.1	576.1	326.3	902.4	872.6	1,775.0
Total	2,884.9	8,062.8	10,947.7	788.5	11,736.2	4,208.8	15,945.0
As presented in the consolidated statement of earnings:							
Insurance service expenses	2,884.9	10,037.3	12,922.2	—	12,922.2	—	12,922.2
Recoveries of insurance service expenses	—	(1,974.5)	(1,974.5)	—	(1,974.5)	—	(1,974.5)
Other insurance operating expenses and Corporate and other expenses	—	—	—	788.5	788.5	—	788.5
Non-insurance expenses	—	—	—	—	—	4,208.8	4,208.8
Total	2,884.9	8,062.8	10,947.7	788.5	11,736.2	4,208.8	15,945.0

(1) Includes Life insurance and Run-off, and the group holding companies.

(2) Includes the effects of discounting losses and ceded losses on claims recorded in the period, changes in loss components and changes in risk adjustment.

Index to Management's Discussion and Analysis of Financial Condition and Results of Operations

Notes to Management's Discussion and Analysis of Financial Condition and Results of Operations

(1) Readers of the Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should review the unaudited interim consolidated financial statements for the three and six months ended June 30, 2026, and the notes to the MD&A in the company's 2025 Annual Report.

(2) In this MD&A, Life insurance and Run-off is included in references to the insurance and reinsurance companies and excluded in references to the property and casualty insurance and reinsurance companies.

(3) The company presents information on gross premiums written and net premiums written throughout its MD&A. Gross premiums written represents the total premiums on policies issued by the company during a specified period, irrespective of the portion ceded or earned, and is an indicator of the volume of new business generated. Net premiums written represents gross premiums written less amounts ceded to reinsurers and is considered a measure of the new business volume and insurance risk that the company has chosen to retain from new business generated. These measures are used in the insurance industry and by the company primarily to evaluate business volumes, including related trends, and the management of insurance risk.

(4) Management analyzes and assesses the underlying insurance and reinsurance companies, and the financial position of the consolidated company, in various ways. Certain of the measures and ratios provided in this interim report, 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 International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and may not be comparable to similar measures presented by other companies. Please refer to the Glossary of Non-GAAP and Other Financial Measures at the end of this MD&A for details of the company's measures and ratios, which include:

Supplementary Financial Measures – Net insurance revenue, net insurance service expenses, combined ratio, discounted, book value per basic share, increase (decrease) in book value per basic share (with and without adjustment for the $15.00 per common share dividend), long equity exposures and long equity exposures and financial effects.

Capital Management Measures – Net debt, net total capital, total capital, net debt divided by total equity, net debt divided by net total capital, total debt divided by total capital, interest coverage ratio and interest and preferred share dividend distribution coverage ratio. The company presents these measures on a consolidated basis and also on a consolidated basis excluding non-insurance subsidiaries.

Total of Segments Measures – Supplementary financial measures presented for the property and casualty insurance and reinsurance reporting segments in aggregate including net finance income (expense) from insurance contracts and reinsurance contract assets held, operating income (loss) and corporate overhead and other.

Non-GAAP Financial Measures and Ratios – Net premiums earned, underwriting profit (loss), adjusted operating income (loss), adjusted operating income interest coverage and adjusted operating income interest and preferred share dividend distribution coverage ratios, various property and casualty insurance and reinsurance ratios, including the combined ratio, undiscounted, excess (deficiency) of fair value over carrying value, cash provided by (used in) operating activities (excluding operating cash flow activity related to purchases and sales of investments classified at FVTPL), investments in Fairfax insurance and reinsurance affiliates and investments in Fairfax affiliates.

Overview of Consolidated Performance for the second quarter and first six months of 2026

Net earnings attributable to shareholders of Fairfax

Property and Casualty Insurance and Reinsurance Operations

Highlights for the second quarter and first six months of 2026, with comparisons to the second quarter and first six months of 2025 except as otherwise noted, included the following:

- The table below presents the insurance service result for the property and casualty insurance and reinsurance operations reconciled to underwriting profit, a key performance measure used by the company and the property and casualty industry in which it operates. The reconciling adjustments are principally (i) other insurance operating expenses, as presented in the consolidated statement of earnings, (ii) the effects of discounting losses and ceded losses on claims recorded in the period and (iii) the effects of changes in the risk adjustment and other, the latter two of which are included in insurance service expenses and recoveries of insurance service expenses in the consolidated statement of earnings. Other insurance operating expenses are deducted from insurance service result in deriving underwriting profit as the company measures the performance of management at all property and casualty insurance and reinsurance operations in the decentralized structure on disciplined underwriting profitability which includes prudent expense management on all expenses incurred, including those that are not considered directly attributable to insurance contracts. The company remains focused on disciplined underwriting, which is particularly important when markets are softening.

	Second quarter							
	2026				2025			
	North American Insurers	Global Insurers and Reinsurers	International Insurers and Reinsurers	Total	North American Insurers	Global Insurers and Reinsurers	International Insurers and Reinsurers	Total
Insurance service result	309.6	714.8	179.0	1,203.4	230.4	630.2	149.6	1,010.2
Other insurance operating expenses	(83.7)	(98.1)	(88.9)	(270.7)	(80.8)	(111.3)	(67.4)	(259.5)
Discounting of losses and ceded losses on claims recorded in the period	(115.7)	(348.3)	(47.9)	(511.9)	(86.7)	(238.9)	(31.3)	(356.9)
Changes in the risk adjustment and other(1)	5.2	20.3	12.3	37.8	25.2	13.2	(5.3)	33.1
Underwriting profit	115.4	288.7	54.5	458.6	88.1	293.2	45.6	426.9
Interest and dividends	153.5	390.2	108.7	652.4	145.0	336.9	97.8	579.7
Share of profit (loss) of associates	5.4	(1.2)	(9.7)	(5.5)	24.2	57.2	42.0	123.4
Adjusted operating income	274.3	677.7	153.5	1,105.5	257.3	687.3	185.4	1,130.0
Combined ratios, discounted(2)	84.7 %	79.3 %	84.8 %	81.9 %	88.0 %	81.6 %	85.3 %	84.1 %
Combined ratios, undiscounted(3)	94.1 %	92.0 %	95.2 %	93.1 %	95.2 %	91.7 %	95.5 %	93.3 %
Adjusted operating income interest coverage(4)(5)				7.2x				8.4x
Adjusted operating income interest and preferred share dividend distribution coverage(4)(6)				7.1x				7.9x

	First six months							
	2026				2025			
	North American Insurers	Global Insurers and Reinsurers	International Insurers and Reinsurers	Total	North American Insurers	Global Insurers and Reinsurers	International Insurers and Reinsurers	Total
Insurance service result	602.8	1,380.5	320.3	2,303.6	500.1	855.4	263.8	1,619.3
Other insurance operating expenses	(166.7)	(210.3)	(159.9)	(536.9)	(158.9)	(214.7)	(138.1)	(511.7)
Discounting of losses and ceded losses on claims recorded in the period	(237.5)	(627.1)	(84.6)	(949.2)	(205.2)	(556.0)	(61.1)	(822.3)
Changes in the risk adjustment and other[(1)]	(7.4)	5.3	24.8	22.7	31.0	194.7	12.8	238.5
Underwriting profit	191.2	548.4	100.6	840.2	167.0	279.4	77.4	523.8
Interest and dividends	287.9	717.5	208.2	1,213.6	271.4	643.8	180.7	1,095.9
Share of profit of associates	42.1	207.4	15.6	265.1	13.5	114.6	67.7	195.8
Adjusted operating income	521.2	1,473.3	324.4	2,318.9	451.9	1,037.8	325.8	1,815.5
Combined ratios, discounted[(2)]	84.9 %	79.6 %	86.0 %	82.3 %	86.7 %	87.2 %	86.8 %	87.0 %
Combined ratios, undiscounted[(3)]	95.0 %	92.2 %	95.5 %	93.6 %	95.4 %	96.1 %	96.1 %	95.9 %
Adjusted operating income interest coverage[(4)(5)]				7.9x				7.3x
Adjusted operating income interest and preferred share dividend distribution coverage[(4)(6)]				7.7x				6.8x

(1) *Other primarily reflects differences in reserving methodology and other underwriting-related adjustments in the Global Insurers and Reinsurers reporting segment included within underwriting profit.*

(2) *A performance measure of underwriting results under IFRS 17, calculated as net insurance service expenses expressed as a percentage of net insurance revenue.*

(3) *A traditional performance measure of underwriting results within the property and casualty industry.*

(4) *Ratios used by the company 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.*

(5) *Adjusted operating income of the property and casualty insurance and reinsurance companies divided by consolidated interest expense on borrowings excluding non-insurance companies.*

(6) *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 distributions of the holding company adjusted to a pre-tax equivalent at the company's Canadian statutory income tax rate.*

Insurance service result

- The insurance service result of the property and casualty insurance and reinsurance operations increased to $1,203.4 and $2,303.6 in the second quarter and first six months of 2026 from $1,010.2 and $1,619.3 in the second quarter and first six months of 2025, reflecting increases at each of the reporting segments, with the most significant contributions from the Global Insurers and Reinsurers and North American Insurers reporting segments.
- During the second quarter of 2026 the Global Insurers and Reinsurers reporting segment principally reflected the benefit from a reduction in the risk adjustment for certain prior year claims, primarily in agricultural reinsurance lines of business at Allied World, partially offset by increased current period attritional catastrophe losses at Odyssey Group and losses arising from the Middle East conflict. During the first six months of 2026 the reporting segment primarily reflected significantly lower current period catastrophe losses of $224.2 or 3.2 combined ratio points on an undiscounted basis (2025 - $872.1 or 12.5 combined ratio points, mainly due to the California wildfires) and increased favourable prior-year reserve development, including releases of risk adjustment on prior-year claims, primarily at Odyssey Group and Allied World, partially offset by higher insurance acquisition expenses.
- During the second quarter and first six months of 2026 the North American Insurers reporting segment benefited from growth in net insurance revenue, primarily at Crum & Forster, and favourable loss experience in certain lines of business, partially offset by higher losses in commercial automobile, accident and health, and workers' compensation business. The increase in the insurance service result for the first six months of 2026 also benefited from lower current period catastrophe losses.

Underwriting performance

- Adjusted operating income of the property and casualty insurance and reinsurance operations (as presented in the table above) decreased by 2.2% to $1,105.5 in the second quarter of 2026 from $1,130.0 in the second quarter of 2025, primarily reflecting share of loss of associates compared with share of profit of associates in the comparative period, partially offset by increased interest and dividends and underwriting profit, principally in the North American Insurers reporting segment.

- Adjusted operating income of the property and casualty insurance and reinsurance operations (as presented in the table above) increased by 27.7% to $2,318.9 in the first six months of 2026 from $1,815.5 in the first six months of 2025, principally reflecting higher underwriting profit, primarily at the Global Insurers and Reinsurers reporting segment due to significantly lower current period catastrophe losses as the California wildfires affected the comparative period, and increased interest and dividends and share of profit of associates.
- The company's property and casualty insurance and reinsurance operations achieved strong underwriting results in the second quarter and first six months of 2026, with underwriting profit of $458.6 and $840.2 and undiscounted combined ratios of 93.1% and 93.6%, compared to underwriting profit of $426.9 and $523.8 and undiscounted combined ratios of 93.3% and 95.9% in the second quarter and first six months of 2025. The increase in underwriting profit in the second quarter of 2026 primarily reflected improved underwriting performance in the North American Insurers reporting segment and continued growth in new business, principally in the International Insurers and Reinsurers reporting segment reflecting strong growth at Gulf Insurance. The increase in underwriting profit in the first six months of 2026 primarily reflected improved underwriting performance across all reporting segments, led by the Global Insurers and Reinsurers reporting segment, principally reflecting lower current period catastrophe losses as the California wildfires affected the comparative period and continued growth in new business, principally within the International Insurers and Reinsurers reporting segment. Underwriting results continue to reflect net favourable prior year reserve development, which provided a benefit of $152.6 and $238.7 or 2.3 and 1.8 combined ratio points in the second quarter and first six months of 2026 (2025 - $163.2 and $382.3 or 2.5 and 3.0 combined ratio points). The underwriting performance by reporting segment was as follows:

	Second quarter							
	2026				2025			
	Gross Premiums Written	Net Premiums Written	Combined ratios, undiscounted	Underwriting profit	Gross Premiums Written	Net Premiums Written	Combined ratios, undiscounted	Underwriting profit (loss)
North American Insurers								
Northbridge	673.6	607.3	89.0 %	56.9	690.2	632.5	92.0 %	42.7
Crum & Forster	1,503.4	1,122.8	95.5 %	54.2	1,423.9	1,105.8	95.4 %	51.5
Zenith National	199.7	211.2	98.0 %	4.3	181.4	191.7	103.3 %	(6.1)
	2,376.7	1,941.3	94.1 %	115.4	2,295.5	1,930.0	95.2 %	88.1
Global Insurers and Reinsurers								
Allied World	2,071.8	1,395.3	90.2 %	119.5	2,067.7	1,422.8	91.1 %	112.8
Odyssey Group	1,801.9	1,630.9	93.6 %	97.7	1,748.0	1,605.7	91.9 %	125.0
Brit	947.4	795.8	94.6 %	34.9	902.4	734.6	92.2 %	43.1
Ki	264.4	232.4	81.5 %	36.6	229.8	207.5	93.4 %	12.3
	5,085.5	4,054.4	92.0 %	288.7	4,947.9	3,970.6	91.7 %	293.2
International Insurers and Reinsurers	1,985.7	1,348.4	95.2 %	54.5	1,835.7	1,269.5	95.5 %	45.6
Property and casualty insurance and reinsurance	9,447.9	7,344.1	93.1 %	458.6	9,079.1	7,170.1	93.3 %	426.9

	First six months							
	2026				2025			
	Gross Premiums Written	Net Premiums Written	Combined ratios, undiscounted	Underwriting profit (loss)	Gross Premiums Written	Net Premiums Written	Combined ratios, undiscounted	Underwriting profit (loss)
North American Insurers								
Northbridge	1,179.0	1,057.5	91.5 %	87.7	1,197.7	1,070.5	92.0 %	82.3
Crum & Forster	2,918.5	2,187.0	95.5 %	106.5	2,879.0	2,227.9	95.4 %	101.8
Zenith National	470.1	490.1	100.7 %	(3.0)	427.6	445.0	104.8 %	(17.1)
	4,567.6	3,734.6	95.0 %	191.2	4,504.3	3,743.4	95.4 %	167.0
Global Insurers and Reinsurers								
Allied World	4,312.3	3,135.8	91.8 %	201.6	4,228.2	3,137.1	93.4 %	166.8
Odyssey Group	3,326.0	3,096.3	92.4 %	221.0	3,290.1	3,098.1	98.7 %	39.6
Brit	1,757.9	1,423.6	93.8 %	78.2	1,683.4	1,323.3	95.0 %	57.5
Ki	492.0	413.6	88.2 %	47.6	433.6	381.2	95.9 %	15.5
	9,888.2	8,069.3	92.2 %	548.4	9,635.3	7,939.7	96.1 %	279.4
International Insurers and Reinsurers	3,731.5	2,598.2	95.5 %	100.6	3,335.0	2,261.6	96.1 %	77.4
Property and casualty insurance and reinsurance	18,187.3	14,402.1	93.6 %	840.2	17,474.6	13,944.7	95.9 %	523.8

- Net premiums written by the property and casualty insurance and reinsurance operations increased by 2.4% and 3.3% to $7,344.1 and $14,402.1 in the second quarter and first six months of 2026 from $7,170.1 and $13,944.7 in the second quarter and first six months of 2025, and gross premiums written increased by 4.1% in both the second quarter and first six months of 2026. The increase in net premiums written in the second quarter of 2026 primarily reflected growth in the Global Insurers and Reinsurers reporting segment, principally at Brit, partially offset by decreases at Allied World, and growth in the International Insurers and Reinsurers reporting segment, principally at Fairfax Asia and Fairfax Latin America, partially offset by decreases at Gulf Insurance. The increase in net premiums written in the first six months of 2026 primarily reflected growth in the International Insurers and Reinsurers reporting segment, particularly at Fairfax Asia, Gulf Insurance and Fairfax Latin America, and in the Global Insurers and Reinsurers reporting segment, principally at Brit.
- The conflict in the Middle East has continued to evolve since the escalation that began on February 28, 2026, when the United States and Israel commenced joint military operations in Iran, contributing to heightened geopolitical risk and increased volatility in global financial markets. The company has operations across the Gulf region primarily through Gulf Insurance, where certain markets and lines of business have been affected by the conflict; however, Gulf Insurance's diversified geographic footprint and product mix, including its significant health and motor portfolios, have helped mitigate the impact to date. Gulf Insurance did not experience material net underwriting losses from the conflict in the second quarter and first six months of 2026, although potential future exposure remains principally within marine, political risk and other specialty lines. Coverage for war-related events are generally excluded under standard policy terms or, where coverage is provided, is substantially ceded to reinsurers, limiting the company's net loss exposure.

Effects of discounting and risk adjustment recognized in the consolidated statement of earnings

- The total effects of discounting and risk adjustment recognized in the consolidated statement of earnings were comprised as follows:

	Second quarter		First six months	
	2026	**2025**	**2026**	**2025**
Net finance income (expense) from insurance contracts and reinsurance contract assets held as presented in the consolidated statement of earnings:				
Net finance expense from insurance contracts	(404.0)	(398.7)	(591.3)	(1,212.1)
Net finance income from reinsurance contract assets held	92.5	100.2	142.1	309.0
Net finance expense from insurance contracts and reinsurance contract assets held	**(311.5)**	**(298.5)**	**(449.2)**	**(903.1)**
Effects of discounting for future periods and risk adjustment recognized in insurance service result:				
Discounting of losses and ceded losses on claims recorded in the period	509.5	364.0	942.7	819.9
Changes in the risk adjustment	4.0	(62.3)	(25.9)	(126.3)
Effects included in insurance service result	**513.5**	**301.7**	**916.8**	**693.6**
Total pre-tax net benefit (cost) in the consolidated statement of earnings	**202.0**	**3.2**	**467.6**	**(209.5)**

During the second quarter and first six months of 2026 the company recorded total pre-tax net benefits of $202.0 and $467.6, principally related to the net benefit of discounting losses and ceded losses on claims of $509.5 and $942.7 (recognized in the insurance service result as a reduction to losses and ceded losses on claims), partially offset by net finance expense from insurance contracts and reinsurance contract assets held of $311.5 and $449.2, which consisted of interest accretion resulting from claims progressing toward settlement of $330.8 and $648.0, partially offset by the effects of increased discount rates during the period on prior years' net losses on claims of $19.3 and $198.8.

During the second quarter of 2025 the company recorded a total pre-tax net benefit of $3.2, principally related to the net benefit of discounting losses and ceded losses on claims of $364.0 (recognized in the insurance service result as a reduction to losses and ceded losses on claims), partially offset by net finance expense from insurance contracts and reinsurance contract assets held of $298.5 which consisted of interest accretion resulting from the unwinding of the effects of discounting as claims progress toward settlement of $344.1, partially offset by the benefit of increased discount rates during the period consistent with the characteristics and duration of the expected cash flows on prior years' net losses on claims of $45.6.

During the first six months of 2025 the company recorded a total pre-tax net cost of $209.5, principally related to net finance expense from insurance contracts and reinsurance contract assets held of $903.1, partially offset by the net benefit of discounting losses and ceded losses on claims of $819.9 (recognized in the insurance service result as a reduction to losses and ceded losses on claims). The net finance expense of $903.1 consisted of interest accretion resulting from the unwinding of the effects of discounting as claims progress toward settlement of $680.4 and the effects of decreased discount rates during the period on prior years' net losses on claims of $222.7.

- Generally, an increase (a decrease) in interest rates will result in a decrease (an increase) to the carrying values of both the company's fixed income portfolio and the liability for incurred claims, net of reinsurance. While the change to the carrying value of each will not necessarily be equal in magnitude when there is a movement in interest rates, the impact on the company's net earnings is typically partially mitigated. A net loss of $102.8 in the second quarter of 2026 from the effects of increases in discount rates was comprised of net losses recorded on the company's bond portfolio of $122.1, partially offset by a net benefit on insurance contracts and reinsurance contract assets held of $19.3. A net benefit of $120.4 in the second quarter of 2025 from the effects of changes in discount rates comprised a net benefit on insurance contracts and reinsurance contract assets held of $45.6 and net gains on bonds of $74.8. The net losses on bonds in the second quarter of 2026 reflected a modest increase in shorter term interest rates, while the more modest net benefit on insurance contracts and reinsurance contract assets held reflected higher discount rates consistent with the characteristics and duration of expected cash flows. A net loss of $287.2 in the first six months of 2026 from the effects of increases in discount rates was comprised of net losses recorded on the company's bond portfolio of $486.0, partially offset by a net benefit on insurance contracts and reinsurance contract assets held of $198.8. A net benefit of $240.5 in the first six months of 2025 from the effects of decreases in discount rates comprised net gains recorded on the company's bond portfolio of $463.2, partially offset by a net loss on insurance contracts and reinsurance contract assets held of $222.7.

- The table that follows presents the company's total effects of discounting and risk adjustment and the net gains (losses) on bonds recognized in the consolidated statement of earnings for the three and six months ended June 30, 2026 and 2025, set out in a format the company believes assists in understanding the company's net exposure to interest rate risk.

	Second quarter		First six months	
	2026	**2025**	**2026**	**2025**
Discounting of losses and ceded losses on claims recorded in the period, and changes in the risk adjustment (recognized in insurance service result)	513.5	301.7	916.8	693.6
Interest accreted to insurance contracts and reinsurance contract assets held (recognized in net finance income (expense) from insurance contracts and reinsurance contract assets held)	(330.8)	(344.1)	(648.0)	(680.4)
	182.7	**(42.4)**	**268.8**	**13.2**
Effect of changes in discount rates on total bonds (recognized in net gains (losses) on investments)	(122.1)	74.8	(486.0)	463.2
Effect of changes in discount rates on insurance contracts and reinsurance contract assets held (recognized in net finance income (expense) from insurance contracts and reinsurance contract assets held)	19.3	45.6	198.8	(222.7)
Net benefit (loss) from changes in discount rates in consolidated statement of earnings	**(102.8)**	**120.4**	**(287.2)**	**240.5**
Total pre-tax net benefit (loss) in the consolidated statement of earnings	**79.9**	**78.0**	**(18.4)**	**253.7**

- Refer to note 8 (Insurance Contract Liabilities) to the interim consolidated financial statements for the three and six months ended June 30, 2026 for details of the discount rates applied to losses and ceded losses on claims recorded in the period.

Investment Performance

Interest and dividends

- Consolidated interest and dividends of $737.2 and $1,399.3 in the second quarter and first six months of 2026 increased from $666.3 and $1,272.8 in the second quarter and first six months of 2025, with higher interest income earned principally due to net purchases of U.S. treasury bonds, other government bonds and first mortgage loans during 2025 and the first six months of 2026, and higher dividend income earned from common stocks.
- At June 30, 2026 the company's insurance and reinsurance companies held portfolio investments of $71.7 billion (excluding Fairfax India's portfolio of $1.9 billion), of which approximately $8.2 billion was in cash and short term investments and $37.6 billion was in government and high quality corporate bonds, representing 11.4% and 52.4% of those portfolio investments.
- The company's fixed income portfolio is conservatively positioned with 77% of the fixed income portfolio invested in U.S. treasuries and other government bonds and 12% in high quality corporate bonds, primarily short-dated, with an average term to maturity on the bond portfolio of 3.2 years.

Share of profit of associates

- Consolidated share of profit of associates of $42.8 in the second quarter of 2026 principally reflected share of profit of $108.4 from Eurobank and $32.5 from the company's reduced share of Poseidon, partially offset by a non-cash impairment charge related to Other non-insurance associates of $91.7 and share of loss of $45.6 from Waterous Energy Fund III, a limited partnership investment that recorded unrealized mark-to-market losses on a publicly traded common stock holding. Consolidated share of profit of associates of $414.3 in the first six months of 2026 principally reflected share of profit of $237.0 from Eurobank, $109.3 from Poseidon and $71.0 from Waterous Energy Fund III, partially offset by a non-cash impairment charge related to Other non-insurance associates of $91.7.

- On June 16, 2026 all of the outstanding common shares of Kennedy Wilson not already owned by the company and certain senior executives of Kennedy Wilson (the "Consortium") were acquired by Kona Bidco, a newly formed holding company established by the Consortium. The company has significant influence over Kona Bidco and commenced applying the equity method of accounting to its indirect equity interest in Kennedy Wilson. See note 6 (Investments in Associates) to the interim consolidated financial statements for the three and six months ended June 30, 2026.

Net gains (losses) on investments

- Net gains on investments of $768.9 and $383.0 in the second quarter and first six months of 2026 consisted of the following:

	Second quarter			First six months		
	2026			2026		
	Net realized gains (losses)	Net change in unrealized gains (losses)	Net gains (losses) on investments	Net realized gains	Net change in unrealized gains (losses)	Net gains (losses) on investments
Equity exposures	1,190.9	(447.1)	743.8	1,212.4	(550.4)	662.0
Bonds	(18.4)	(103.7)	(122.1)	44.7	(530.7)	(486.0)
Other	49.7	97.5	147.2	69.2	137.8	207.0
	1,222.2	(453.3)	768.9	1,326.3	(943.3)	383.0

- Net gains on equity exposures of $743.8 and $662.0 in the second quarter and first six months of 2026 were primarily comprised of a net realized gain on the partial disposition of the company's equity accounted investment in Poseidon of $838.4 and net gains of $351.8 and $484.7 on common stocks, partially offset by net losses of $91.0 and $432.8 on long equity total return swaps on Fairfax subordinate voting shares and net losses of $240.5 and $136.7 on convertible bonds and equity warrants. Net realized gains during the second quarter and first six months of 2026 included cash-settlement of $516.6 on closing contracts during the second quarter on 418,795 Fairfax subordinate voting shares with an original notional amount of $132.0 (Cdn$171.7).
- Net losses on bonds of $122.1 in the second quarter of 2026 were principally comprised of net losses on U.S. treasuries of $187.4, partially offset by net gains on other government bonds of $33.4 and corporate and other bonds of $27.8. Net losses on bonds of $486.0 in the first six months of 2026 were principally comprised of net losses on U.S. treasuries of $360.0, other government bonds of $69.1 and corporate and other bonds of $51.8, primarily reflecting changes in interest rates.

Non-insurance companies

- Non-insurance companies reported operating income of $193.6 in the second quarter of 2026 compared to $126.0 in the second quarter of 2025, primarily reflecting higher operating income in the Other segment (improved operating income at a majority of the operating companies) and at Fairfax India (principally driven by increased share of profit of associates).
- Non-insurance companies reported operating income of $230.5 in the first six months of 2026 compared to $84.9 in the first six months of 2025, primarily reflecting higher operating income in the Other segment (principally driven by non-recurring non-cash impairment charges recorded by Boat Rocker in the first six months of 2025, prior to its deconsolidation on August 1, 2025) and higher operating income at Fairfax India (principally driven by increased share of profit of associates).

Financial Condition

- Maintaining an emphasis on financial soundness, at June 30, 2026 the holding company held $2,326.7 of cash and investments (December 31, 2025 - $2,724.9), had an additional $2.3 billion, at fair value, of investments in associates and market traded consolidated non-insurance companies and its $2.0 billion unsecured revolving credit facility was undrawn.
- At June 30, 2026 the excess of fair value over carrying value of investments in non-insurance associates and market traded consolidated non-insurance subsidiaries was $4,384.4 compared to $3,139.6 at December 31, 2025, with the increased excess principally related to the company's investment in publicly traded Eurobank and the remaining shares held in Poseidon. The pre-tax excess of $4,384.4 is not reflected in the company's book value per share, but is regularly reviewed by management as an indicator of investment performance. Refer to the Financial Condition section of this MD&A, under the heading "Book Value Per Basic Share", for details.
- The company's consolidated total debt to total capital ratio, excluding non-insurance companies, increased to 28.0% at June 30, 2026 from 26.2% at December 31, 2025, reflecting increased total debt (principally issuances, partially offset by redemptions, of unsecured senior notes, as described in note 11 (Borrowings) to the interim consolidated financial statements for the three and six months ended June 30, 2026) and decreased common shareholders' equity (described below).
- Common shareholders' equity decreased by $234.1 to $26,048.5 at June 30, 2026 from $26,282.6 at December 31, 2025, primarily reflecting:
    - purchases of 1,055,190 subordinate voting shares for cancellation for cash consideration of $1,720.6, or $1,630.61 per share;
    - payments of common share dividends of $329.1; and
    - other comprehensive loss of $276.2, or approximately $14 per common share, primarily related to unrealized foreign currency translation losses net of hedges due to the strengthening of the U.S. dollar against various currencies. The company views these unrealized foreign currency movements as market fluctuations similar to unrealized gains or losses on its equity and fixed income portfolios; partially offset by
    - net earnings attributable to shareholders of Fairfax of $2,088.4.
- Book value per basic share was $1,304.39 at June 30, 2026 compared to $1,260.19 at December 31, 2025, representing an increase per basic share in the first six months of 2026 of 3.5% (an increase of 4.8% adjusted to include the $15.00 per common share dividend paid in the first quarter of 2026). At June 30, 2026 there were 19,969,895 common shares effectively outstanding.

Sources of Income

Income as presented in the interim consolidated financial statements for the second quarter and first six months of 2026 and 2025 was comprised as follows:

	Second quarter		First six months	
	2026	**2025**	**2026**	**2025**
Insurance revenue:				
North American Insurers	2,377.7	2,225.2	4,671.1	4,386.6
Global Insurers and Reinsurers	4,093.1	4,027.5	7,989.7	7,864.9
International Insurers and Reinsurers	1,636.9	1,420.5	3,195.7	2,849.1
Property and Casualty Insurance and Reinsurance	8,107.7	7,673.2	15,856.5	15,100.6
Life insurance and Run-off	80.4	62.0	152.5	117.3
Consolidated insurance revenue	**8,188.1**	**7,735.2**	**16,009.0**	**15,217.9**
Interest and dividends	737.2	666.3	1,399.3	1,272.8
Share of profit of associates	42.8	130.7	414.3	259.3
Net gains on investments	768.9	952.0	383.0	2,008.1
Non-insurance revenue	2,024.9	2,181.0	3,749.7	4,270.4
Total income	**11,761.9**	**11,665.2**	**21,955.3**	**23,028.5**

Income of $11,761.9 in the second quarter of 2026 increased modestly from $11,665.2 in the second quarter of 2025, principally reflecting growth in insurance revenue and higher interest and dividends, partially offset by lower net gains on investments, share of profit of associates and non-insurance revenue.

Income of $21,955.3 in the first six months of 2026 decreased from $23,028.5 in the first six months of 2025, principally reflecting lower net gains on investments and non-insurance revenue, partially offset by growth in insurance revenue, share of profit of associates and interest and dividends.

The increase in insurance revenue during the second quarter and first six months of 2026 of $452.9 and $791.1 or 5.9% and 5.2% was primarily in the International Insurers and Reinsurers reporting segment, principally at Gulf Insurance (growth across motor, medical, marine and aviation lines of business), Fairfax Latin America (largely within Fairfax Latam, principally at Southbridge Colombia in its accident and health line of business) and Bryte Insurance (primarily reflecting growth in property and motor lines) and in the North American Insurers reporting segment, principally at Crum & Forster (increases in accident and health and commercial automobile lines of business). Refer to the Components of Net Earnings section of this MD&A for details by reporting segment.

A detailed analysis of interest and dividends, share of profit of associates and net gains on investments for the second quarters and first six months of 2026 and 2025 is provided in the Overview of Consolidated Performance section at the beginning of this MD&A, under the heading "Investment Performance", and in the Investments section of this MD&A.

An analysis of non-insurance revenue for the second quarters and first six months of 2026 and 2025 is provided in the Underwriting and Operating Income section of this MD&A, under the heading "Non-insurance companies".

Sources of Net Earnings

The table below presents the sources of the company's net earnings for the three and six months ended June 30, 2026 and 2025 using amounts presented in note 16 (Segmented Information) to the interim consolidated financial statements for the three and six months ended June 30, 2026, set out in a format the company believes assists in understanding the composition and management of the company. The table shows separately the combined ratios, discounted and undiscounted, and insurance service result for each of the Property and Casualty Insurance and Reinsurance reporting segments. Operating income as presented for the Property and Casualty Insurance and Reinsurance reporting segments, Life insurance and Run-off and the Non-insurance companies includes interest and dividends and share of profit (loss) of associates, and excludes net gains on investments which are considered a less predictable source of investment income. Also excluded from operating income is net finance expense from insurance contracts and reinsurance contract assets held which represents the effects of the time value of money, including changes in discount rates.

	Second quarter		First six months	
	2026	**2025**	**2026**	**2025**
Combined ratios, discounted - Property and Casualty Insurance and Reinsurance				
North American Insurers	84.7%	88.0%	84.9%	86.7%
Global Insurers and Reinsurers	79.3%	81.6%	79.6%	87.2%
International Insurers and Reinsurers	84.8%	85.3%	86.0%	86.8%
Consolidated	**81.9%**	**84.1%**	**82.3%**	**87.0%**
Combined ratios, undiscounted - Property and Casualty Insurance and Reinsurance				
North American Insurers	94.1%	95.2%	95.0%	95.4%
Global Insurers and Reinsurers	92.0%	91.7%	92.2%	96.1%
International Insurers and Reinsurers	95.2%	95.5%	95.5%	96.1%
Consolidated	**93.1%**	**93.3%**	**93.6%**	**95.9%**
Sources of net earnings				
Operating income - Property and Casualty Insurance and Reinsurance:				
Insurance service result:				
North American Insurers	309.6	230.4	602.8	500.1
Global Insurers and Reinsurers	714.8	630.2	1,380.5	855.4
International Insurers and Reinsurers	179.0	149.6	320.3	263.8
Insurance service result	1,203.4	1,010.2	2,303.6	1,619.3
Other insurance operating expenses	(270.7)	(259.5)	(536.9)	(511.7)
Interest and dividends	652.4	579.7	1,213.6	1,095.9
Share of profit (loss) of associates	(5.5)	123.4	265.1	195.8
Operating income - Property and Casualty Insurance and Reinsurance	1,579.6	1,453.8	3,245.4	2,399.3
Operating income - Life insurance and Run-off	16.9	5.4	67.6	26.5
Operating income - Non-insurance companies	193.6	126.0	230.5	84.9
Net finance expense from insurance contracts and reinsurance contract assets held	(311.5)	(298.5)	(449.2)	(903.1)
Net gains on investments	768.9	952.0	383.0	2,008.1
Interest expense	(219.1)	(207.4)	(430.7)	(397.8)
Corporate overhead and other	(67.5)	(77.3)	(44.0)	(98.2)
Earnings before income taxes	1,960.9	1,954.0	3,002.6	3,119.7
Provision for income taxes	(400.3)	(352.1)	(704.8)	(564.8)
Net earnings	1,560.6	1,601.9	2,297.8	2,554.9
Attributable to:				
Shareholders of Fairfax	1,392.7	1,436.7	2,088.4	2,382.4
Non-controlling interests	167.9	165.2	209.4	172.5
	1,560.6	1,601.9	2,297.8	2,554.9

The discussion that follows makes reference to underwriting profit, a key performance measure used by the company and the property and casualty industry in which it operates. For a reconciliation of insurance service result to underwriting profit for the property and casualty insurance and reinsurance operations, see the Overview of Consolidated Performance section at the beginning of this MD&A, under the heading "Property and Casualty Insurance and Reinsurance Operations".

Insurance Service Result - Property and Casualty Insurance and Reinsurance

The increase in the insurance service result of the property and casualty insurance and reinsurance operations in the second quarter of 2026 of $193.2, or 19.1%, reflected increases across all reporting segments. The increase was led by the Global Insurers and Reinsurers reporting segment, principally reflecting the benefit from a reduction in the risk adjustment for certain prior year claims at Allied World, partially offset by lower results at the other operating companies in the reporting segment, including increased current period attritional catastrophe losses at Odyssey Group and $66.1 of aggregate losses from the Middle East conflict across the reporting segment. The increase also reflected a higher insurance service result at the North American Insurers reporting segment, across all operating companies, and at the International Insurers and Reinsurers reporting segment, across a majority of operating companies, including Fairfax Central and Eastern Europe, Gulf Insurance and Fairfax Asia.

The increase in the insurance service result of the property and casualty insurance and reinsurance operations in the first six months of 2026 of $684.3, or 42.3%, reflected increases across all reporting segments, primarily led by the Global Insurers and Reinsurers reporting segment. The increase in the insurance service result of the Global Insurers and Reinsurers reporting segment primarily reflected significantly lower current period catastrophe losses compared to the first six months of 2025, which included the California wildfires, and increased net favourable prior year reserve development, partially offset by $73.0 of aggregate losses from the Middle East conflict and increased insurance acquisition expenses. The North American Insurers reporting segment experienced increases across all operating companies, primarily at Crum & Forster reflecting continued growth in net insurance revenue, and the International Insurers and Reinsurers reporting segment experienced increases across a majority of operating companies, including Gulf Insurance, Fairfax Central and Eastern Europe and Eurolife General.

Underwriting Profit - Property and Casualty Insurance and Reinsurance

The company's property and casualty insurance and reinsurance operations produced underwriting profit of $458.6 and $840.2 (undiscounted combined ratios of 93.1% and 93.6%) in the second quarter and first six months of 2026 compared to underwriting profit of $426.9 and $523.8 (undiscounted combined ratios of 93.3% and 95.9%) in the second quarter and first six months of 2025.

The increase in underwriting profit in the second quarter of 2026 of $31.7, or 7.4%, principally reflected improved underwriting performance at the North American Insurers reporting segment, primarily reflecting higher underwriting profit at Northbridge and Crum & Forster, and an underwriting profit compared to an underwriting loss in the second quarter of 2025 at Zenith National. The increase also reflected higher underwriting profit at the International Insurers and Reinsurers reporting segment, primarily at Fairfax Central and Eastern Europe and Group Re. These increases were partially offset by a modest decrease at the Global Insurers and Reinsurers reporting segment, primarily reflecting lower underwriting profit at Odyssey Group and Brit and $66.1 of aggregate losses from the Middle East conflict across the reporting segment, partially offset by higher underwriting profit at Ki and Allied World.

The increase in underwriting profit in the first six months of 2026 of $316.4, or 60.4%, reflected improved underwriting performance across all reporting segments, led by the Global Insurers and Reinsurers reporting segment, principally due to significantly lower current period catastrophe losses, including the absence of losses from the California wildfires that impacted the comparative period, partially offset by decreased net favourable prior year reserve development and $73.0 of aggregate losses from the Middle East conflict across the reporting segment. The increase also reflected improved underwriting results at the North American Insurers reporting segment, reflecting a reduced underwriting loss at Zenith National and higher underwriting profit at Northbridge and Crum & Forster, and at the International Insurers and Reinsurers reporting segment, primarily reflecting increases at Fairfax Central and Eastern Europe and Gulf Insurance, partially offset by lower underwriting profit at Fairfax Asia.

The following table presents the components of the company's undiscounted combined ratios, a key performance measure of underwriting profit, for the three and six months ended June 30, 2026 and 2025:

	Second quarter		First six months	
Property and Casualty Insurance and Reinsurance	**2026**	**2025**	**2026**	**2025**
Underwriting profit	458.6	426.9	840.2	523.8
Losses on claims - accident year	63.8 %	63.9 %	63.6 %	67.5 %
Commissions	17.0 %	17.0 %	17.1 %	17.0 %
Underwriting expenses	14.6 %	14.9 %	14.7 %	14.4 %
Combined ratio, undiscounted - accident year	95.4 %	95.8 %	95.4 %	98.9 %
Net favourable prior year reserve development	(2.3)%	(2.5)%	(1.8)%	(3.0)%
Combined ratio, undiscounted - calendar year	93.1 %	93.3 %	93.6 %	95.9 %

Net favourable prior year reserve development, on an undiscounted basis, for the three and six months ended June 30, 2026 and 2025 was comprised as follows:

	Second quarter		First six months	
Property and Casualty Insurance and Reinsurance	**2026**	**2025**	**2026**	**2025**
North American Insurers	(30.4)	(22.6)	(47.4)	(39.6)
Global Insurers and Reinsurers	(30.0)	(62.9)	(45.6)	(217.4)
International Insurers and Reinsurers	(92.2)	(77.7)	(145.7)	(125.3)
Net favourable prior year reserve development	(152.6)	(163.2)	(238.7)	(382.3)

Net favourable prior year reserve development, on an undiscounted basis, of $152.6 in the second quarter of 2026 reflected net favourable emergence across each of the reporting segments, led by the International Insurers and Reinsurers reporting segment, across most operating companies within the reporting segment, including Gulf Insurance, primarily in its medical and property lines of business, Fairfax Central and Eastern Europe, principally at Colonnade Insurance across various lines of business, and Fairfax Asia, principally at Singapore Re in property and liability lines. The net favourable development also reflected contributions from the North American Insurers reporting segment, principally at Northbridge in its property and automobile lines, and from the Global Insurers and Reinsurers reporting segment, principally in property lines at Ki and Brit.

Net favourable prior year reserve development, on an undiscounted basis, of $238.7 in the first six months of 2026 reflected net favourable emergence across each of the reporting segments, led by the International Insurers and Reinsurers reporting segment, across most operating companies within the reporting segment, including Fairfax Central and Eastern Europe, principally at Colonnade Insurance, Gulf Insurance, in its motor lines of business, and Fairfax Asia, primarily at Singapore Re across property and motor lines of business. The net favourable development also reflected contributions from the North American Insurers reporting segment, principally at Northbridge, and from the Global Insurers and Reinsurers reporting segment, principally at Odyssey Group and Ki.

Current period catastrophe losses, on an undiscounted basis, for the three and six months ended June 30, 2026 and 2025 were comprised as follows:

	Second quarter				First six months			
	2026		2025		2026		2025	
	Losses[(1)]	Combined ratio impact	Losses[(1)]	Combined ratio impact	Losses[(1)]	Combined ratio impact	Losses[(1)]	Combined ratio impact
California wildfires	—	—	35.7	0.6	—	—	727.8	5.8
Other	139.5	2.1	104.4	1.6	258.8	2.0	193.6	1.6
Total catastrophe losses	139.5	2.1 points	140.1	2.2 points	258.8	2.0 points	921.4	7.4 points

(1) Net of reinstatement premiums.

The commission expense ratio remained stable at 17.0% and 17.1% in the second quarter and first six months of 2026 compared to 17.0% in the second quarter and first six months of 2025, reflecting broadly consistent commission expense levels across the property and casualty insurance and reinsurance operations, as lower commission rates within the North American Insurers reporting segment, principally at Crum & Forster in accident and health and surplus and specialty lines of business, were largely offset by increases in the International Insurers and Reinsurers reporting segment and modest increases in the Global Insurers and Reinsurers reporting segment during the first six months of 2026.

The underwriting expense ratio decreased to 14.6% in the second quarter of 2026 from 14.9% in the second quarter of 2025, primarily reflecting a decrease at the Global Insurers and Reinsurers reporting segment and a modest decrease at the North American Insurers reporting segment, partially offset by an increase at the International Insurers and Reinsurers reporting segment. The decrease at the Global Insurers and Reinsurers reporting segment principally reflected decreases at Brit and Ki, driven by increased net premiums earned and decreased compensation costs at Brit, while the increase at the International Insurers and Reinsurers reporting segment primarily reflected increases at Fairfax Latin America and Fairfax Central and Eastern Europe.

The underwriting expense ratio increased to 14.7% in the first six months of 2026 from 14.4% in the first six months of 2025, primarily reflecting an increase at the International Insurers and Reinsurers reporting segment (primarily increases at Fairfax Latin America and Fairfax Central and Eastern Europe).

An analysis of interest and dividends, share of profit of associates and net gains (losses) on investments for the three and six months ended June 30, 2026 and 2025 is provided in the Overview of Consolidated Performance section at the beginning of this MD&A, under the heading "Investment Performance", and in the Investments section of this MD&A.

An analysis of net finance expense from insurance contracts and reinsurance contract assets held for the three and six months ended June 30, 2026 and 2025 is provided in the Overview of Consolidated Performance section at the beginning of this MD&A.

Net earnings attributable to shareholders of Fairfax was $1,392.7 (net earnings of $67.92 per basic share and $63.38 per diluted share) in the second quarter of 2026 and $2,088.4 (net earnings of $101.04 per basic share and $94.23 per diluted share) in the first six months of 2026 compared to net earnings of $1,436.7 (net earnings of $66.34 per basic share and $61.61 per diluted share) in the second quarter of 2025 and $2,382.4 (net earnings of $112.40 per basic share and $104.26 per diluted share) in the first six months of 2025. The decrease in profitability in the second quarter and first six months of 2026 primarily reflected lower net gains on investments and a higher provision for income taxes, partially offset by increased operating income from the property and casualty insurance and reinsurance operations, higher operating income from non-insurance companies and, in the first six months of 2026, decreased net finance expense from insurance contracts and reinsurance contract assets held.

Net Earnings by Reporting Segment

The company's sources of net earnings shown by reporting segment are set out below for the three and six months ended June 30, 2026 and 2025. In the Elimination and adjustments column are adjustments to eliminate investment management and administration fees paid by the operating companies to the holding company. Those fees are included in interest and dividends (as investment management expense) by the operating companies and in corporate overhead and other (expense) income by the Corporate and Other category.

Quarter ended June 30, 2026

	Property and Casualty Insurance and Reinsurance								
	North American Insurers	**Global Insurers and Reinsurers**	**International Insurers and Reinsurers**	**Total**	**Life insurance and Run-off**	**Non - insurance companies**	**Corporate and Other**	**Eliminations and adjustments**	**Consolidated**
External	2,377.7	4,093.1	1,636.9	8,107.7	80.4	—	—	—	8,188.1
Intercompany	16.4	39.4	61.4	117.2	—	—	—	(117.2)	—
Insurance revenue	2,394.1	4,132.5	1,698.3	8,224.9	80.4	—	—	(117.2)	8,188.1
Insurance service expenses	(2,030.9)	(3,198.4)	(1,570.9)	(6,800.2)	(107.1)	—	—	150.6	(6,756.7)
Net insurance result	363.2	934.1	127.4	1,424.7	(26.7)	—	—	33.4	1,431.4
Cost of reinsurance	(368.5)	(680.7)	(518.5)	(1,567.7)	(12.6)	—	—	117.2	(1,463.1)
Recoveries of insurance service expenses	314.9	461.4	570.1	1,346.4	35.9	—	—	(150.4)	1,231.9
Net reinsurance result	(53.6)	(219.3)	51.6	(221.3)	23.3	—	—	(33.2)	(231.2)
Insurance service result	309.6	714.8	179.0	1,203.4	(3.4)	—	—	0.2	1,200.2
Other insurance operating expenses	(83.7)	(98.1)	(88.9)	(270.7)	(26.8)	—	—	—	(297.5)
	225.9	616.7	90.1	932.7	(30.2)	—	—	0.2	902.7
Interest and dividends	153.5	390.2	108.7	652.4	41.8	(7.6)	(12.0)	62.6	737.2
Share of profit (loss) of associates	5.4	(1.2)	(9.7)	(5.5)	5.3	26.5	16.5	—	42.8
Other:									
Non-insurance revenue	—	—	—	—	—	2,024.9	—	—	2,024.9
Non-insurance expenses	—	—	—	—	—	(1,850.2)	—	—	(1,850.2)
Operating income	384.8	1,005.7	189.1	1,579.6	16.9	193.6	4.5	62.8	1,857.4
Net finance expense from insurance contracts and reinsurance contract assets held	(84.2)	(175.0)	(30.3)	(289.5)	(22.0)	—	—	—	(311.5)
Net gains on investments	164.9	271.3	155.1	591.3	85.6	59.5	32.5	—	768.9
Interest expense	(1.7)	(22.1)	(4.0)	(27.8)	(0.3)	(61.8)	(129.3)	0.1	(219.1)
Corporate overhead and other	(14.1)	(32.4)	(10.8)	(57.3)	(0.3)	—	(14.3)	(62.9)	(134.8)
Earnings (loss) before income taxes	449.7	1,047.5	299.1	1,796.3	79.9	191.3	(106.6)	—	1,960.9
Provision for income taxes									(400.3)
Net earnings									1,560.6
Attributable to:									
Shareholders of Fairfax									1,392.7
Non-controlling interests									167.9
									1,560.6

	Property and Casualty Insurance and Reinsurance			
	North American Insurers	**Global Insurers and Reinsurers**	**International Insurers and Reinsurers**	**Total**
Losses on claims - current year	1,496.3	2,570.6	1,304.9	5,371.8
Prior year reserve development and release of risk adjustment on prior year claims	(77.0)	(223.9)	(131.5)	(432.4)
Losses on claims - calendar year	1,419.3	2,346.7	1,173.4	4,939.4
Commissions	388.2	575.3	223.8	1,187.3
Other underwriting expenses	223.4	276.4	173.7	673.5
Insurance service expenses	2,030.9	3,198.4	1,570.9	6,800.2

Quarter ended June 30, 2025

	Property and Casualty Insurance and Reinsurance								
	North American Insurers	**Global Insurers and Reinsurers**	**International Insurers and Reinsurers**	**Total**	**Life insurance and Run-off**	**Non-insurance companies**	**Corporate and Other**	**Eliminations and adjustments**	**Consolidated**
External	2,225.2	4,027.5	1,420.5	7,673.2	62.0	—	—	—	7,735.2
Intercompany	12.6	35.0	49.7	97.3	—	—	—	(97.3)	—
Insurance revenue	2,237.8	4,062.5	1,470.2	7,770.5	62.0	—	—	(97.3)	7,735.2
Insurance service expenses	(1,925.4)	(3,345.6)	(1,060.1)	(6,331.1)	(77.7)	—	—	88.6	(6,320.2)
Net insurance result	312.4	716.9	410.1	1,439.4	(15.7)	—	—	(8.7)	1,415.0
Cost of reinsurance	(322.5)	(641.7)	(454.7)	(1,418.9)	(11.6)	—	—	97.3	(1,333.2)
Recoveries of insurance service expenses	240.5	555.0	194.2	989.7	18.5	—	—	(88.4)	919.8
Net reinsurance result	(82.0)	(86.7)	(260.5)	(429.2)	6.9	—	—	8.9	(413.4)
Insurance service result	230.4	630.2	149.6	1,010.2	(8.8)	—	—	0.2	1,001.6
Other insurance operating expenses	(80.8)	(111.3)	(67.4)	(259.5)	(33.0)	—	—	—	(292.5)
	149.6	518.9	82.2	750.7	(41.8)	—	—	0.2	709.1
Interest and dividends	145.0	336.9	97.8	579.7	33.9	(4.6)	(6.9)	64.2	666.3
Share of profit (loss) of associates	24.2	57.2	42.0	123.4	13.3	10.7	(16.7)	—	130.7
Other:									
Non-insurance revenue	—	—	—	—	—	2,181.0	—	—	2,181.0
Non-insurance expenses	—	—	—	—	—	(2,061.1)	—	—	(2,061.1)
Operating income (loss)	318.8	913.0	222.0	1,453.8	5.4	126.0	(23.6)	64.4	1,626.0
Net finance expense from insurance contracts and reinsurance contract assets held	(54.4)	(187.4)	(42.0)	(283.8)	(14.7)	—	—	—	(298.5)
Net gains (losses) on investments	(73.5)	(9.0)	356.7	274.2	47.2	142.2	488.4	—	952.0
Interest expense	(1.6)	(16.9)	(4.4)	(22.9)	(0.2)	(68.7)	(115.5)	(0.1)	(207.4)
Corporate overhead and other	(9.5)	(33.2)	(10.0)	(52.7)	(0.6)	—	(0.5)	(64.3)	(118.1)
Earnings before income taxes	179.8	666.5	522.3	1,368.6	37.1	199.5	348.8	—	1,954.0
Provision for income taxes									(352.1)
Net earnings									1,601.9
Attributable to:									
Shareholders of Fairfax									1,436.7
Non-controlling interests									165.2
									1,601.9

	Property and Casualty Insurance and Reinsurance			
	North American Insurers	**Global Insurers and Reinsurers**	**International Insurers and Reinsurers**	**Total**
Losses on claims - current year	1,378.0	2,470.1	855.4	4,703.5
Prior year reserve development and release of risk adjustment on prior year claims	(46.8)	23.8	(123.8)	(146.8)
Losses on claims - calendar year	1,331.2	2,493.9	731.6	4,556.7
Commissions	375.9	557.5	186.9	1,120.3
Other underwriting expenses	218.3	294.2	141.6	654.1
Insurance service expenses	1,925.4	3,345.6	1,060.1	6,331.1

Six months ended June 30, 2026

	Property and Casualty Insurance and Reinsurance								
	North American Insurers	Global Insurers and Reinsurers	International Insurers and Reinsurers	Total	Life insurance and Run-off	Non - insurance companies	Corporate and Other	Eliminations and adjustments	Consolidated
External	4,671.1	7,989.7	3,195.7	15,856.5	152.5	—	—	—	16,009.0
Intercompany	33.2	81.5	114.3	229.0	—	—	—	(229.0)	—
Insurance revenue	4,704.3	8,071.2	3,310.0	16,085.5	152.5	—	—	(229.0)	16,009.0
Insurance service expenses	(3,997.3)	(6,374.4)	(2,841.9)	(13,213.6)	(149.9)	—	—	275.4	(13,088.1)
Net insurance result	707.0	1,696.8	468.1	2,871.9	2.6	—	—	46.4	2,920.9
Cost of reinsurance	(714.9)	(1,304.3)	(1,016.6)	(3,035.8)	(22.3)	—	—	229.0	(2,829.1)
Recoveries of insurance service expenses	610.7	988.0	868.8	2,467.5	45.1	—	—	(275.1)	2,237.5
Net reinsurance result	(104.2)	(316.3)	(147.8)	(568.3)	22.8	—	—	(46.1)	(591.6)
Insurance service result	602.8	1,380.5	320.3	2,303.6	25.4	—	—	0.3	2,329.3
Other insurance operating expenses	(166.7)	(210.3)	(159.9)	(536.9)	(41.5)	—	—	—	(578.4)
	436.1	1,170.2	160.4	1,766.7	(16.1)	—	—	0.3	1,750.9
Interest and dividends	287.9	717.5	208.2	1,213.6	66.5	(13.7)	4.5	128.4	1,399.3
Share of profit of associates	42.1	207.4	15.6	265.1	17.2	66.2	65.8	—	414.3
Other:									
Non-insurance revenue	—	—	—	—	—	3,749.7	—	—	3,749.7
Non-insurance expenses	—	—	—	—	—	(3,571.7)	—	—	(3,571.7)
Operating income	766.1	2,095.1	384.2	3,245.4	67.6	230.5	70.3	128.7	3,742.5
Net finance expense from insurance contracts and reinsurance contract assets held	(128.7)	(245.1)	(51.4)	(425.2)	(24.0)	—	—	—	(449.2)
Net gains (losses) on investments	235.6	499.9	(23.3)	712.2	40.8	(107.0)	(263.0)	—	383.0
Interest expense	(3.4)	(44.1)	(7.6)	(55.1)	(0.5)	(129.3)	(246.0)	0.2	(430.7)
Corporate overhead and other	(25.6)	(57.8)	(20.9)	(104.3)	(0.5)	—	(9.3)	(128.9)	(243.0)
Earnings (loss) before income taxes	844.0	2,248.0	281.0	3,373.0	83.4	(5.8)	(448.0)	—	3,002.6
Provision for income taxes									(704.8)
Net earnings									2,297.8
Attributable to:									
Shareholders of Fairfax									2,088.4
Non-controlling interests									209.4
									2,297.8

	Property and Casualty Insurance and Reinsurance			
	North American Insurers	Global Insurers and Reinsurers	International Insurers and Reinsurers	Total
Losses on claims - current year	2,969.6	4,937.8	2,239.9	10,147.3
Prior year reserve development and release of risk adjustment on prior year claims	(163.0)	(273.0)	(181.8)	(617.8)
Losses on claims - calendar year	2,806.6	4,664.8	2,058.1	9,529.5
Commissions	753.4	1,143.2	428.8	2,325.4
Other underwriting expenses	437.3	566.4	355.0	1,358.7
Insurance service expenses	3,997.3	6,374.4	2,841.9	13,213.6

Six months ended June 30, 2025

	Property and Casualty Insurance and Reinsurance								
	North American Insurers	Global Insurers and Reinsurers	International Insurers and Reinsurers	Total	Life insurance and Run-off	Non-insurance companies	Corporate and Other	Eliminations and adjustments	Consolidated
External	4,386.6	7,864.9	2,849.1	15,100.6	117.3	—	—	—	15,217.9
Intercompany	25.5	75.8	95.3	196.6	—	—	—	(196.6)	—
Insurance revenue	4,412.1	7,940.7	2,944.4	15,297.2	117.3	—	—	(196.6)	15,217.9
Insurance service expenses	(3,748.2)	(7,000.4)	(2,210.8)	(12,959.4)	(138.9)	—	—	176.1	(12,922.2)
Net insurance result	663.9	940.3	733.6	2,337.8	(21.6)	—	—	(20.5)	2,295.7
Cost of reinsurance	(642.4)	(1,245.2)	(952.1)	(2,839.7)	(19.8)	—	—	196.6	(2,662.9)
Recoveries of insurance service expenses	478.6	1,160.3	482.3	2,121.2	29.1	—	—	(175.8)	1,974.5
Net reinsurance result	(163.8)	(84.9)	(469.8)	(718.5)	9.3	—	—	20.8	(688.4)
Insurance service result	500.1	855.4	263.8	1,619.3	(12.3)	—	—	0.3	1,607.3
Other insurance operating expenses	(158.9)	(214.7)	(138.1)	(511.7)	(50.4)	—	—	—	(562.1)
	341.2	640.7	125.7	1,107.6	(62.7)	—	—	0.3	1,045.2
Interest and dividends	271.4	643.8	180.7	1,095.9	61.3	(7.1)	10.6	112.1	1,272.8
Share of profit of associates	13.5	114.6	67.7	195.8	27.9	30.4	5.2	—	259.3
Other:									
Non-insurance revenue	—	—	—	—	—	4,270.4	—	—	4,270.4
Non-insurance expenses	—	—	—	—	—	(4,208.8)	—	—	(4,208.8)
Operating income	626.1	1,399.1	374.1	2,399.3	26.5	84.9	15.8	112.4	2,638.9
Net finance expense from insurance contracts and reinsurance contract assets held	(210.4)	(595.6)	(63.5)	(869.5)	(33.6)	—	—	—	(903.1)
Net gains on investments	213.6	615.3	251.6	1,080.5	72.1	105.5	750.0	—	2,008.1
Interest expense	(3.2)	(31.4)	(8.9)	(43.5)	(0.4)	(142.2)	(211.7)	—	(397.8)
Corporate overhead and other	(21.4)	(52.8)	(19.3)	(93.5)	(0.8)	—	(19.7)	(112.4)	(226.4)
Earnings before income taxes	604.7	1,334.6	534.0	2,473.3	63.8	48.2	534.4	—	3,119.7
Provision for income taxes									(564.8)
Net earnings									2,554.9
Attributable to:									
Shareholders of Fairfax									2,382.4
Non-controlling interests									172.5
									2,554.9

	Property and Casualty Insurance and Reinsurance			
	North American Insurers	Global Insurers and Reinsurers	International Insurers and Reinsurers	Total
Losses on claims - current year	2,709.1	5,427.7	1,802.2	9,939.0
Prior year reserve development and release of risk adjustment on prior year claims	(128.1)	(86.4)	(239.3)	(453.8)
Losses on claims - calendar year	2,581.0	5,341.3	1,562.9	9,485.2
Commissions	744.5	1,106.7	362.9	2,214.1
Other underwriting expenses	422.7	552.4	285.0	1,260.1
Insurance service expenses	3,748.2	7,000.4	2,210.8	12,959.4

Components of Net Earnings

Underwriting and Operating Income

Presented below is the insurance service result, reconciled to underwriting profit, of each of the property and casualty insurance and reinsurance reporting segments, the insurance service result of Life insurance and Run-off and the operating income (loss) of the non-insurance companies, for the three and six months ended June 30, 2026 and 2025. Interest and dividends, share of profit (loss) of associates and net gains (losses) on investments, by reporting segment, for the three and six months ended June 30, 2026 and 2025 are presented in the Net Earnings by Reporting Segment section of this MD&A, and additional details of investments are provided in the Overview of Consolidated Performance section at the beginning of this MD&A, under the heading "Investment Performance", and in the Investments section of this MD&A.

North American Insurers

	Second quarter		First six months	
	2026	**2025**	**2026**	**2025**
Combined ratio, discounted	84.7 %	88.0 %	84.9 %	86.7 %
Combined ratio, undiscounted:				
Loss & LAE - accident year	64.1 %	64.0 %	64.8 %	64.1 %
Commissions	15.5 %	16.2 %	15.3 %	16.1 %
Underwriting expenses	16.1 %	16.2 %	16.1 %	16.3 %
Combined ratio, undiscounted - accident year	95.7 %	96.4 %	96.2 %	96.5 %
Net favourable prior year reserve development	(1.6)%	(1.2)%	(1.2)%	(1.1)%
Combined ratio, undiscounted - calendar year	**94.1 %**	**95.2 %**	**95.0 %**	**95.4 %**
Gross premiums written	2,376.7	2,295.5	4,567.6	4,504.3
Net premiums written	1,941.3	1,930.0	3,734.6	3,743.4
Net insurance revenue(1)	2,025.6	1,915.3	3,989.4	3,769.7
Insurance service result	309.6	230.4	602.8	500.1
Other insurance operating expenses	(83.7)	(80.8)	(166.7)	(158.9)
Discounting of losses and ceded losses on claims recorded in the period	(115.7)	(86.7)	(237.5)	(205.2)
Changes in the risk adjustment and other	5.2	25.2	(7.4)	31.0
Underwriting profit	**115.4**	**88.1**	**191.2**	**167.0**

(1) *Refer to the Glossary of Non-GAAP and Other Financial Measures at the end of this MD&A, under the heading "Non-GAAP Financial Measures and Ratios", for a reconciliation of Net insurance revenue to Net premiums earned.*

Insurance service result

North American Insurers reported an insurance service result of $309.6 and $602.8 and discounted combined ratios of 84.7% and 84.9% in the second quarter and first six months of 2026 compared to an insurance service result of $230.4 and $500.1 and discounted combined ratios of 88.0% and 86.7% in the second quarter and first six months of 2025. The increase in the second quarter and first six months of 2026 of $79.2 and $102.7 reflected increases at Crum & Forster (driven by continued growth in net insurance revenue, including rate increases across most lines of business, partially offset by increased non-catastrophe losses in the accident and health and commercial automobile lines of business), Northbridge (primarily reflecting improved current year loss experience in the personal property line of business, partially offset by increased current period catastrophe losses), and Zenith National (reflecting growth in net insurance revenue, partially offset by increased losses from higher frequency and severity in the workers' compensation business). The increase in the second quarter of 2026 also reflected improved current year loss experience in the commercial property line of business which was partially offset by higher losses in the commercial automobile line of business at Northbridge, and the increase in the first six months of 2026 also reflected improved current year loss experience in the commercial liability line of business at Northbridge and decreased current period catastrophe losses at Crum & Forster.

The operating companies comprising the North American Insurers reporting segment had discounted combined ratios, net insurance revenue and insurance service result in the second quarters and first six months of 2026 and 2025 as set out in the following table:

	Combined ratios, discounted				Net insurance revenue				Insurance service result			
	Second quarter		First six months		Second quarter		First six months		Second quarter		First six months	
	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
Northbridge	80.7 %	83.2 %	82.6 %	83.8 %	524.0	533.1	1,045.9	1,042.0	101.4	89.3	182.3	169.1
Crum & Forster	85.8 %	88.8 %	84.9 %	86.9 %	1,289.9	1,197.7	2,537.2	2,368.2	182.9	133.7	383.5	310.7
Zenith National	88.0 %	96.0 %	90.9 %	94.3 %	211.7	184.5	406.3	359.5	25.3	7.4	37.0	20.3
North American Insurers	84.7 %	88.0 %	84.9 %	86.7 %	2,025.6	1,915.3	3,989.4	3,769.7	309.6	230.4	602.8	500.1

Underwriting profit

North American Insurers produced underwriting profit of $115.4 and $191.2 and undiscounted combined ratios of 94.1% and 95.0% in the second quarter and first six months of 2026 compared to underwriting profit of $88.1 and $167.0 and undiscounted combined ratios of 95.2% and 95.4% in the second quarter and first six months of 2025. The increase in underwriting profitability in the second quarter and first six months of 2026 reflected an increase at Northbridge (lower attritional loss experience in the personal property line of business, partially offset by increased current period catastrophe losses), at Crum & Forster (increased net premiums earned driven by the accident and health line of business and decreased commissions expense driven by a shift to lower commission business in the surplus and specialty line of business, partially offset by higher attritional loss experience in the accident and health and commercial automobile lines of business and increased underwriting expenses driven by increased premium taxes and personnel costs), and at Zenith National (increased net premiums earned driven by growth in workers' compensation business, and lower underwriting expenses, partially offset by higher attritional losses in the workers' compensation business). The increase in the second quarter of 2026 also reflected decreased large losses in the commercial property line of business which was partially offset by higher attritional loss experience in the commercial automobile line of business at Northbridge, and the increase in the first six months of 2026 also reflected decreased large losses in the commercial liability line of business at Northbridge, and decreased catastrophe losses and commissions expense in the accident and health line of business at Crum & Forster.

The operating companies comprising the North American Insurers reporting segment had undiscounted combined ratios and underwriting profit (loss) in the second quarters and first six months of 2026 and 2025 as set out in the following table:

	Combined ratios, undiscounted				Underwriting profit (loss)			
	Second quarter		First six months		Second quarter		First six months	
	2026	2025	2026	2025	2026	2025	2026	2025
Northbridge	89.0 %	92.0 %	91.5 %	92.0 %	56.9	42.7	87.7	82.3
Crum & Forster	95.5 %	95.4 %	95.5 %	95.4 %	54.2	51.5	106.5	101.8
Zenith National	98.0 %	103.3 %	100.7 %	104.8 %	4.3	(6.1)	(3.0)	(17.1)
North American Insurers	94.1 %	95.2 %	95.0 %	95.4 %	115.4	88.1	191.2	167.0

The current accident year loss and loss adjustment expense ratio increased to 64.1% and 64.8% in the second quarter and first six months of 2026 from 64.0% and 64.1% in the second quarter and first six months of 2025, primarily reflecting higher attritional loss experience in the accident and health and commercial automobile lines of business at Crum & Forster, higher losses in the workers' compensation business at Zenith National, and increased current period catastrophe losses at Northbridge, partially offset by lower attritional loss experience in the personal property line of business at Northbridge, and decreased current period catastrophe losses at Crum & Forster in the first six months of 2026.

The commission expense ratio decreased to 15.5% and 15.3% in the second quarter and first six months of 2026 from 16.2% and 16.1% in the second quarter and first six months of 2025, primarily reflecting decreased commission rates in the surplus and specialty line of business at Crum & Forster, and also decreased commission rates in its accident and health line of business in the first six months of 2026.

The underwriting expense ratio of 16.1% in each of the second quarter and first six months of 2026 is comparable to 16.2% and 16.3% in the second quarter and first six months of 2025.

Gross premiums written on a third party basis, net premiums written and net premiums earned for each operating company in the North American Insurers reporting segment for the second quarters and first six months of 2026 and 2025 are shown in the following table:

	Gross premiums written				Net premiums written				Net premiums earned			
	Second quarter		First six months		Second quarter		First six months		Second quarter		First six months	
	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
Northbridge	673.6	690.2	1,179.0	1,197.7	607.3	632.5	1,057.5	1,070.5	516.7	530.5	1,034.7	1,032.7
Crum & Forster	1,503.4	1,423.9	2,918.5	2,879.0	1,122.8	1,105.8	2,187.0	2,227.9	1,214.7	1,126.5	2,387.6	2,223.1
Zenith National	199.7	181.4	470.1	427.6	211.2	191.7	490.1	445.0	210.8	183.5	404.5	357.6
North American Insurers	2,376.7	2,295.5	4,567.6	4,504.3	1,941.3	1,930.0	3,734.6	3,743.4	1,942.2	1,840.5	3,826.8	3,613.4

Gross premiums written increased by 3.5% and 1.4% in the second quarter and first six months of 2026 primarily reflecting increased business volumes at Crum & Forster (primarily in the accident and health line of business, partially offset by its surplus and specialty line of business) and at Zenith National (primarily workers' compensation business), partially offset by decreased business volumes at Northbridge (primarily due to softening in commercial lines of business and an exited travel insurance fronting book in the first six months of 2026, partially offset by the strengthening of the Canadian dollar relative to the U.S. dollar, measured using average foreign exchange rates).

Net premiums written increased by 0.6% in the second quarter of 2026 and decreased by 0.2% in the first six months of 2026, primarily reflecting the increase in gross premiums written and a higher net average cession rate in casualty lines at Crum & Forster. Net premiums earned increased by 5.5% and 5.9% in the second quarter and first six months of 2026, principally reflecting the movement in net premiums written during 2026 and 2025 and the timing between when premiums are written and when they are earned.

Operating activities

Cash provided by operating activities (excluding operating cash flow activity related to purchases and sales of investments classified at FVTPL) increased modestly to $658.3 in the first six months of 2026 from $646.3 in the first six months of 2025, due to increases at Crum & Forster (primarily reflecting increased net premium collections, partially offset by higher net claims paid, lower interest and dividends received and higher operating expenses) and Zenith National (primarily reflecting increased net premium collections and lower taxes paid, partially offset by higher net claims paid), partially offset by a decrease at Northbridge (primarily reflecting higher net claims paid and decreased net premium collections).

Global Insurers and Reinsurers

	Second quarter		First six months	
	2026	2025	2026	2025
Combined ratio, discounted	79.3 %	81.6 %	79.6 %	87.2 %
Combined ratio, undiscounted:				
Loss & LAE - accident year	63.6 %	63.3 %	63.1 %	70.0 %
Commissions	18.1 %	18.1 %	18.3 %	17.8 %
Underwriting expenses	11.1 %	12.1 %	11.4 %	11.4 %
Combined ratio, undiscounted - accident year	92.8 %	93.5 %	92.8 %	99.2 %
Net favourable prior year reserve development	(0.8)%	(1.8)%	(0.6)%	(3.1)%
Combined ratio, undiscounted - calendar year	**92.0 %**	**91.7 %**	**92.2 %**	**96.1 %**
Gross premiums written	5,085.5	4,947.9	9,888.2	9,635.3
Net premiums written	4,054.4	3,970.6	8,069.3	7,939.7
Net insurance revenue(1)	3,451.8	3,420.8	6,766.9	6,695.5
Insurance service result	714.8	630.2	1,380.5	855.4
Other insurance operating expenses	(98.1)	(111.3)	(210.3)	(214.7)
Discounting of losses and ceded losses on claims recorded in the period	(348.3)	(238.9)	(627.1)	(556.0)
Changes in the risk adjustment and other(2)	20.3	13.2	5.3	194.7
Underwriting profit	**288.7**	**293.2**	**548.4**	**279.4**

(1) Refer to the Glossary of Non-GAAP and Other Financial Measures at the end of this MD&A, under the heading "Non-GAAP Financial Measures and Ratios", for a reconciliation of Net insurance revenue to Net premiums earned.

(2) Other primarily reflects differences in reserving methodology and other underwriting-related adjustments in the Global Insurers and Reinsurers reporting segment included within underwriting profit.

Insurance service result

Global Insurers and Reinsurers insurance service result of $714.8 and a discounted combined ratio of 79.3% in the second quarter of 2026 increased from an insurance service result of $630.2 and a discounted combined ratio of 81.6% in the second quarter of 2025. The increase in the insurance service result in the second quarter of 2026 of $84.6 reflected increases at Allied World (principally reflecting the benefit from a reduction in the risk adjustment for certain prior year claims, primarily in reinsurance lines of business, compared to an unfavourable impact in the second quarter of 2025 arising from changes in the expected duration of certain prior year claims and the resulting effect on discounting), partially offset by decreases at each of the other operating companies within the reporting segment, primarily Odyssey Group reflecting increased current period attritional catastrophe losses. The increase in the insurance service result was also partially offset by $66.1 of aggregate losses from the Middle East conflict across the reporting segment.

Global Insurers and Reinsurers insurance service result of $1,380.5 and a discounted combined ratio of 79.6% in the first six months of 2026 improved significantly from an insurance service result of $855.4 and a discounted combined ratio of 87.2% in the first six months of 2025. The increase in the insurance service result in the first six months of 2026 of $525.1 primarily reflected significantly lower current period catastrophe losses of $224.2 (as set out in the table below) compared with $872.1 in the first six months of 2025, which included the California wildfires and increased release of risk adjustment on prior year claims, primarily at Odyssey Group and Allied World. The increase in the insurance service result was partially offset by $73.0 of aggregate losses from the Middle East conflict and increased insurance acquisition expenses across the reporting segment.

The operating companies comprising the Global Insurers and Reinsurers reporting segment had discounted combined ratios, net insurance revenue and insurance service result in the second quarter and first six months of 2026 and 2025 as set out in the following table:

	Combined ratios, discounted				**Net insurance revenue**				**Insurance service result**			
	Second quarter		**First six months**		**Second quarter**		**First six months**		**Second quarter**		**First six months**	
	2026	**2025**	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**
Allied World	71.9 %	84.9 %	76.1 %	84.6 %	1,273.2	1,315.4	2,565.5	2,621.0	358.3	198.9	612.4	403.7
Odyssey Group	84.8 %	82.3 %	81.5 %	91.7 %	1,341.3	1,362.3	2,544.1	2,601.1	204.1	241.3	471.0	214.6
Brit	84.7 %	78.1 %	84.2 %	87.4 %	633.8	556.0	1,245.6	1,094.8	96.9	121.6	196.7	138.0
Ki	72.7 %	63.4 %	75.6 %	73.8 %	203.5	187.1	411.7	378.6	55.5	68.4	100.4	99.1
Global Insurers and Reinsurers	79.3 %	81.6 %	79.6 %	87.2 %	3,451.8	3,420.8	6,766.9	6,695.5	714.8	630.2	1,380.5	855.4

Underwriting profit

Global Insurers and Reinsurers produced an underwriting profit of $288.7 and an undiscounted combined ratio of 92.0% in the second quarter of 2026, compared to an underwriting profit of $293.2 and an undiscounted combined ratio of 91.7% in the second quarter of 2025. The modest decrease in underwriting profit primarily reflected lower underwriting profit at Odyssey Group and Brit, partially offset by improved results at Allied World and Ki. The decrease in underwriting profit principally reflected $66.1 of aggregate losses from the Middle East conflict across the reporting segment and decreased net favourable prior year reserve development of $30.0 (2025 - $62.9), primarily at Allied World and Brit. The net favourable prior year reserve development of $30.0 in the second quarter of 2026 principally reflected development in property lines of business at Ki and Brit. The decrease in underwriting profit was partially offset by decreased underwriting expenses, primarily at Brit, reflecting decreased compensation costs.

Global Insurers and Reinsurers produced an underwriting profit of $548.4 and an undiscounted combined ratio of 92.2% in the first six months of 2026, compared to an underwriting profit of $279.4 and an undiscounted combined ratio of 96.1% in the first six months of 2025. The increase in underwriting profit of $269.0 in the first six months of 2026 primarily reflected decreased current period catastrophe losses (as set out in the table below), partially offset by decreased net favourable prior year reserve development of $45.6 (2025 - $217.4), primarily reflecting decreases at Odyssey Group, Brit, and Allied World. The net favourable prior year reserve development of $45.6 in the first six months of 2026 primarily reflected development at Odyssey Group (principally 2025 and 2024 attritional catastrophe losses) and Ki (primarily property lines of business). The increase in underwriting profit was partially offset by $73.0 of aggregate losses from the Middle East conflict across the reporting segment.

The operating companies comprising the Global Insurers and Reinsurers reporting segment had undiscounted combined ratios and underwriting profit in the second quarters and first six months of 2026 and 2025 as set out in the following table:

	Combined ratios, undiscounted				Underwriting profit			
	Second quarter		First six months		Second quarter		First six months	
	2026	2025	2026	2025	2026	2025	2026	2025
Allied World	90.2 %	91.1 %	91.8 %	93.4 %	119.5	112.8	201.6	166.8
Odyssey Group	93.6 %	91.9 %	92.4 %	98.7 %	97.7	125.0	221.0	39.6
Brit	94.6 %	92.2 %	93.8 %	95.0 %	34.9	43.1	78.2	57.5
Ki	81.5 %	93.4 %	88.2 %	95.9 %	36.6	12.3	47.6	15.5
Global Insurers and Reinsurers	92.0 %	91.7 %	92.2 %	96.1 %	288.7	293.2	548.4	279.4

Catastrophe losses in the Global Insurers and Reinsurers reporting segment for the second quarters and first six months of 2026 and 2025 are as set out in the following table:

	Second quarter						First six months					
	2026			2025			2026			2025		
	Losses(1)	Combined ratio impact		Losses(1)	Combined ratio impact		Losses(1)	Combined ratio impact		Losses(1)	Combined ratio impact	
California wildfires	—	—		37.1	1.1		—	—		700.9	10.1	
Other(2)	123.9	3.5		86.6	2.4		224.2	3.2		171.2	2.4	
Total catastrophe losses	123.9	3.5	points	123.7	3.5	points	224.2	3.2	points	872.1	12.5	points

(1) Net of reinstatement premiums.

(2) Primarily includes attritional catastrophe losses at Odyssey Group.

The current accident year loss and loss adjustment expense ratio increased modestly to 63.6% in the second quarter of 2026 from 63.3% in the second quarter of 2025, primarily reflecting higher attritional loss experience at Brit, driven by the effect of softening property rates and the Middle Eastern conflict related losses, together with a modest increase at Odyssey from higher current period catastrophe and non-catastrophe losses and a more competitive pricing environment, partially offset by improved experience in direct property lines at Ki.

The current accident year loss and loss adjustment expense ratio decreased to 63.1% in the first six months of 2026 from 70.0% in the first six months of 2025, primarily reflecting decreased current period catastrophe losses (as set out in the table above) driven primarily by the California wildfire losses recorded in the comparative period, partially offset by increased current period attritional loss experience at Brit (primarily property open market business), and Allied World, primarily reflecting a more competitive pricing environment, particularly within property lines where rates continue to decline across both the Insurance and Reinsurance segment, while casualty pricing remains generally favourable.

The commission expense ratio increased to 18.3% in the first six months of 2026 from 17.8% in the first six months of 2025, primarily reflecting higher net average commissions, principally at Brit and Odyssey Group due to changes in the mix of business written, partially offset by decreases at Ki, also reflecting changes in the mix of business written. At Allied World and Odyssey Group, the increase in the commission expense ratio also reflected the impact of California wildfire-related reinstatement premiums in the first six months of 2025 that carried no additional commission.

The underwriting expense ratio decreased to 11.1% in the second quarter of 2026 from 12.1% in the second quarter of 2025, primarily reflecting decreases at Brit and Ki principally reflecting increased net premiums earned during the period, which decreased the underwriting expense ratio, and decreased compensation costs at Brit.

Gross premiums written on a third-party basis, net premiums written and net premiums earned for each operating company in the Global Insurers and Reinsurers reporting segment for the second quarters and first six months of 2026 and 2025 are shown in the following table:

	Gross premiums written				Net premiums written				Net premiums earned			
	Second quarter		First six months		Second quarter		First six months		Second quarter		First six months	
	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
Allied World	2,071.8	2,067.7	4,312.3	4,228.2	1,395.3	1,422.8	3,135.8	3,137.1	1,225.0	1,265.2	2,469.7	2,535.1
Odyssey Group	1,801.9	1,748.0	3,326.0	3,290.1	1,630.9	1,605.7	3,096.3	3,098.1	1,525.1	1,543.1	2,918.0	3,007.0
Brit	947.4	902.4	1,757.9	1,683.4	795.8	734.6	1,423.6	1,323.3	642.2	554.1	1,259.8	1,156.4
Ki	264.4	229.8	492.0	433.6	232.4	207.5	413.6	381.2	197.9	186.2	404.6	378.6
Global Insurers and Reinsurers	5,085.5	4,947.9	9,888.2	9,635.3	4,054.4	3,970.6	8,069.3	7,939.7	3,590.2	3,548.6	7,052.1	7,077.1

Gross premiums written increased by 2.8% and 2.6% in the second quarter and first six months of 2026, reflecting growth at each of operating companies within the reporting segment. At Odyssey Group, growth was principally driven by agricultural lines of business, including Crop, partially offset by lower property treaty reinsurance premiums reflecting rate reductions in a softening catastrophe market. At Allied World, growth principally reflected increased business volumes in the Global Markets insurance segment in the second quarter of 2026 and, for the first six months of 2026, growth in both the reinsurance segment and the Global Markets insurance segment. The increases at Allied World were partially offset by lower North American Insurance premiums, reflecting rate reductions, primarily in property lines of business. The increase in gross premiums written at Brit primarily reflected growth in casualty treaty reinsurance and property facilities insurance lines of business, partially offset by decreased property treaty reinsurance premiums. For the first six months of 2026, the increase also reflected increased business volumes in financial insurance lines of business. The increase at Ki was primarily driven by property lines of business, including property treaty reinsurance, partially offset by continued pressure in open market property lines from increased competitive pricing.

Net premiums written increased by 2.1% and 1.6% in the second quarter and first six months of 2026 primarily following the movement in gross premiums written, partially offset by a modest decline in the average retention at Allied World (primarily reflecting changes in the mix of business written and higher reinsurance utilization in the Global Markets insurance segment) and Ki (primarily reflecting increased average reinsurance utilization given the more favourable reinsurance pricing environment). Net premiums earned increased by 1.2% and decreased 0.4% in the second quarter and first six months of 2026, principally reflecting the timing between when premiums are written and when they are earned. The first six months of 2026 also reflected the absence of the California wildfire-related reinstatement premiums recorded in the second quarter and first six months of 2025 which were recognized as written and earned in that period.

Operating activities

Cash provided by operating activities (excluding operating cash flow activity related to purchases and sales of investments classified at FVTPL) decreased to $1,304.8 in the first six months of 2026 from $1,509.5 in the first six months of 2025, primarily reflecting decreased net premiums received, primarily at Odyssey Group and Allied World and increased taxes paid, principally at Odyssey Group and Brit. The decrease was partially offset by decreased net claim payments during the period, including payments related to the California wildfires in the first six months 2025.

International Insurers and Reinsurers

	Second quarter		First six months	
	2026	**2025**	**2026**	**2025**
Combined ratio, discounted	84.8 %	85.3 %	86.0 %	86.8 %
Combined ratio, undiscounted:				
Loss & LAE - accident year	64.3 %	66.2 %	63.3 %	64.9 %
Commissions	16.3 %	14.8 %	16.3 %	15.8 %
Underwriting expenses	22.7 %	22.1 %	22.4 %	21.7 %
Combined ratio, undiscounted - accident year	103.3 %	103.1 %	102.0 %	102.4 %
Net favourable prior year reserve development	(8.1)%	(7.6)%	(6.5)%	(6.3)%
Combined ratio, undiscounted - calendar year	**95.2 %**	**95.5 %**	**95.5 %**	**96.1 %**
Gross premiums written	1,985.7	1,835.7	3,731.5	3,335.0
Net premiums written	1,348.4	1,269.5	2,598.2	2,261.6
Net insurance revenue(1)	1,179.8	1,015.5	2,293.4	1,992.3
Insurance service result	179.0	149.6	320.3	263.8
Other insurance operating expenses	(88.9)	(67.4)	(159.9)	(138.1)
Discounting of losses and ceded losses on claims recorded in the period	(47.9)	(31.3)	(84.6)	(61.1)
Changes in the risk adjustment and other	12.3	(5.3)	24.8	12.8
Underwriting profit	**54.5**	**45.6**	**100.6**	**77.4**

(1) *Refer to the Glossary of Non-GAAP and Other Financial Measures at the end of this MD&A, under the heading "Non-GAAP Financial Measures and Ratios", for a reconciliation of Net insurance revenue to Net premiums earned.*

Insurance service result

International Insurers and Reinsurers reported an insurance service result of $179.0 and a discounted combined ratio of 84.8% in the second quarter of 2026 compared to an insurance service result of $149.6 and a discounted combined ratio of 85.3% in the second quarter of 2025. The increase in the insurance service result in the second quarter of 2026 of $29.4 reflected increases across the majority of the operating companies within the reporting segment, particularly at Fairfax Central and Eastern Europe (primarily at Colonnade Insurance reflecting growth in insurance revenue across its casualty and specialty lines of business and higher recoveries of insurance service expenses related to certain large losses in commercial property and general liability in 2026, partially offset by an increase in insurance service expenses (driven by an increase in large losses as noted previously, partially offset by increased net favourable prior year reserve development)), Gulf Insurance (principally reflecting increased net insurance revenue across its motor and marine and aviation lines of business, partially offset by increased net insurance service expenses driven by higher gross claims activity, including large losses on property, liability and war related lines of business which were mostly offset by increased recoveries of insurance service expenses) and Fairfax Asia (increased insurance revenue across all operating companies and lines of business, partially offset by lower recoveries of insurance service expenses due to increased retention).

International Insurers and Reinsurers reported an insurance service result of $320.3 and a discounted combined ratio of 86.0% in the first six months of 2026 compared to an insurance service result of $263.8 and a discounted combined ratio of 86.8% in the first six months of 2025. The increase in insurance service result in the first six months of 2026 of $56.5 primarily reflected increases across the majority of the operating companies within the reporting segment, particularly at Gulf Insurance (principally reflecting the same factors as the increase in the second quarter of 2026 described previously), Fairfax Central and Eastern Europe (primarily at Colonnade Insurance reflecting growth in insurance revenue across most lines of business, and higher recoveries of insurance service expenses related to certain large losses in commercial property and general liability in 2026, partially offset by an increase in insurance service expenses (driven by an increase in large losses as noted previously, partially offset by increased net favourable prior year reserve development)) and Eurolife General (primarily increased insurance revenue on more profitable lines of business, including property).

The operating companies comprising the International Insurers and Reinsurers reporting segment had discounted combined ratios, net insurance revenue and insurance service result in the second quarters and first six months of 2026 and 2025 as set out in the following table:

	Combined ratios, discounted				**Net insurance revenue**				**Insurance service result**			
	Second quarter		**First six months**		**Second quarter**		**First six months**		**Second quarter**		**First six months**	
	2026	**2025**	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**
Group Re	88.0 %	79.5 %	91.7 %	92.3 %	109.2	83.7	199.6	190.5	13.3	16.7	16.8	14.5
Bryte Insurance	88.3 %	89.2 %	87.5 %	87.0 %	108.4	88.7	216.0	170.8	12.6	9.6	27.0	22.3
Fairfax Asia	81.4 %	82.5 %	84.7 %	80.6 %	143.6	118.2	275.0	221.2	26.8	20.8	42.2	43.0
Fairfax Latin America	78.8 %	78.2 %	78.8 %	76.6 %	181.1	149.2	343.1	291.6	38.6	32.5	72.6	68.2
Fairfax Central and Eastern Europe	76.3 %	81.3 %	80.0 %	83.2 %	178.6	167.6	355.3	317.4	42.1	31.7	71.0	53.3
Eurolife General	82.2 %	82.9 %	85.1 %	100.0 %	22.9	20.7	44.7	39.8	4.0	3.6	6.6	—
Gulf Insurance	90.5 %	91.0 %	90.2 %	91.8 %	436.0	387.4	859.7	761.0	41.6	34.7	84.1	62.5
International Insurers and Reinsurers	84.8 %	85.3 %	86.0 %	86.8 %	1,179.8	1,015.5	2,293.4	1,992.3	179.0	149.6	320.3	263.8

Underwriting profit

International Insurers and Reinsurers produced underwriting profit of $54.5 and $100.6 and undiscounted combined ratios of 95.2% and 95.5% in the second quarter and first six months of 2026 compared to underwriting profit of $45.6 and $77.4 and undiscounted combined ratios of 95.5% and 96.1% in the second quarter and first six months of 2025. The increase in underwriting profit in the second quarter of 2026 primarily reflected an increase at Fairfax Central and Eastern Europe (primarily at Colonnade Insurance, principally reflecting growth in business and increased net favourable prior year reserve development). The increase in underwriting profit in the first six months of 2026 primarily reflected increases across a majority of the operating companies within the reporting segment, particularly at Fairfax Central and Eastern Europe (principally at Colonnade Insurance reflecting growth in business across all lines of business and increased net favourable prior year reserve development), Gulf Insurance (principally reflecting growth in business across various lines of business and lower attritional accident year loss experience, partially offset by lower net favourable prior year reserve development) and Eurolife General (principally reflecting improved net favourable prior year reserve development), partially offset by lower underwriting profit at Fairfax Asia (principally reflecting an increased commission ratio across a majority of the operating companies and lower net favourable prior year reserve development, primarily at Singapore Re and Pacific Insurance).

The operating companies comprising the International Insurers and Reinsurers reporting segment had undiscounted combined ratios and underwriting profit (loss) in the second quarters and first six months of 2026 and 2025 as set out in the following table:

	Combined ratios, undiscounted				Underwriting profit (loss)			
	Second quarter		First six months		Second quarter		First six months	
	2026	2025	2026	2025	2026	2025	2026	2025
Group Re	91.7 %	96.8 %	95.4 %	96.8 %	10.8	3.9	11.8	7.8
Bryte Insurance	94.0 %	92.8 %	94.5 %	94.4 %	6.2	6.0	11.3	9.0
Fairfax Asia	94.6 %	89.5 %	95.4 %	91.5 %	8.2	13.1	13.8	20.7
Fairfax Latin America	94.3 %	95.1 %	95.7 %	94.6 %	8.7	6.0	12.3	12.7
Fairfax Central and Eastern Europe	90.9 %	95.3 %	92.2 %	94.6 %	17.0	8.4	29.2	18.0
Eurolife General	96.3 %	98.4 %	91.9 %	101.9 %	0.7	0.3	3.3	(0.7)
Gulf Insurance	99.3 %	97.9 %	97.6 %	98.6 %	2.9	7.9	18.9	9.9
International Insurers and Reinsurers	95.2 %	95.5 %	95.5 %	96.1 %	54.5	45.6	100.6	77.4

The current accident year loss and loss adjustment expense ratio of 64.3% and 63.3% in the second quarter and first six months of 2026 decreased from 66.2% and 64.9% in the second quarter and first six months of 2025, primarily reflecting decreases at Gulf Insurance (driven by lower claims frequency and increased net premiums earned relative to more modest increases in losses) and Fairfax Latin America (driven by higher net premiums earned relative to more modest increases in losses across the majority of the operating companies).

The commission expense ratio of 16.3% in the second quarter of 2026 increased from 14.8% in the second quarter of 2025, primarily reflecting increases at Fairfax Asia (lower profit commission income on a proportional reinsurance program at Singapore Re and lower ceding commission income at AMAG Insurance) and Fairfax Latin America (higher commission expense relative to the increase in net premiums earned from changes in business mix). The commission expense ratio of 16.3% in the first six months of 2026 was comparable to the 15.8% in the first six months of 2025.

The underwriting expense ratio of 22.7% and 22.4% in the second quarter and first six months of 2026 increased from 22.1% and 21.7% in the second quarter and first six months of 2025, primarily reflecting increases at Fairfax Latin America (largely at Southbridge Colombia due to investments in strategic distribution channels) and Fairfax Central and Eastern Europe (primarily reflecting increased compensation and information technology expenses).

Net favourable prior year reserve development of $92.2 and $145.7 in the second quarter and first six months of 2026 compared to $77.7 and $125.3 in the second quarter and first six months of 2025. Net favourable prior year reserve development in the second quarter and first six months of 2026 primarily related to Fairfax Central and Eastern Europe (principally at Colonnade Insurance across its various lines of business), Gulf Insurance (principally in its motor and marine lines of business) and Fairfax Asia (principally at Singapore Re and Falcon in their property lines of business). Net favourable prior year reserve development in the first six months of 2026 also reflected net favourable development at each of the operating companies within Fairfax Latin America across various lines of business.

Gross premiums written on a third party basis, net premiums written and net premiums earned for each operating company in the International Insurers and Reinsurers reporting segment for the second quarters and first six months of 2026 and 2025 are shown in the following table:

	Gross premiums written				Net premiums written				Net premiums earned			
	Second quarter		First six months		Second quarter		First six months		Second quarter		First six months	
	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
Group Re	59.7	74.9	115.8	140.7	139.1	140.3	246.9	256.6	129.5	124.9	255.2	246.9
Bryte Insurance	149.4	129.3	296.7	244.3	104.1	84.2	205.1	160.5	102.9	83.2	203.7	161.4
Fairfax Asia	319.5	254.1	644.1	568.9	179.6	127.3	368.8	271.4	153.4	125.3	302.8	243.1
Fairfax Latin America	360.8	324.3	638.5	578.2	153.5	122.2	296.9	233.6	151.6	120.4	286.5	236.1
Fairfax Central and Eastern Europe	218.3	220.4	488.9	451.0	195.9	186.0	450.8	402.5	187.9	177.2	374.9	335.4
Eurolife General	29.3	27.3	59.4	53.5	20.8	19.1	42.1	37.3	21.1	19.7	41.1	36.9
Gulf Insurance	848.7	805.4	1,488.1	1,298.4	555.4	590.4	987.6	899.7	394.3	374.2	785.6	720.4
International Insurers and Reinsurers	1,985.7	1,835.7	3,731.5	3,335.0	1,348.4	1,269.5	2,598.2	2,261.6	1,140.7	1,024.9	2,249.8	1,980.2

Gross premiums written increased by 8.2% and 11.9% in the second quarter and first six months of 2026, primarily reflecting increases across a majority of the operating companies within the reporting segment, particularly at Gulf Insurance (growth in motor, marine and aviation, and other property lines of business, and in the first six months of 2026 also reflecting growth in the medical line of business), Fairfax Asia (primarily at Pacific Insurance, reflecting new business in its engineering line of business, changes in business mix in its motor line of business and the strengthening of the Malaysian Ringgit relative to the U.S. dollar measured using average foreign exchange rates, and at Falcon Thailand, reflecting growth in motor and accident and health lines of business), Fairfax Latin America (principally at Southbridge Colombia in its accident and health line of business, and also at La Meridional in the first six months of 2026 across various lines of business) and Bryte Insurance (increased rates, growth across all lines of business and the strengthening of the South African Rand relative to the U.S. dollar measured using average foreign exchange rates). The increase in gross premiums written in the first six months of 2026 also reflected an increase at Fairfax Central and Eastern Europe, principally comprising Fairfax Ukraine (motor, health and property lines of business), Polish Re (property and agricultural lines of business) and at Colonnade Insurance (strengthening of the euro relative to the U.S. dollar measured using average foreign exchange rates).

Net premiums written increased by 6.2% and 14.9% in the second quarter and first six months of 2026, primarily reflecting the increases in gross premiums written achieved by most companies in the reporting segment as described above, and increased retention of business at Fairfax Asia and Fairfax Latin America, partially offset by lower retention of business at Gulf Insurance which was more pronounced in the second quarter of 2026. Net premiums earned increased by 11.3% and 13.6% in second quarter and first six months of 2026, principally reflecting the same factors as the increase in net premiums written and the timing between when premiums are written and when they are earned which was more pronounced in the second quarter of 2026 at Gulf Insurance.

Life insurance and Run-off

	Second quarter					
	2026			2025		
	Life insurance[(1)]	Run-off	Total	Life insurance[(1)]	Run-off	Total
Net premiums written	173.5	—	173.5	64.0	23.0	87.0
Insurance revenue	71.9	8.5	80.4	51.9	10.1	62.0
Insurance service expenses	(46.2)	(60.9)	(107.1)	(39.0)	(38.7)	(77.7)
Net reinsurance result	(6.4)	29.7	23.3	(4.3)	11.2	6.9
Insurance service result	19.3	(22.7)	(3.4)	8.6	(17.4)	(8.8)

	First six months					
	2026			2025		
	Life insurance[(1)]	Run-off	Total	Life insurance[(1)]	Run-off	Total
Net premiums written	232.9	1.8	234.7	116.2	39.3	155.5
Insurance revenue	136.3	16.2	152.5	100.2	17.1	117.3
Insurance service expenses	(84.6)	(65.3)	(149.9)	(85.2)	(53.7)	(138.9)
Net reinsurance result	(9.7)	32.5	22.8	(5.1)	14.4	9.3
Insurance service result	42.0	(16.6)	25.4	9.9	(22.2)	(12.3)

(1) Comprised of Eurolife and Gulf Insurance. These results differ from those published by Eurolife and Gulf Insurance primarily due to acquisition accounting adjustments recorded by Fairfax related to the consolidation of Eurolife on July 14, 2021 and Gulf Insurance on December 26, 2023, and the presentation of Eurolife and Gulf Insurance's life insurance operations in the Life insurance and Run-off reporting segment in the table above and separate presentation of Eurolife and Gulf Insurance's property and casualty insurance operations within the International Insurers and Reinsurers reporting segment as "Eurolife General" and "Gulf Insurance", respectively.

On May 6, 2026 the company entered into definitive agreements on its previously announced transaction with Eurobank pursuant to which Eurobank will acquire the company's 80.0% equity interest in the life insurance operations of Eurolife (the "Eurolife Life Operations") for cash consideration of approximately $930 (€813.0). The proposed transactions are subject to regulatory approval and customary closing conditions and are expected to close in the third quarter of 2026. Refer to note 13 (Acquisitions and Divestitures) to the interim consolidated financial statements for the three and six months ended June 30, 2026 for details.

Non-insurance companies

	Second quarter									
	2026					2025				
	Restaurants and retail[1]	Fairfax India	Thomas Cook India	Other[2]	Total	Restaurants and retail[1]	Fairfax India	Thomas Cook India	Other[2]	Total
Revenue	601.3	112.9	237.5	1,073.2	2,024.9	684.2	103.4	299.3	1,094.1	2,181.0
Expenses	(546.0)	(102.9)	(228.1)	(973.2)	(1,850.2)	(621.7)	(92.5)	(285.7)	(1,061.2)	(2,061.1)
Pre-tax income before interest expense and other	55.3	10.0	9.4	100.0	174.7	62.5	10.9	13.6	32.9	119.9
Interest and dividends	0.9	(10.1)	—	1.6	(7.6)	2.9	(8.6)	—	1.1	(4.6)
Share of profit (loss) of associates	—	25.1	—	1.4	26.5	—	11.1	—	(0.4)	10.7
Operating income	56.2	25.0	9.4	103.0	193.6	65.4	13.4	13.6	33.6	126.0

	First six months									
	2026					2025				
	Restaurants and retail[1]	Fairfax India	Thomas Cook India	Other[2]	Total	Restaurants and retail[1]	Fairfax India	Thomas Cook India	Other[2]	Total
Revenue	1,121.0	208.8	436.9	1,983.0	3,749.7	1,224.1	214.5	534.6	2,297.2	4,270.4
Expenses	(1,051.1)	(186.9)	(423.3)	(1,910.4)	(3,571.7)	(1,132.5)	(190.5)	(510.7)	(2,375.1)	(4,208.8)
Pre-tax income (loss) before interest expense and other	69.9	21.9	13.6	72.6	178.0	91.6	24.0	23.9	(77.9)	61.6
Interest and dividends	1.5	(17.5)	—	2.3	(13.7)	5.8	(15.3)	—	2.4	(7.1)
Share of profit (loss) of associates	—	64.6	0.2	1.4	66.2	—	30.9	0.2	(0.7)	30.4
Operating income (loss)	71.4	69.0	13.8	76.3	230.5	97.4	39.6	24.1	(76.2)	84.9

(1) Comprised primarily of Recipe (including its subsidiary The Keg (deconsolidated on September 25, 2025)), Sporting Life Group and Sleep Country.

(2) Comprised primarily of AGT, Dexterra Group, Boat Rocker (deconsolidated on August 1, 2025), Grivalia Hospitality, Meadow Foods and Peak Achievement.

Non-insurance companies' revenue and expenses decreased to \$2,024.9 and \$1,850.2 in the second quarter of 2026 from \$2,181.0 and \$2,061.1 in the second quarter of 2025, primarily reflecting the deconsolidation of The Keg in the Restaurants and retail operating segment in the third quarter of 2025, lower business volumes at Thomas Cook India, and lower business volumes and commodity prices at Meadow Foods.

Non-insurance companies' revenue and expenses decreased to \$3,749.7 and \$3,571.7 in the first six months of 2026 from \$4,270.4 and \$4,208.8 in the first six months of 2025, primarily reflecting lower business volumes and commodity prices at Meadow Foods and AGT, and the deconsolidation of The Keg in the Restaurants and retail operating segment in the third quarter of 2025. The decrease in expenses in the first six months of 2026 also reflected non-cash impairment charges recorded by Boat Rocker in the first six months of 2025, prior to its deconsolidation on August 1, 2025.

Investments

Refer to the Overview of Consolidated Performance section at the beginning of this MD&A, under the heading "Investment Performance", for details of interest and dividends and share of profit of associates.

Net Gains (Losses) on Investments

Net gains (losses) on investments for the three and six months ended June 30, 2026 and 2025 were comprised as follows:

	Second quarter					
	2026			2025		
	Net realized gains (losses)	Net change in unrealized gains (losses)	Net gains (losses) on investments	Net realized gains (losses)	Net change in unrealized gains	Net gains on investments
Long equity exposures and financial effects	1,190.9	(447.1)	743.8	96.2	704.2	800.4
Total bonds	(18.4)	(103.7)	(122.1)	(147.2)	222.0	74.8
Other	49.7	97.5	147.2	(359.6)	436.4	76.8
Net gains (losses) on investments	1,222.2	(453.3)	768.9	(410.6)	1,362.6	952.0

	First six months					
	2026			2025		
	Net realized gains	Net change in unrealized gains (losses)	Net gains (losses) on investments	Net realized gains (losses)	Net change in unrealized gains	Net gains (losses) on investments
Long equity exposures and financial effects	1,212.4	(550.4)	662.0	593.1	986.8	1,579.9
Total bonds	44.7	(530.7)	(486.0)	(198.5)	661.7	463.2
Other	69.2	137.8	207.0	(262.6)	227.6	(35.0)
Net gains (losses) on investments	1,326.3	(943.3)	383.0	132.0	1,876.1	2,008.1

Long equity exposures and financial effects: During the second quarter and first six months of 2026 the company's long equity exposures produced net gains of $743.8 and $662.0 compared to net gains of $800.4 and $1,579.9 in the second quarter and first six months of 2025, primarily reflecting a net realized gain on the partial disposition of the company's equity accounted investment in Poseidon of $838.4 and net gains of $351.8 and $484.7 on common stocks (2025 - $213.2 and $430.0), partially offset by net losses of $91.0 and $432.8 on long equity total return swaps on Fairfax subordinate voting shares (2025 - net gains of $547.9 and $645.1) and $240.5 and $136.7 on convertible bonds and equity warrants (2025 - net losses of $0.4 and net gains of $216.4).

Bonds: Net losses on bonds of $122.1 in the second quarter of 2026 (2025 - net gains of $74.8) were primarily comprised of net losses on U.S. treasury bonds of $187.4 (2025 - net gains of $50.9), partially offset by net gains on other government bonds of $33.4 (2025 - $64.5) and corporate and other bonds of $27.8 (2025 - $12.7). Net losses on bonds of $486.0 in the first six months of 2026 (2025 - net gains of $463.2) were primarily comprised of net losses on U.S. treasury bonds of $360.0 (2025 - net gains of $348.4), other government bonds of $69.1 (2025 - net gains of $68.7) and corporate and other bonds of $51.8 (2025 - net gains of $55.4). The net losses on bonds were partially offset by the benefit of increases in discount rates on prior years' net losses on claims of $19.3 and $198.8 in the second quarter and first six months of 2026 (2025 - net benefit of $45.6 and net cost of $222.7).

Preferred stocks: Net losses on preferred stocks, included in other in the table above, primarily reflected net losses of $23.0 and $92.6 on the company's holdings of Digit compulsory convertible preferred shares during the second quarter and first six months of 2026.

Foreign currency: Net gains on foreign currency in the second quarter of 2026 of $186.7 were comprised of net gains on foreign currency contracts of $146.9 and foreign currency net gains on underwriting activities of $37.9. Net gains on foreign currency in the first six months of 2026 of $322.9 were comprised of net gains on foreign currency contracts of $344.7, partially offset by foreign currency net losses on investing activities of $70.7 (primarily related to the strengthening of the U.S. dollar relative to the Indian rupee and Canadian dollar on Indian rupee and Canadian dollar denominated investments).

Interest Expense

Interest expense as presented in the consolidated statement of earnings for the three and six months ended June 30, 2026 and 2025 was comprised as follows:

	Second quarter		First six months	
	2026	2025	2026	2025
Interest expense on borrowings:				
Holding company	129.3	115.5	245.9	211.6
Insurance and reinsurance companies	24.0	19.3	47.5	36.9
Non-insurance companies(1)	47.7	53.5	101.3	111.1
	201.0	188.3	394.7	359.6
Interest expense on lease liabilities:(2)				
Holding company and insurance and reinsurance companies	4.0	3.9	8.0	7.1
Non-insurance companies	14.1	15.2	28.0	31.1
	18.1	19.1	36.0	38.2
Consolidated interest expense	219.1	207.4	430.7	397.8

(1) Borrowings and related interest expense of the non-insurance companies are non-recourse to the holding company.

(2) Represents accretion of lease liabilities using the effective interest method.

The increase in interest expense on borrowings at the holding company in the second quarter and first six months of 2026 principally reflected the issuances on May 20, 2025 of $500.0 and $400.0 principal amount of 5.75% and 6.50% unsecured senior notes due 2035 and 2055, respectively, the issuances on August 14, 2025 of Cdn$400.0 and Cdn$300.0 principal amount of 4.45% and 5.10% unsecured senior notes due 2035 and 2055, respectively, the issuance on February 27, 2026 of Cdn$400.0 principal amount of 4.40% unsecured senior notes due 2036, the issuance on February 27, 2026 of an additional Cdn$250.0 principal amount from the re-opening of the company's previously issued 5.10% unsecured senior notes due 2055 and increased utilization of the company's $2.0 billion unsecured revolving credit facility, partially offset by Brit becoming the primarily co-obligor of the Cdn$450.0 and Cdn$250.0 principal amount of 4.73% and 5.23% unsecured senior notes due 2034 and 2054, respectively, on June 17, 2025.

Interest expense by reporting segment is set out in the Net Earnings by Reporting Segment section of this MD&A.

Corporate Overhead and Other

Corporate overhead and other consists primarily of the expenses of all of the group holding companies (corporate overhead), net of investment management and administration fees earned by the holding company, interest and dividends earned on holding company cash and investments and holding company share of profit (loss) of associates.

	Second quarter		First six months	
	2026	**2025**	**2026**	**2025**
Fairfax corporate overhead	77.2	64.8	138.2	132.1
Subsidiary holding companies' corporate overhead	32.4	27.9	55.7	43.1
Subsidiary holding companies' non-cash intangible asset amortization and impairment charges(1)	25.2	25.4	49.1	51.2
Corporate and other expenses as presented in the consolidated statement of earnings	134.8	118.1	243.0	226.4
Holding company interest and dividends	12.0	6.9	(4.5)	(10.6)
Holding company share of (profit) loss of associates	(16.5)	16.7	(65.8)	(5.2)
Investment management and administration fee income and other	(62.8)	(64.4)	(128.7)	(112.4)
Corporate overhead and other(2)	67.5	77.3	44.0	98.2

(1) Non-cash intangible asset amortization and impairment charges principally related to customer and broker relationships.

(2) Presented as Corporate overhead and other in note 16 (Segmented Information) to the interim consolidated financial statements for the three and six months ended June 30, 2026.

Investment management and administration fee income and other remained stable at $62.8 in the second quarter of 2026 compared to $64.4 in the second quarter of 2025. Investment management and administration fee income and other increased to $128.7 in the first six months of 2026 from $112.4 in the first six months of 2025 primarily reflecting increased fees earned by Hamblin Watsa due to strong performance and growth in the underlying investment portfolios that it manages on behalf of the insurance, reinsurance and run-off subsidiaries of Fairfax.

Details on consolidated interest and dividends, share of profit of associates and net gains (losses) on investments are set out in the Overview of Consolidated Performance section at the beginning of this MD&A, under the heading "Investment Performance", and in the Investments section of this MD&A.

Income Taxes

Details of the provision for income taxes in the second quarters and first six months of 2026 and 2025 are provided in note 14 (Income Taxes) to the interim consolidated financial statements for the three and six months ended June 30, 2026.

Segmented Balance Sheet

The company's segmented balance sheets as at June 30, 2026 and December 31, 2025 present the assets, liabilities and non-controlling interests in each of the company's reporting segments in accordance with the company's IFRS Accounting Standards policies and includes, where applicable, acquisition accounting adjustments principally related to goodwill and intangible assets which arose on initial acquisition of the subsidiaries or on a subsequent step acquisition. Certain of the company's subsidiaries hold equity interests in other Fairfax subsidiaries ("affiliates") which are carried at cost. In the table below, the company's three property and casualty insurance and reinsurance reporting segments have been presented in aggregate, and affiliated insurance and reinsurance balances are not shown separately and are eliminated in "Corporate and eliminations".

	June 30, 2026					December 31, 2025				
	Property and casualty insurance and reinsurance companies	Life insurance and Run-off	Non-insurance companies	Corporate and eliminations(4)	Consolidated	Property and casualty insurance and reinsurance companies	Life insurance and Run-off	Non-insurance companies	Corporate and eliminations(4)	Consolidated
Assets										
Holding company cash and investments	392.2	—	—	1,934.5	2,326.7	423.5	—	—	2,301.4	2,724.9
Insurance contract receivables	952.7	15.9	—	—	968.6	940.7	65.5	—	—	1,006.2
Portfolio investments(1)	71,321.2	1,906.6	2,889.3	(2,074.3)	74,042.8	69,961.1	1,819.6	2,545.6	(1,404.5)	72,921.8
Assets held for sale(2)	—	4,275.6	—	(762.8)	3,512.8	—	4,211.8	—	(765.9)	3,445.9
Reinsurance contract assets held	11,945.6	391.1	—	(910.3)	11,426.4	11,727.5	427.2	—	(903.7)	11,251.0
Deferred income tax assets	268.1	—	132.8	14.7	415.6	273.1	—	107.2	(13.2)	367.1
Goodwill and intangible assets	3,953.0	7.6	4,181.6	0.5	8,142.7	4,016.4	7.1	4,315.8	0.1	8,339.4
Due from affiliates	449.5	354.9	1.5	(805.9)	—	440.6	397.3	1.5	(839.4)	—
Other assets	2,273.3	281.0	5,285.8	413.8	8,253.9	2,023.7	271.3	5,048.3	388.1	7,731.4
Investments in Fairfax insurance and reinsurance affiliates(3)	487.4	14.5	—	(501.9)	—	488.0	14.4	—	(502.4)	—
Total assets	92,043.0	7,247.2	12,491.0	(2,691.7)	109,089.5	90,294.6	7,214.2	12,018.4	(1,739.5)	107,787.7
Liabilities										
Accounts payable and accrued liabilities	2,037.3	302.9	3,259.2	889.0	6,488.4	2,175.1	338.2	3,089.2	517.2	6,119.7
Derivative obligations	343.9	—	71.6	6.3	421.8	709.6	0.7	68.6	8.0	786.9
Liabilities associated with assets held for sale(2)	—	3,666.3	—	(0.2)	3,666.1	—	3,638.6	—	(0.5)	3,638.1
Deferred income tax liabilities	1,051.0	3.4	524.8	259.7	1,838.9	1,047.1	3.2	520.4	376.0	1,946.7
Insurance contract payables	359.3	33.5	—	—	392.8	301.5	36.8	—	—	338.3
Insurance contract liabilities	50,030.1	1,894.2	—	(926.5)	50,997.8	49,339.1	2,021.4	—	(919.5)	50,441.0
Due to affiliates	47.5	—	61.4	(108.9)	—	66.0	—	65.7	(131.7)	—
Borrowings - holding company and insurance and reinsurance companies	1,668.4	—	—	9,756.0	11,424.4	1,607.6	—	—	8,848.1	10,455.7
Borrowings - non-insurance companies	30.0	—	2,835.9	—	2,865.9	—	—	3,180.3	6.9	3,187.2
Total liabilities	55,567.5	5,900.3	6,752.9	9,875.4	78,096.1	55,246.0	6,038.9	6,924.2	8,704.5	76,913.6
Equity										
Shareholders' equity attributable to shareholders of Fairfax	33,315.3	1,340.8	4,191.2	(12,567.1)	26,280.2	32,048.6	1,169.9	3,739.8	(10,444.0)	26,514.3
Non-controlling interests	3,160.2	6.1	1,546.9	—	4,713.2	3,000.0	5.4	1,354.4	—	4,359.8
Total equity	36,475.5	1,346.9	5,738.1	(12,567.1)	30,993.4	35,048.6	1,175.3	5,094.2	(10,444.0)	30,874.1
Total liabilities and total equity	92,043.0	7,247.2	12,491.0	(2,691.7)	109,089.5	90,294.6	7,214.2	12,018.4	(1,739.5)	107,787.7

(1) *Includes intercompany investments in Fairfax non-insurance subsidiaries carried at cost that are eliminated on consolidation.*

(2) *Life insurance and Run-off's assets held for sale and liabilities associated with assets held for sale at June 30, 2026 exclude assets of $238.2 and liabilities of $3.4 respectively (December 31, 2025 - $300.6 and $34.0), reflecting certain portfolio investments held through various investment funds which Fairfax will continue to consolidate after closing of the proposed sale and certain investments which are expected to be retained by Fairfax. Refer to note 13 (Acquisitions and Divestitures) to the interim consolidated financial statements for the three and six months ended June 30, 2026.*

(3) *Intercompany investments in Fairfax insurance and reinsurance subsidiaries carried at cost that are eliminated on consolidation.*

(4) *Corporate and eliminations includes the Fairfax holding company, subsidiary intermediate holding companies, and consolidating and eliminating entries. The most significant of those entries are the elimination of intercompany reinsurance provided by Group Re, and reinsurance provided by Odyssey Group and Allied World to affiliated primary insurers.*

Financial Risk Management

There were no significant changes to the company's risk exposures or the processes used by the company for managing those risk exposures at June 30, 2026 compared to those identified at December 31, 2025 and disclosed in the company's 2025 Annual Report. See note 15 (Financial Risk Management) to the interim consolidated financial statements for the three and six months ended June 30, 2026.

Financial Condition

Capital Management

See note 15 (Financial Risk Management, under the heading "Capital Management") to the interim consolidated financial statements for the three and six months ended June 30, 2026.

Book Value Per Basic Share

Common shareholders' equity at June 30, 2026 was $26,048.5 or $1,304.39 per basic share compared to $26,282.6 or $1,260.19 per basic share at December 31, 2025, representing an increase per basic share in the first six months of 2026 of 3.5% (an increase of 4.8% adjusted for the $15.00 per common share dividend paid in the first quarter of 2026). During the first six months of 2026 the number of common shares effectively outstanding decreased by 886,191, primarily as a result of purchases of 1,055,190 subordinate voting shares for cancellation, partially offset by net issuances of 168,999 subordinate voting shares from treasury (for use in the company's share based payment awards). At June 30, 2026 there were 19,969,895 common shares effectively outstanding.

Excess (deficiency) of fair value over adjusted carrying value

The table below presents the pre-tax excess (deficiency) of fair value over adjusted carrying value of investments in non-insurance associates and market traded consolidated non-insurance subsidiaries the company considers to be portfolio investments. Those amounts, while not included in the calculation of book value per basic share, are regularly reviewed by management as an indicator of investment performance. The aggregate pre-tax excess of fair value over adjusted carrying value of these investments at June 30, 2026 was $4,384.4 (December 31, 2025 - $3,139.6).

	June 30, 2026			December 31, 2025		
	Fair value	Adjusted carrying value	Excess (deficiency) of fair value over adjusted carrying value	Fair value	Adjusted carrying value	Excess (deficiency) of fair value over adjusted carrying value
Non-insurance associates(1):						
Eurobank	5,553.1	2,777.6	2,775.5	4,703.0	2,728.2	1,974.8
Poseidon(2)	1,829.1	1,048.1	781.0	2,640.4	2,046.4	594.0
Other non-insurance associates	2,805.7	2,811.6	(5.9)	2,570.3	2,682.3	(112.0)
	10,187.9	6,637.3	3,550.6	9,913.7	7,456.9	2,456.8
Non-insurance companies(3):						
Fairfax India	1,045.6	641.8	403.8	973.1	724.5	248.6
Thomas Cook India	347.9	228.1	119.8	496.9	222.4	274.5
Other non-insurance companies(4)	769.6	459.4	310.2	264.8	105.1	159.7
	2,163.1	1,329.3	833.8	1,734.8	1,052.0	682.8
	12,351.0	7,966.6	4,384.4	11,648.5	8,508.9	3,139.6

(1) *The fair values and adjusted carrying values of non-insurance associates represent their fair values and carrying values as presented in note 6 (Investments in Associates) to the interim consolidated financial statements for the three and six months ended June 30, 2026, and excludes investments in associates held by Fairfax India (including Bangalore Airport), Thomas Cook India (including its share of Quess) and Dexterra Group, and also AGT at June 30, 2026.*

(2) *On May 29, 2026 the company sold 23.1% of its 45.3% equity interest in Poseidon for aggregate cash consideration of $1,907.1. Refer to the Overview of Consolidated Performance section at the beginning of this MD&A, under the heading "Investment Performance", and to note 6 (Investments in Associates) to the interim consolidated financial statements for the three and six months ended June 30, 2026, for details.*

(3) *The fair values of the company's investments in market traded non-insurance companies - Fairfax India, Thomas Cook India and Dexterra Group, and also AGT at June 30, 2026 - 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 adjusted carrying value of each subsidiary represents its total equity as included in the interim consolidated financial statements for the three and six months ended June 30, 2026, less the subsidiary's non-controlling interests as included in note 12 (Total Equity) to those interim consolidated financial statements.*

(4) *Includes Dexterra Group, and also AGT at June 30, 2026.*

Normal course issuer bid

Following the expiry on September 29, 2025 of its then current normal course issuer bid, on September 30, 2025 the company commenced a normal course issuer bid pursuant to which it is authorized, until expiry of the bid on September 29, 2026, to acquire up to 2,187,316 subordinate voting shares, 1,042,010 Series I preferred shares, 157,989 Series J preferred shares and 950,000 Series K preferred shares, representing approximately 10% of the public float in respect of the subordinate voting shares and each series of preferred shares. Decisions regarding any future purchases will be based on market conditions, share price and other factors including opportunities to invest capital for growth. The Notice of Intention to Make a Normal Course Issuer Bid is available by contacting the Corporate Secretary of the company. On December 31, 2025 the company redeemed all outstanding Series I and Series J preferred shares. During the first six months of 2026 the company purchased for cancellation 1,055,190 subordinate voting shares (2025 – 256,650) under its normal course issuer bids at a cost of $1,720.6 (2025 – $360.9).

Liquidity

Operating, investing and financing cash flow activities discussed below are presented in the consolidated statement of cash flows to the interim consolidated financial statements for the three and six months ended June 30, 2026, except for "cash provided by operating activities (excluding operating cash flow activity related to purchases and sales of investments classified at FVTPL)" which is presented in the Glossary of Non-GAAP and Other Financial Measures at the end of this MD&A.

Operating activities for the six months ended June 30, 2026 and 2025

Cash provided by operating activities (excluding operating cash flow activity related to purchases and sales of investments classified at FVTPL) decreased to $2,037.1 in 2026 from $2,841.4 in 2025, principally reflecting a net decrease in restricted cash and cash equivalents in 2025 (primarily related to restricted cash of $835.0 held at a depository that was released on January 1, 2025 in connection with the company's investments in Blizzard Vacatia) and higher net paid losses, partially offset by higher net premium collections and higher interest and dividends received.

Investing activities for the six months ended June 30, 2026 and 2025

Sales of investments in associates of $1,920.6 in 2026 primarily reflected proceeds from the partial sale of the company's investment in Poseidon for cash consideration of $1,907.1.

Distributions and dividends from investments in associates of $259.7 in 2026 (2025 - $207.1) were primarily from the company's non-insurance associates and joint ventures.

Purchases of investments in associates of $163.4 in 2026 primarily reflected additional investments in the company's non-insurance associates and joint ventures.

Sales of investments in associates of $551.6 in 2025 primarily reflected proceeds from the sale of the company's investment in Sigma for cash consideration of $284.1 and the partial sale of the company's investment in Eurobank for cash consideration of $217.2 (€206.3).

Purchases of investments in associates of $777.6 in 2025 primarily reflected an additional investment of $373.7 in Waterous Energy Fund III, an investment of $236.5 (€209.7) for an indirect equity interest in Albingia, an initial installment of $84.2 paid by Fairfax India pursuant to its additional investment in Bangalore Airport, and an investment of $25.0 in Blizzard Vacatia.

Proceeds from sale of non-insurance subsidiaries, net of cash divested of $137.0 in 2025 primarily reflected the divestiture of certain grain handling assets by AGT.

Financing activities for the six months ended June 30, 2026 and 2025

Proceeds from borrowings - holding company and insurance and reinsurance companies of $1,424.9 in 2026 principally reflected the issuance of $750.0 principal amount of 6.20% unsecured senior notes due 2056 for net proceeds of $742.7 and the issuance of $505.8 (Cdn$700.0) and $183.3 (Cdn$250.0) principal amounts of 4.40% and 5.10% unsecured senior notes due 2036 and 2055 for net proceeds of $500.9 and $181.3, respectively.

Repayments of borrowings – holding company and insurance and reinsurance companies of $428.4 in 2026 primarily reflected the holding company's redemption of its $326.7 (Cdn$450.0) principal amount of 4.70% unsecured senior notes due December 16, 2026 and $91.8 principal amount of 8.30% unsecured senior notes.

Proceeds from borrowings and repayments of borrowings - non-insurance companies of $332.3 and $288.8 in 2026 primarily reflected the refinancing of Grivalia Hospitality's loan facilities.

Net repayments on revolving credit facilities and short term loans - non-insurance companies of $371.9, and issuances of subsidiary shares to non-controlling interests of $300.9, in 2026 primarily reflected net cash proceeds from AGT's initial public offering of common shares of Cdn$425.0, which AGT used to substantially repay its borrowings.

Proceeds from borrowings - holding company and insurance and reinsurance companies of $889.6 in 2025 principally reflected the issuance of $500.0 and $400.0 principal amounts of 5.75% and 6.50% unsecured senior notes due 2035 and 2055 for net proceeds of $494.5 and $395.1, respectively.

Net borrowings on revolving credit facilities and short term loans - non-insurance companies of $240.6 and purchases of subsidiary shares from non-controlling interests of $162.6 in 2025, primarily reflected additional draws by Recipe on its revolving credit facility to repurchase and cancel its common shares not owned by Fairfax. Net borrowings on revolving credit facilities and short term loans - non-insurance also included Sleep Country's additional borrowings on its revolving credit facility to support growth.

Holding company

Holding company cash and investments at June 30, 2026 was $2,326.7 ($2,322.9 net of $3.8 of holding company derivative obligations) compared to $2,724.9 ($2,716.9 net of $8.0 of holding company derivative obligations) at December 31, 2025.

Significant cash and investment transactions during the first six months of 2026 included purchases for cancellation of 1,055,190 subordinate voting shares under the terms of the company's normal course issuer bids at a cost of $1,720.6, a net loss of $432.8 on the company's investment in long equity total return swaps on Fairfax subordinate voting shares, payment of common share dividends of $329.1, capital contributions to subsidiaries of $115.0 and interest payments on unsecured senior notes, partially offset by dividends received from the insurance and reinsurance companies of $998.3, the issuance of $750.0 principal amount of 6.20% unsecured senior notes due 2056 for net proceeds of $742.7 and the issuance of $505.8 (Cdn$700.0) and $183.3 (Cdn$250.0) principal amounts of 4.40% and 5.10% unsecured senior notes due 2036 and 2055 for net proceeds of $500.9 and $181.3, respectively.

The carrying value of holding company cash and investments was also affected by the receipt of investment management and administration fees, disbursements for corporate overhead expenses, and changes in the fair value of holding company investments.

The company believes that holding company cash and investments, net of holding company derivative obligations, at June 30, 2026 of $2,322.9 provides adequate liquidity to meet the holding company's remaining known commitments in 2026. In addition, the holding company owns investments in associates and market traded consolidated non-insurance companies with a fair value of approximately $2.3 billion and expects to continue to receive investment management and administration fees from its insurance and reinsurance subsidiaries and from Fairfax India, and to receive investment income on its holdings of cash and investments. The holding company also expects to continue to receive dividends from its insurance and reinsurance subsidiaries, which totaled $998.3 in the first six months of 2026 of a maximum $4,065.9 available for distribution in 2026 based on information available at June 30, 2026. To further augment its liquidity, the holding company can draw upon its $2.0 billion unsecured revolving credit facility, which was undrawn at June 30, 2026.

The holding company's known significant commitments for the remainder of 2026 consist of an annual payment of $165.0 on the note payable of $330.0 principal amount relating to the acquisition of Gulf Insurance in 2023, payment of interest and corporate overhead expenses, income tax payments, potential payments on amounts borrowed, if any, from the revolving credit facility, and other investment related activities. The company may also make payments related to its derivative contracts and to provide capital support to its insurance and reinsurance companies (for underwriting initiatives in favourable insurance markets).

Insurance and reinsurance companies

During the first six months of 2026 subsidiary cash and short term investments (including cash and short term investments pledged for derivative obligations) decreased by $780.5 primarily due to net purchases of bonds and dividends paid to the holding company, partially offset by net cash generated by insurance and reinsurance underwriting operations, proceeds from the partial sale of the company's investment in Poseidon and interest and dividends received primarily from the insurance and reinsurance companies' fixed income portfolio.

Co-obligor Supplemental Financial Information

Allied World co-obligor unsecured senior notes

The information below is being provided pursuant to Rule 13-01 of Regulation S-X in respect of Fairfax's $600.0 principal amount of 6.10% unsecured senior notes due in 2055 (the "2055 notes") of which Allied World is a co-obligor. Allied World, the co-obligor of the 2055 notes, is the company's 83.4%-owned Bermuda-based holding company subsidiary that, through its subsidiaries, provides global property, casualty and specialty insurance and reinsurance. The 2055 notes are the joint and several obligations of the holding company and Allied World, with Allied World being the primary co-obligor and at first instance responsible for payment of principal, premium (if any) and interest on the 2055 notes. The following tables present summarized financial information for:

- Allied World, as the primary co-obligor of the 2055 notes; and
- the holding company, as a co-obligor of the 2055 notes, (collectively, the "Fairfax and Allied World Obligor group").

Summarized financial information for the Fairfax and Allied World Obligor group is presented on a combined basis after transactions and balances between the combined entities have been eliminated. Investments in subsidiaries of the Fairfax and Allied World Obligor group have been excluded from the summarized financial information.

	June 30, 2026		December 31, 2025	
	Fairfax and Allied World Obligor group(1)	Amounts due from or payable to non-Obligor group subsidiaries(2)	Fairfax and Allied World Obligor group(1)	Amounts due from or payable to non-Obligor group subsidiaries(2)
Total investments, net of derivative obligations	16,598.0	62.7	17,167.6	143.2
Total assets	32,887.0	10,411.9	24,699.7	1,828.1
Insurance contract liabilities	13,963.7	94.0	14,050.9	97.1
Total liabilities	35,375.9	9,986.3	25,678.2	1,169.6

	First six months	
	2026	
	Fairfax and Allied World Obligor group(1)	Transactions with non-Obligor group subsidiaries(2)
Insurance revenue	3,435.7	25.8
Insurance service result	612.4	13.0
Interest and dividends	391.2	96.4
Share of profit of associates	65.2	—
Net earnings	94.3	193.8

(1) Combined financial information of the Fairfax and Allied World Obligor group, which excludes: (i) transactions and balances between the holding company and Allied World; (ii) acquisition accounting adjustments recorded by the holding company on the acquisition of Allied World in July 2017; and (iii) investments in subsidiaries of the holding company and Allied World.

(2) Comprised of amounts transacted between the Fairfax and Allied World Obligor group and subsidiaries of the company that are not part of the Fairfax and Allied World Obligor group ("non-Obligor group subsidiaries"). There were no material transactions between the Fairfax and Allied World Obligor group and related parties other than with non-Obligor group subsidiaries.

Aggregate co-obligor unsecured senior notes

The summarized financial information below is being provided in respect of (i) Fairfax's $600.0 principal amount of 6.10% unsecured senior notes due in 2055 of which Allied World is a co-obligor, and (ii) Fairfax's $317.2 (Cdn$450.0) principal amount of 4.73% unsecured senior notes due in 2034 (the "2034 notes") and $176.2 (Cdn$250.0) principal amount of 5.23% unsecured senior notes due in 2054 (the "2054 notes"), of which Brit is a co-obligor. The 2055 notes are the joint and several obligations of the holding company and Allied World, with Allied World as primary co-obligor and at first instance responsible for payment of principal, premium (if any) and interest on the 2055 notes. The 2034 notes and the 2054 notes are the joint and several obligations of the holding company and Brit, with Brit as primary co-obligor and at first instance responsible for payment of principal, premium (if any) and interest on the 2034 notes and the 2054 notes.

The following tables present summarized financial information of Fairfax, each co-obligor and other non-obligor operating subsidiaries of Fairfax:

	June 30, 2026					
	Fairfax holding company	Allied World[(1)]	Brit[(1)]	Other operating companies	Corporate and eliminations[(2)]	Consolidated
Total investments, net of derivative obligations	1,893.0	14,705.0	6,851.2	50,573.2	1,925.3	75,947.7
Total assets	19,875.4	22,233.0	9,541.3	81,727.3	(24,287.5)	109,089.5
Insurance contract liabilities	—	13,963.7	5,917.9	33,125.2	(2,009.0)	50,997.8
Total liabilities	20,333.6	15,042.3	6,955.1	47,943.5	(12,178.4)	78,096.1

	December 31, 2025					
	Fairfax holding company	Allied World[(1)]	Brit[(1)]	Other operating companies	Corporate and eliminations[(2)]	Consolidated
Total investments, net of derivative obligations	2,327.1	14,840.5	6,519.7	49,257.8	1,914.7	74,859.8
Total assets	12,417.3	22,069.3	9,183.2	79,713.7	(15,595.8)	107,787.7
Insurance contract liabilities	—	14,050.9	5,786.0	32,580.3	(1,976.2)	50,441.0
Total liabilities	10,458.1	15,220.1	6,787.8	47,640.1	(3,192.5)	76,913.6

	First six months					
	2026					
	Fairfax holding company	Allied World[(1)]	Brit[(1)]	Other operating companies	Corporate and eliminations[(2)]	Consolidated
Insurance revenue	—	3,435.7	1,468.5	11,590.8	(486.0)	16,009.0
Net earnings (loss) attributable to shareholders of Fairfax	(466.4)	467.7	206.8	1,967.1	(86.8)	2,088.4

(1) Excludes acquisition accounting adjustments recorded by the holding company on the acquisition of Allied World in July 2017 and of Brit in June 2015.

(2) Corporate and eliminations includes subsidiary intermediate holding companies and consolidating and eliminating entries.

Quarterly Data

	June 30, 2026	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024
Income[(1)]	11,761.9	10,193.4	11,794.2	11,851.4	11,665.2	11,363.3	10,396.3	11,917.4
Net earnings	1,560.6	737.2	1,483.2	1,245.7	1,601.9	953.0	1,317.9	1,119.5
Net earnings attributable to shareholders of Fairfax	1,392.7	695.7	1,238.3	1,151.7	1,436.7	945.7	1,152.2	1,030.8
Net earnings per share	$ 67.92	$ 33.38	$ 61.85	$ 55.90	$ 66.34	$ 46.10	$ 54.46	$ 46.04
Net earnings per diluted share	$ 63.38	$ 31.11	$ 57.57	$ 52.04	$ 61.61	$ 42.70	$ 50.42	$ 42.62

(1) Income is comprised of insurance revenue, interest and dividends, share of profit of associates, net gains (losses) on investments, and non-insurance revenue, all as presented in the consolidated statements of earnings for the respective periods.

Operating results at the company's insurance and reinsurance companies have been, and are expected to continue to be, significantly affected by discounting of net claims reserves and a risk adjustment on those reserves for uncertainty related to the timing and amount of cash flows from non-financial risk, the occurrence of which are not predictable and have been, and may continue to be, affected by the economic uncertainty caused by increased inflationary pressures and heightened changes in interest rates. Individual quarterly results have been (and may in the future be) affected by losses from significant natural or other catastrophes, by favourable or adverse reserve development and by settlements or commutations, the occurrence of which are not predictable, and have been (and are expected to continue to be) significantly affected by net gains or losses on investments, the timing of which are not predictable.

Forward-Looking Statements

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

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.

	Second quarter		First six months	
	2026	**2025**	**2026**	**2025**
Insurance revenue	8,188.1	7,735.2	16,009.0	15,217.9
Cost of reinsurance	(1,463.1)	(1,333.2)	(2,829.1)	(2,662.9)
Net insurance revenue	6,725.0	6,402.0	13,179.9	12,555.0

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.

	Second quarter		First six months	
	2026	**2025**	**2026**	**2025**
Insurance service expenses	(6,756.7)	(6,320.2)	(13,088.1)	(12,922.2)
Recoveries of insurance service expenses	1,231.9	919.8	2,237.5	1,974.5
Net insurance service expenses	(5,524.8)	(5,400.4)	(10,850.6)	(10,947.7)

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 12 (Total Equity, under the heading "Common stock") respectively to the unaudited interim consolidated financial statements for the three and six months ended June 30, 2026. **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 2026 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 15 (Financial Risk Management, under the heading "Market Risk") to the unaudited interim consolidated financial statements for the three and six months ended June 30, 2026.

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 unaudited interim consolidated financial statements for the three and six months ended June 30, 2026, both including and excluding the relevant balances of consolidated non-insurance companies, and are presented and explained in note 15 (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 16 (Segmented Information) to the unaudited interim consolidated financial statements for the three and six months ended June 30, 2026, 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 16 (Segmented Information) to the unaudited interim consolidated financial statements for the three and six months ended June 30, 2026. All figures in that reconciliation are from the company's unaudited interim consolidated statement of earnings for the three and six months ended June 30, 2026, 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 Operations".

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 Operations".

	Second quarter							
	North American Insurers		Global Insurers and Reinsurers		International Insurers and Reinsurers		Property and Casualty Insurance and Reinsurance	
	2026	2025	2026	2025	2026	2025	2026	2025
Reconciliation of net premiums earned:								
Insurance revenue(1)	2,394.1	2,237.8	4,132.5	4,062.5	1,698.3	1,470.2	8,224.9	7,770.5
Cost of reinsurance(1)	(368.5)	(322.5)	(680.7)	(641.7)	(518.5)	(454.7)	(1,567.7)	(1,418.9)
Net insurance revenue	2,025.6	1,915.3	3,451.8	3,420.8	1,179.8	1,015.5	6,657.2	6,351.6
Adjust for: net ceding commissions on reinsurance assumed (reinsurance held) and other	(83.4)	(74.8)	138.4	127.8	(39.1)	9.4	15.9	62.4
Net premiums earned	**1,942.2**	**1,840.5**	**3,590.2**	**3,548.6**	**1,140.7**	**1,024.9**	**6,673.1**	**6,414.0**
Total underwriting expenses, net:								
Losses on claims - accident year	1,244.2	1,177.1	2,282.2	2,245.2	733.7	678.5	4,260.1	4,100.8
Net favourable prior year reserve development	(30.4)	(22.6)	(30.0)	(62.9)	(92.2)	(77.7)	(152.6)	(163.2)
Losses on claims - calendar year	1,213.8	1,154.5	2,252.2	2,182.3	641.5	600.8	4,107.5	3,937.6
Commissions	301.5	298.1	649.9	641.7	185.7	151.3	1,137.1	1,091.1
Other underwriting expenses	311.5	299.8	399.4	431.4	259.0	227.2	969.9	958.4
Total underwriting expenses, net	1,826.8	1,752.4	3,301.5	3,255.4	1,086.2	979.3	6,214.5	5,987.1
Underwriting profit	**115.4**	**88.1**	**288.7**	**293.2**	**54.5**	**45.6**	**458.6**	**426.9**
Combined ratio, undiscounted	**94.1 %**	**95.2 %**	**92.0 %**	**91.7 %**	**95.2 %**	**95.5 %**	**93.1 %**	**93.3 %**

	First six months							
	North American Insurers		Global Insurers and Reinsurers		International Insurers and Reinsurers		Property and Casualty Insurance and Reinsurance	
	2026	2025	2026	2025	2026	2025	2026	2025
Reconciliation of net premiums earned:								
Insurance revenue(1)	4,704.3	4,412.1	8,071.2	7,940.7	3,310.0	2,944.4	16,085.5	15,297.2
Cost of reinsurance(1)	(714.9)	(642.4)	(1,304.3)	(1,245.2)	(1,016.6)	(952.1)	(3,035.8)	(2,839.7)
Net insurance revenue	3,989.4	3,769.7	6,766.9	6,695.5	2,293.4	1,992.3	13,049.7	12,457.5
Adjust for: net ceding commissions on reinsurance assumed (reinsurance held) and other	(162.6)	(156.3)	285.2	381.6	(43.6)	(12.1)	79.0	213.2
Net premiums earned	**3,826.8**	**3,613.4**	**7,052.1**	**7,077.1**	**2,249.8**	**1,980.2**	**13,128.7**	**12,670.7**
Total underwriting expenses, net:								
Losses on claims - accident year	2,478.8	2,316.8	4,446.9	4,953.5	1,423.7	1,285.3	8,349.4	8,555.6
Net favourable prior year reserve development	(47.4)	(39.6)	(45.6)	(217.4)	(145.7)	(125.3)	(238.7)	(382.3)
Losses on claims - calendar year	2,431.4	2,277.2	4,401.3	4,736.1	1,278.0	1,160.0	8,110.7	8,173.3
Commissions	584.7	580.8	1,287.1	1,261.7	367.5	313.3	2,239.3	2,155.8
Other underwriting expenses	619.5	588.4	815.3	799.9	503.7	429.5	1,938.5	1,817.8
Total underwriting expenses, net	3,635.6	3,446.4	6,503.7	6,797.7	2,149.2	1,902.8	12,288.5	12,146.9
Underwriting profit	**191.2**	**167.0**	**548.4**	**279.4**	**100.6**	**77.4**	**840.2**	**523.8**
Combined ratio, undiscounted	**95.0 %**	**95.4 %**	**92.2 %**	**96.1 %**	**95.5 %**	**96.1 %**	**93.6 %**	**95.9 %**

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

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, and also AGT at June 30, 2026.

	June 30, 2026			December 31, 2025		
	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	10,187.9	6,637.3	3,550.6	9,913.7	7,456.9	2,456.8
Non-insurance companies	2,163.1	1,329.3	833.8	1,734.8	1,052.0	682.8
	12,351.0	7,966.6	4,384.4	11,648.5	8,508.9	3,139.6

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 June 30, 2026 and December 31, 2025, and excludes investments in associates held by the company's market traded consolidated non-insurance companies as those amounts are already included in the carrying values of the market traded consolidated non-insurance companies used in this performance measure.

	June 30, 2026		December 31, 2025	
	Fair value	Carrying value	Fair value	Carrying value
Investments in associates as presented on the consolidated balance sheets	11,265.6	7,522.4	11,057.7	8,362.3
Less:				
Insurance and reinsurance investments in associates(1)	1,009.9	817.2	1,078.7	839.4
Associates held by market traded consolidated non-insurance companies(2)	67.8	67.9	65.3	66.0
Non-insurance associates included in the performance measure	10,187.9	6,637.3	9,913.7	7,456.9

(1) As presented in note 6 (Investments in Associates) to the unaudited interim consolidated financial statements for the three and six months ended June 30, 2026.

(2) Comprised of associates held by Thomas Cook India (including its share of Quess) and Dexterra Group, and also AGT at June 30, 2026.

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 June 30, 2026 and December 31, 2025, 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.

	June 30, 2026			December 31, 2025		
	Market traded non-insurance companies(1)	All other non-insurance companies	Total non-insurance companies(2)	Market traded non-insurance companies	All other non-insurance companies	Total non-insurance companies(2)
Portfolio investments(3)	2,288.2	601.1	2,889.3	2,438.3	107.3	2,545.6
Deferred income tax assets	96.0	36.8	132.8	28.4	78.8	107.2
Goodwill and intangible assets	676.8	3,504.8	4,181.6	481.5	3,834.3	4,315.8
Other assets(4)	2,305.8	2,981.5	5,287.3	1,079.8	3,970.0	5,049.8
Total assets	5,366.8	7,124.2	12,491.0	4,028.0	7,990.4	12,018.4
Accounts payable and accrued liabilities(4)	1,553.7	1,766.9	3,320.6	876.3	2,278.6	3,154.9
Derivative obligations	71.6	—	71.6	—	68.6	68.6
Deferred income tax liabilities	111.3	413.5	524.8	83.4	437.0	520.4
Borrowings - non-insurance companies	856.6	1,979.3	2,835.9	738.7	2,441.6	3,180.3
Total liabilities	2,593.2	4,159.7	6,752.9	1,698.4	5,225.8	6,924.2
Shareholders' equity attributable to shareholders of Fairfax(5)	**1,329.3**	2,861.9	4,191.2	**1,052.0**	2,687.8	3,739.8
Non-controlling interests	1,444.3	102.6	1,546.9	1,277.6	76.8	1,354.4
Total equity	2,773.6	2,964.5	5,738.1	2,329.6	2,764.6	5,094.2
Total liabilities and total equity	5,366.8	7,124.2	12,491.0	4,028.0	7,990.4	12,018.4

(1) AGT completed an initial public offering of its common shares in the first six months of 2026. See note 12 (Total Equity, under the heading "Non-controlling interests") to the unaudited interim consolidated financial statements for the three and six months ended June 30, 2026.

(2) Non-insurance companies as presented in the Segmented Balance Sheet in this MD&A.

(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.

	First six months	
	2026	**2025**
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	1,963.1	2,155.8
All other reporting segments	74.0	685.6
Net purchases of investments classified at FVTPL	(2,923.4)	(1,275.7)
Cash provided by (used in) operating activities as presented in the consolidated statement of cash flows	(886.3)	1,565.7

Intercompany shareholdings – On the segmented balance sheets intercompany shareholdings of insurance and reinsurance subsidiaries are presented as "**Investments in Fairfax insurance and reinsurance affiliates**" and intercompany shareholdings of non-insurance subsidiaries are included in “Portfolio investments”. 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.

FAIRFAX
FINANCIAL HOLDINGS LIMITED