FAIRFAX INDIA
HOLDINGS CORPORATION



INTERIM REPORT

For the nine months ended
September 30, 2026

Consolidated Balance Sheets
as at September 30, 2026 and December 31, 2025
(unaudited - US$ thousands)

	Notes	September 30, 2026	December 31, 2025
Assets			
Cash and cash equivalents	6	52,337	8,112
Restricted cash	5, 6	3,658	—
Bonds	5, 6	24,039	64,810
Common stocks	5, 6	3,660,163	3,972,524
Total cash and investments		3,740,197	4,045,446
Interest receivable		2,352	2,996
Income taxes refundable		508	166
Other assets		859	1,149
Total assets		3,743,916	4,049,757
Liabilities			
Accounts payable and accrued liabilities		857	1,043
Accrued interest expense	7, 11	2,390	8,787
Income taxes payable		713	922
Payable to related parties	11	10,469	10,960
Payable for securities purchased	5	—	76,500
Derivative obligation	5, 6	5,865	—
Deferred income taxes		206,385	217,859
Borrowings	7, 11	575,761	498,870
Total liabilities		802,440	814,941
Equity	8		
Common shareholders' equity		2,784,863	3,079,648
Non-controlling interests		156,613	155,168
Total equity		2,941,476	3,234,816
		3,743,916	4,049,757

See accompanying notes.

Consolidated Statements of Earnings (Loss)

for the three and nine months ended September 30, 2026 and 2025

(unaudited - US$ thousands except per share amounts)

	Notes	Third quarter		First nine months	
		2026	2025	2026	2025
Income					
Interest	6	557	1,478	1,523	6,488
Dividends	6	3,771	10,490	23,215	13,762
Net realized gains (losses) on investments	6	36,261	538	(91,501)	1,237
Net change in unrealized gains on investments	6	20,914	59,502	70,246	167,523
Net foreign exchange losses	6	(5,526)	(22,974)	(33,471)	(21,858)
		55,977	49,034	(29,988)	167,152
Expenses					
Investment and advisory fees	11	10,593	10,655	31,794	30,697
General and administration expenses	12	1,029	1,443	6,179	4,454
Interest expense	7	7,433	7,788	20,952	21,775
		19,055	19,886	58,925	56,926
Earnings (loss) before income taxes		36,922	29,148	(88,913)	110,226
Provision for (recovery of) income taxes	9	(849)	13,333	4,622	27,319
Net earnings (loss)		37,771	15,815	(93,535)	82,907
Attributable to:					
Shareholders of Fairfax India		37,591	3,222	(105,300)	70,111
Non-controlling interests	8	180	12,593	11,765	12,796
		37,771	15,815	(93,535)	82,907
Net earnings (loss) per basic and diluted share		$ 0.28	$ 0.02	$ (0.78)	$ 0.52
Shares outstanding (weighted average)		134,218,067	134,810,704	134,218,556	134,821,079

See accompanying notes.

Consolidated Statements of Comprehensive Income (Loss)
for the three and nine months ended September 30, 2026 and 2025
(unaudited - US$ thousands)

	Third quarter		First nine months	
	2026	**2025**	**2026**	**2025**
Net earnings (loss)	37,771	15,815	(93,535)	82,907
Other comprehensive loss, net of income taxes				
Item that may be subsequently reclassified to net earnings (loss)				
Unrealized foreign currency translation losses, net of income taxes of nil (2025 - nil)	(37,786)	(103,083)	(198,967)	(107,880)
Comprehensive loss	(15)	(87,268)	(292,502)	(24,973)
Attributable to:				
Shareholders of Fairfax India	1,635	(95,078)	(294,412)	(32,764)
Non-controlling interests	(1,650)	7,810	1,910	7,791
	(15)	(87,268)	(292,502)	(24,973)

See accompanying notes.

Consolidated Statements of Changes in Equity

for the nine months ended September 30, 2026 and 2025

(unaudited - US$ thousands)

	Subordinate voting shares	Multiple voting shares	Share-based payments, net	Retained earnings	Accumulated other comprehensive loss	Common shareholders' equity	Non-controlling interests	Total equity
Balance as of January 1, 2026	1,100,735	300,000	(1,033)	2,537,978	(858,032)	3,079,648	155,168	3,234,816
Net earnings (loss) for the period	—	—	—	(105,300)	—	(105,300)	11,765	(93,535)
Other comprehensive loss:								
Unrealized foreign currency translation losses	—	—	—	—	(189,112)	(189,112)	(9,855)	(198,967)
Dividends to non-controlling interests (note 8)	—	—	—	—	—	—	(465)	(465)
Purchases for cancellation (note 8)	(357)	—	—	(222)	—	(579)	—	(579)
Amortization	—	—	206	—	—	206	—	206
Balance as of September 30, 2026	1,100,378	300,000	(827)	2,432,456	(1,047,144)	2,784,863	156,613	2,941,476
Balance as of January 1, 2025	1,107,265	300,000	(986)	2,131,569	(711,353)	2,826,495	130,767	2,957,262
Net earnings for the period	—	—	—	70,111	—	70,111	12,796	82,907
Other comprehensive loss:								
Unrealized foreign currency translation losses	—	—	—	—	(102,875)	(102,875)	(5,005)	(107,880)
Purchases for cancellation (note 8)	(303)	—	—	(134)	—	(437)	—	(437)
Purchases and amortization	—	—	84	—	—	84	—	84
Balance as of September 30, 2025	1,106,962	300,000	(902)	2,201,546	(814,228)	2,793,378	138,558	2,931,936

See accompanying notes.

Consolidated Statements of Cash Flows
for the three and nine months ended September 30, 2026 and 2025
(unaudited - US$ thousands)

	Notes	Third quarter		First nine months	
		2026	2025	2026	2025
Operating activities					
Net earnings (loss)		37,771	15,815	(93,535)	82,907
Items not affecting cash and cash equivalents:					
Net bond premium amortization		2	44	22	115
Deferred income taxes	9	(1,240)	12,675	2,090	26,137
Amortization of share-based payment awards		68	59	206	174
Net realized (gains) losses on investments	6	(36,261)	(538)	91,501	(1,237)
Net change in unrealized gains on investments	6	(20,914)	(59,502)	(70,246)	(167,523)
Net foreign exchange losses	6	5,526	22,974	33,471	21,858
Increase in restricted cash in support of investments	5, 6	—	—	(3,703)	—
Purchases of investments	5	(76,500)	(94,350)	(88,820)	(182,010)
Sales of investments		39,091	25,772	103,646	101,774
Changes in operating assets and liabilities:					
Interest and dividends receivable		3,724	(1,067)	467	4,572
Income taxes refundable		92	—	(359)	—
Accrued interest expense		(6,397)	(6,226)	(6,397)	(5,833)
Income taxes payable		(187)	156	(155)	(4,353)
Payable to related parties		216	(85)	193	313
Other		(913)	(2,178)	751	(444)
Cash used in operating activities		(55,922)	(86,451)	(30,868)	(123,550)
Financing activities					
Borrowings:					
Proceeds	7	76,500	79,000	76,500	79,000
Subordinate voting shares:					
Purchases for cancellation	8	(579)	—	(579)	(437)
Subsidiary shares:					
Dividends to non-controlling interests	8	(465)	—	(465)	—
Cash provided by financing activities		75,456	79,000	75,456	78,563
Increase (decrease) in cash and cash equivalents		19,534	(7,451)	44,588	(44,987)
Cash and cash equivalents – beginning of period		32,537	20,216	8,112	59,322
Foreign currency translation		266	2,025	(363)	455
Cash and cash equivalents – end of period		52,337	14,790	52,337	14,790

See accompanying notes.

Index to Notes to Interim Consolidated Financial Statements

1. Business Operations 7
2. Basis of Presentation 7
3. Summary of Material Accounting Policies 7
4. Critical Accounting Estimates and Judgments 8
5. Indian Investments 8
6. Cash and Investments 17
7. Borrowings 21
8. Total Equity 22
9. Income Taxes 23
10. Financial Risk Management 23
11. Related Party Transactions 27
12. General and Administration Expenses 28

1. Business Operations

Fairfax India Holdings Corporation ("the company" or "Fairfax India") is an investment holding company whose objective is to achieve long term capital appreciation, while preserving capital, by investing in public and private equity securities and debt instruments in India and Indian businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, India ("Indian Investments"). The company makes all or substantially all of its investments either directly or through one of its wholly-owned consolidated subsidiaries based in Mauritius, FIH Mauritius Investments Ltd ("FIH Mauritius") and FIH Private Investments Ltd ("FIH Private"). In 2019 the company formed Anchorage Infrastructure Investments Holdings Limited ("Anchorage"), a consolidated subsidiary of FIH Mauritius based in India.

Fairfax Financial Holdings Limited ("Fairfax") is Fairfax India's ultimate parent and acts as its administrator. Fairfax is a holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and the associated investment management. Hamblin Watsa Investment Counsel Ltd. (the "Portfolio Advisor"), a wholly-owned subsidiary of Fairfax and registered portfolio manager in the province of Ontario, is the portfolio advisor of the company and its consolidated subsidiaries, responsible to source and advise with respect to all investments. Refer to note 11 for details on Fairfax's voting rights and equity interest in the company.

The company is federally incorporated and is domiciled in Ontario, Canada. The principal office of the company, Fairfax and the Portfolio Advisor is located at 95 Wellington Street West, Suite 800, Toronto, Ontario M5J 2N7.

2. Basis of Presentation

The company's interim consolidated financial statements for the three and nine months ended September 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 normally included in the 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 November 3, 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.

The consolidated financial statements are presented in U.S. dollars while the Indian rupee is the functional currency of the company and its consolidated subsidiaries.

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 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 continuing to evaluate 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.

4. Critical Accounting Estimates and Judgments

In the preparation of the company's interim consolidated financial statements, management has made a number of critical estimates and judgments in determining the valuation of Private Indian Investments, the provision for income taxes and the consolidation of Anchorage in a manner consistent with those as described in the company's annual consolidated financial statements for the year ended December 31, 2025.

5. Indian Investments

Throughout the company's interim consolidated financial statements for the three and nine months ended September 30, 2026, the term "Indian Investments" refers to deployed capital invested in Public and Private Indian Investments as disclosed within this note.

Summary of Changes in the Fair Value of the Company's Indian Investments

A summary of changes in the fair value of the company's Public and Private Indian Investments for the third quarter of 2026 is as follows:

	Third quarter					
	2026					
	Balance as of July 1	Sales	Net realized gains on investments	Net change in unrealized gains (losses) on investments [1]	Net unrealized foreign currency translation losses	Balance as of September 30
Public Indian Investments:						
Common stocks:						
IIFL Finance [2]	344,385	(39,091)	36,261	28,325	(5,393)	364,487
IIFL Capital	302,097	—	—	6,645	(4,014)	304,728
CSB Bank	248,777	—	—	(21,260)	(3,390)	224,127
Fairchem Organics	50,829	—	—	586	(669)	50,746
5paisa	43,257	—	—	(6,489)	(365)	36,403
Derivatives:						
IIFL Capital forward derivative [3]	(14,429)	—	—	8,687	(123)	(5,865)
Total Public Indian Investments	974,916	(39,091)	36,261	16,494	(13,954)	974,626
Private Indian Investments:						
Common stocks:						
BIAL	2,210,879	—	—	2,490	(25,821)	2,187,548
Seven Islands	196,964	—	—	1,310	(2,047)	196,227
Maxop	99,153	—	—	8,861	(1,309)	106,705
Global Aluminium	94,046	—	—	(5,740)	(964)	87,342
Jaynix	59,000	—	—	(2,582)	(701)	55,717
NCML	40,233	—	—	557	(498)	40,292
IH Fund	6,355	—	—	(443)	(71)	5,841
Other Indian Fixed Income	21,129	—	—	—	(258)	20,871
Total Private Indian Investments	2,727,759	—	—	4,453	(31,669)	2,700,543
Total Indian Investments	3,702,675	(39,091)	36,261	20,947	(45,623)	3,675,169

(1) All Private Indian Investments were classified as Level 3 in the fair value hierarchy. Net change in unrealized gains (losses) on investments classified as Level 3 in the fair value hierarchy related to investments held at the end of the reporting period.

(2) On July 30, 2026 the company sold 6,339,355 common shares of IIFL Finance for gross proceeds of $39,091 (3.7 billion Indian rupees), resulting in realized gains of $36,261.

(3) In connection with the Additional IIFL Capital Investment, the company's commitment to acquire additional shares resulted in the recognition of the IIFL Capital forward derivative. Refer to the Public Indian Investments section below in note 5 for further details.

A summary of changes in the fair value of the company's Public and Private Indian Investments for the third quarter of 2025 is as follows:

	Third quarter 2025			
	Balance as of July 1	**Net change in unrealized gains (losses) on investments [1]**	**Net unrealized foreign currency translation losses**	**Balance as of September 30**
Public Indian Investments:				
Common stocks:				
IIFL Finance	356,785	(15,071)	(11,567)	330,147
CSB Bank	318,004	(19,161)	(10,054)	288,789
IIFL Capital	344,892	(68,060)	(9,911)	266,921
Fairchem Organics	85,246	(19,609)	(2,484)	63,153
5paisa	36,830	(6,222)	(1,120)	29,488
Total Public Indian Investments	1,141,757	(128,123)	(35,136)	978,498
Private Indian Investments:				
Common stocks:				
BIAL	1,887,023	160,195	(68,483)	1,978,735
Seven Islands	168,032	35,082	(6,528)	196,586
Sanmar	169,487	(12,200)	(5,618)	151,669
Maxop	98,797	(1,722)	(3,318)	93,757
Global Aluminium	81,809	347	(2,796)	79,360
Saurashtra	60,824	16,222	(2,462)	74,584
Jaynix	79,507	(9,297)	(2,483)	67,727
NCML	43,742	(108)	(1,492)	42,142
IH Fund	7,826	(66)	(265)	7,495
Other Indian Fixed Income	23,321	—	(796)	22,525
Total Private Indian Investments	2,620,368	188,453	(94,241)	2,714,580
Total Indian Investments	3,762,125	60,330	(129,377)	3,693,078

(1) All Private Indian Investments were classified as Level 3 in the fair value hierarchy. Net change in unrealized gains (losses) on investments classified as Level 3 in the fair value hierarchy related to investments held at the end of the reporting period.

A summary of changes in the fair value of the company's Public and Private Indian Investments for the first nine months of 2026 is as follows:

	First nine months						
	2026						
	Balance as of January 1	Purchases	Sales	Net realized gains (losses) on investments	Net change in unrealized gains (losses) on investments [1]	Net unrealized foreign currency translation gains (losses)	Balance as of September 30
Public Indian Investments:							
Common stocks:							
IIFL Finance [2]	438,146	—	(39,091)	36,261	(44,514)	(26,315)	364,487
IIFL Capital	341,610	—	—	—	(15,993)	(20,889)	304,728
CSB Bank	353,575	—	—	—	(109,662)	(19,786)	224,127
Fairchem Organics	57,971	—	—	—	(3,700)	(3,525)	50,746
5paisa [3]	28,759	12,320	—	—	(2,629)	(2,047)	36,403
Derivatives:							
IIFL Capital forward derivative [4]	—	—	—	—	(5,983)	118	(5,865)
Total Public Indian Investments	1,220,061	12,320	(39,091)	36,261	(182,481)	(72,444)	974,626
Private Indian Investments:							
Common stocks:							
BIAL	2,187,387	—	—	—	138,667	(138,506)	2,187,548
Seven Islands	162,379	—	—	—	44,810	(10,962)	196,227
Maxop	95,486	—	—	—	17,491	(6,272)	106,705
Global Aluminium	90,768	—	—	—	2,252	(5,678)	87,342
Jaynix	65,930	—	—	—	(6,243)	(3,970)	55,717
NCML	41,896	—	—	—	1,017	(2,621)	40,292
IH Fund	6,996	—	—	—	(735)	(420)	5,841
Sanmar	101,621	—	(26,764)	(128,588)	56,516	(2,785)	—
Other Indian Fixed Income	22,252	—	—	—	—	(1,381)	20,871
Total Private Indian Investments	2,774,715	—	(26,764)	(128,588)	253,775	(172,595)	2,700,543
Total Indian Investments	3,994,776	12,320	(65,855)	(92,327)	71,294	(245,039)	3,675,169

(1) All Private Indian Investments were classified as Level 3 in the fair value hierarchy. Net change in unrealized gains (losses) on investments classified as Level 3 in the fair value hierarchy related to investments held at the end of the reporting period, with the exception of net change in unrealized gains of $56,516 related to the reversal of prior period unrealized losses upon the sale of Sanmar common shares.

(2) On July 30, 2026 the company sold 6,339,355 common shares of IIFL Finance for gross proceeds of $39,091 (3.7 billion Indian rupees), resulting in realized gains of $36,261.

(3) On March 11, 2026 5paisa announced a rights offering for existing shareholders to participate in a common share issuance on a pro rata basis of 1 newly issued equity share for every 2 equity shares held, at a price of 300.00 Indian rupees per share ("5paisa Rights Offer"). On April 15, 2026 the company participated in the issuance at its proportionate rights entitlement, and acquired 3,835,065 equity shares of 5paisa for cash consideration of $12,320 (1.2 billion Indian rupees).

(4) In connection with the Additional IIFL Capital Investment, the company's commitment to acquire additional shares resulted in the recognition of the IIFL Capital forward derivative. Refer to the Public Indian Investments section below in note 5 for further details.

A summary of changes in the fair value of the company's Public and Private Indian Investments for the first nine months of 2025 is as follows:

	First nine months							
	2025							
	Balance as of January 1	Purchases	Sales	Amortization	Net realized gains on investments	Net change in unrealized gains (losses) on investments [1]	Net unrealized foreign currency translation losses	Balance as of September 30
Public Indian Investments:								
Common stocks:								
IIFL Finance	311,401	—	—	—	—	30,669	(11,923)	330,147
CSB Bank	254,756	—	—	—	—	44,279	(10,246)	288,789
IIFL Capital	322,990	—	—	—	—	(45,692)	(10,377)	266,921
Fairchem Organics	102,234	—	—	—	—	(36,359)	(2,722)	63,153
5paisa	41,883	—	—	—	—	(11,185)	(1,210)	29,488
Total Public Indian Investments	1,033,264	—	—	—	—	(18,288)	(36,478)	978,498
Private Indian Investments:								
Common stocks:								
BIAL	1,631,988	255,000	—	—	—	160,325	(68,578)	1,978,735
Seven Islands	145,990	—	—	—	—	57,288	(6,692)	196,586
Sanmar	201,446	—	—	—	—	(43,695)	(6,082)	151,669
Maxop	97,176	—	—	—	—	58	(3,477)	93,757
Global Aluminium	81,237	—	—	—	—	1,055	(2,932)	79,360
Saurashtra	54,688	—	—	—	—	22,428	(2,532)	74,584
Jaynix	81,577	—	—	—	—	(11,221)	(2,629)	67,727
NCML	44,250	—	—	—	—	(539)	(1,569)	42,142
IH Fund	9,590	—	(1,720)	—	1	(95)	(281)	7,495
Other Indian Fixed Income	31,023	—	(7,547)	49	—	—	(1,000)	22,525
Total Private Indian Investments	2,378,965	255,000	(9,267)	49	1	185,604	(95,772)	2,714,580
Total Indian Investments	3,412,229	255,000	(9,267)	49	1	167,316	(132,250)	3,693,078

(1) All Private Indian Investments were classified as Level 3 in the fair value hierarchy. Net change in unrealized gains (losses) on investments classified as Level 3 in the fair value hierarchy related to investments held at the end of the reporting period.

Public Indian Investments

The fair values of Fairfax India's Public Indian Investments, with shares listed on both the BSE and the National Stock Exchange of India ("NSE of India"), are determined using the bid prices of those investments (without adjustments or discounts) at the balance sheet date.

The table below provides a summary of the company's Public Indian Investments at September 30, 2026 and December 31, 2025:

		September 30, 2026		December 31, 2025	
Public Indian Investments:	**Industry**	**Shares held**	**Ownership**	**Shares held**	**Ownership**
Common stocks:					
IIFL Finance Limited ("IIFL Finance")	Financial services	58,213,166	13.6 %	64,552,521	15.2 %
IIFL Capital Services Limited ("IIFL Capital")	Financial services	84,641,445	26.8 %	84,641,445	27.2 %
CSB Bank Limited ("CSB Bank") (1)	Financial services	69,394,331	40.0 %	69,394,331	40.0 %
Fairchem Organics Limited ("Fairchem Organics") (2)	Commercial and industrial	7,202,656	57.2 %	7,202,656	55.3 %
5paisa Capital Limited ("5paisa")	Financial services	11,505,195	24.5 %	7,670,130	24.6 %

(1) The company is subject to a dilution schedule from the Reserve Bank of India, requiring the company to bring down its shareholding in CSB Bank to 30.0% within 10 years and 26.0% within 15 years of the investment completion date of August 7, 2019.

(2) In January 2026, Fairchem Organics completed a share buyback, resulting in the purchase and cancellation of 425,000 of its own equity shares. The company did not tender any shares and as a result, its equity interest in Fairchem Organics increased from 55.3% to 57.2%.

The changes in fair value of the company's Public Indian Investments for the third quarters and first nine months of 2026 and 2025 are presented in the tables disclosed earlier in note 5.

Updates to Investment in IIFL Capital Services Limited

On May 7, 2026 the company, through FIH Mauritius, entered into an investment agreement with IIFL Capital and its existing promoters to increase its equity interest in IIFL Capital through a combination of transactions (collectively, "Additional IIFL Capital Investment"). Upon completion of the transactions, Fairfax India's ownership interest, together with an affiliate, is expected to increase to at least 51.0% on a fully-diluted basis ("Target IIFL Capital Shareholding"). At September 30, 2026 Fairfax India and its affiliate collectively held a 30.1% ownership interest in IIFL Capital (26.8% and 3.3%, respectively), representing 27.2% on a fully-diluted basis.

The Additional IIFL Capital Investment consists of: (i) a preferential issuance of 57,142,857 newly issued equity shares of IIFL Capital and a related regulatory-mandated open offer ("IIFL Capital Open Offer", described below); and (ii) to the extent the Target IIFL Capital Shareholding is not met, a secondary acquisition of shares from existing promoters. The transactions each have an underlying price of 350.00 Indian rupees per share. Subject to the results of the IIFL Capital Open Offer, the aggregate consideration is estimated at approximately $411 million at period end exchange rates (39.3 billion Indian rupees), representing the anticipated share purchase required to achieve the Target IIFL Capital Shareholding.

In accordance with Indian regulations, the company was required to announce an open offer to existing IIFL Capital shareholders for the acquisition of up to 100,144,112 common shares of IIFL Capital. The company was also required to deposit cash of 350.5 million Indian rupees ($3,658 at period end exchange rates) into an escrow account, and obtain a bank guarantee for 4,255.0 million Indian rupees ($44,403 at period end exchange rates) in support of the IIFL Capital Open Offer. The escrow deposit is classified as restricted cash within the consolidated balance sheet.

The company's commitment to acquire additional shares under the investment agreement gave rise to a forward purchase derivative ("IIFL Capital forward derivative"). At September 30, 2026 the fair value of the derivative obligation was estimated to be $5,865, based on the difference between the contractual purchase price and closing bid price of the underlying shares required to achieve the Target IIFL Capital Shareholding.

At September 30, 2026 the transaction remained subject to regulatory approvals, completion of the IIFL Capital Open Offer and other customary closing conditions, and is expected to close in stages commencing in the fourth quarter of 2026. Due to regulatory requirements related to the Additional IIFL Capital Investment, the company's existing investment of 84,641,445 common shares of IIFL Capital is subject to selling restrictions until May 7, 2027.

Subsequent to September 30, 2026

Subsequent to September 30, 2026 the company received the remaining regulatory approvals related to the Additional IIFL Capital Investment. The tender period for the IIFL Capital Open Offer commenced on November 2, 2026 and is expected to close on November 16, 2026.

On October 14, 2026 it was announced that a wholly-owned subsidiary of Fairfax was selected by the Government of India as the strategic buyer for a 60.72% equity interest in IDBI Bank Limited ("IDBI Bank") pursuant to the Government of India's proposed strategic disinvestment of IDBI Bank. Fairfax proposes to acquire the equity interest in IDBI Bank for approximately $5.6 billion (approximately 528.8 billion Indian rupees), with the purchase price satisfied through a proposed combination of cash on hand or otherwise available to Fairfax through existing credit sources, potential asset sales and the potential contribution, at market prices, of Fairfax's interests in certain investments, including Fairfax India's equity interest in IIFL Capital. Binding definitive agreements in connection with the purchase of the equity stake in IDBI Bank and the proposed contributions have not yet been entered into by any of Fairfax, Fairfax India, IDBI Bank, the Government of India, or any other party. When definitive transaction agreements relating to the proposed purchase and contribution transactions are entered into by the parties, each proposed transaction will be subject to the satisfaction of numerous governmental, regulatory, equityholder, debtholder, and other approvals and consents.

Private Indian Investments

The fair values of Fairfax India's Private Indian Investments cannot be derived from an active market and accordingly, are determined using industry accepted valuation techniques and models. Market observable inputs are used where possible, with unobservable inputs used where necessary. Use of unobservable inputs can involve significant judgment and may materially affect the reported fair value of these investments.

For all Private Indian Investment valuations prepared using a discounted cash flow analysis, discount rates were based on the company's assessment of risk premiums to the appropriate risk-free rate of the economic environment in which the Indian Investment operates. Long term growth rates were based on the expected long term sustainable growth rate of the economic environment and sectors in which the Indian Investment operates.

The changes in fair value of the company's Private Indian Investments for the third quarters and first nine months of 2026 and 2025 are presented in the tables disclosed earlier in note 5.

Investment in Bangalore International Airport Limited

Bangalore International Airport Limited ("BIAL") is a private company located in Bengaluru, India. BIAL, under a concession agreement with the Government of India until the year 2068, has the exclusive rights to carry out the development, design, financing, construction, commissioning, maintenance, operation and management of the Kempegowda International Airport Bengaluru ("KIAB") through a public-private partnership. KIAB is the first greenfield airport in India built through a public-private partnership.

On February 20, 2025 the company, through FIH Mauritius, completed the acquisition of an additional 10.0% equity interest in BIAL from Siemens Project Ventures GmbH ("Siemens") for a purchase price of $255,000 (22.1 billion Indian rupees) ("Additional BIAL Investment").

In accordance with the terms of the transaction, the purchase price was payable in three installments, comprised of an initial installment of $84,150 at closing, a second installment of $94,350 paid on August 26, 2025, and a final installment of $76,500 paid on July 29, 2026. At December 31, 2025 the payable for securities purchased of $76,500 presented in the company's consolidated balance sheet reflected the third and final installment paid to Siemens in July 2026.

At September 30, 2026 the company estimated the fair value of its investment in BIAL using a discounted cash flow analysis for its five business units based on multi-year free cash flow forecasts with assumed after-tax discount rates ranging from 12.1% to 16.5% and a long term growth rate of 3.5% (December 31, 2025 - 12.2% to 17.5%, and 3.5%, respectively). At September 30, 2026 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared by BIAL's management in the third quarter of 2026 (December 31, 2025 - third and fourth quarters of 2025).

Free Cash Flow Forecast Inputs

The primary drivers of free cash flow estimates are future domestic and international passenger traffic, airport tariff assumptions for future control periods, completion of capital expansion projects and development of leasehold land. In the event that forecasted passenger traffic or expected airport tariff levels are not met in future periods, or if significant delays in construction and development activities occur, the fair value of the company's investment in BIAL may be negatively impacted.

Current Model Assumptions

Free cash flow forecasts were revised by BIAL's management during the third quarter of 2026 primarily to reflect the issuance of the fourth control period tariff order for the five year period from April 1, 2026 to March 31, 2031, including: (i) lower user development fees and revised passenger traffic assumptions, resulting in lower forecasted aeronautical revenue; and (ii) reduction in forecasted capital expenditures to align with the capital expenditure program approved by the regulator.

At September 30, 2026 the company held a 74.0% equity interest in BIAL (December 31, 2025 - 74.0%) and its internal valuation model indicated that the fair value of the company's investment in BIAL was $2,187,548 (December 31, 2025 - $2,187,387).

At September 30, 2026 and December 31, 2025, the company held 43.6% out of its 74.0% equity interest in BIAL through Anchorage. As a result, the company's fully-diluted equity interest in BIAL was 69.0%. Refer to note 8 (Total Equity, under the heading Non-controlling interests) for further discussion on Anchorage.

Investment in Seven Islands Shipping Limited

Seven Islands Shipping Limited ("Seven Islands"), a private company located in Mumbai, India, is the second largest private sector tanker shipping company in India and transports liquid and gas cargo along the Indian coast as well as in international waters. Its vessels are Indian owned and primarily operate as Indian registered and flagged vessels. Seven Islands' subsidiary, Seven Islands Shipping International FZE ("SISIF"), is located in the United Arab Emirates and operates foreign-flagged vessels.

At September 30, 2026 the company estimated the fair value of its investment in Seven Islands using a discounted cash flow analysis based on multi-year free cash flow forecasts for its two business units with assumed after-tax discount rates ranging from 15.0% to 15.6% and long term growth rates ranging from 2.5% to 3.0% (December 31, 2025 - 14.9% to 15.8%, and 2.5% to 3.0%, respectively). At September 30, 2026 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared by Seven Islands' management in the second quarter of 2026 (December 31, 2025 - third quarter of 2025).

Free Cash Flow Forecast Inputs

The primary driver of free cash flow estimates is the vessel profile, including planned vessel acquisitions and charter rates.

Current Model Assumptions

Free cash flow forecasts were revised by Seven Islands' management during the first nine months of 2026 primarily to reflect: (i) higher EBITDA reflecting growth in the fleet size and upward revisions to charter rates; (ii) lower EBITDA margins reflecting an increase in ship operating expenses; (iii) revised foreign exchange assumptions resulting in favourable impact to revenues in Indian rupees (charter rates are denominated in U.S. dollars); and (iv) increased capital expenditures to reflect additional vessels added to the fleet and higher maintenance-related capital expenditure across each vessel type.

At September 30, 2026 the company held a 48.5% equity interest in Seven Islands (December 31, 2025 - 48.5%) and its internal valuation model indicated that the fair value of the company's investment in Seven Islands was $196,227 (December 31, 2025 - $162,379).

Investment in Maxop Engineering Company Private Limited

Maxop Engineering Company Private Limited ("Maxop"), a private company located in New Delhi, India, is a precision aluminum die casting and machining solution provider for customers in the automotive and industrial sectors.

At September 30, 2026 the company estimated the fair value of its investment in Maxop using a discounted cash flow analysis based on multi-year free cash flow forecasts for its two business units with assumed after-tax discount rates ranging from 16.2% to 18.1% and a long term growth rate of 4.0% (December 31, 2025 - 15.0% to 17.7%, and 4.0%, respectively). At September 30, 2026 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared by Maxop's management in the third quarter of 2026 (December 31, 2025 - fourth quarter of 2025).

Free Cash Flow Forecast Inputs

The primary drivers of free cash flow estimates are manufacturing capacity and utilization based on customer demand.

Current Model Assumptions

Free cash flow forecasts were revised by Maxop's management during the first nine months of 2026 primarily to reflect: (i) higher revenue projections for the die casting business and lower revenue projections for the extrusion business following reassessment of sales pipeline opportunities; (ii) updated margin assumptions reflecting changes in sales mix and operating leverage from overall higher volumes; (iii) reduced working capital requirements arising from the use of trade receivable financing facilities; and (iv) lower income tax rates following Maxop's transition to India's lower corporate tax regime in fiscal year 2027.

The revised forecasts also reflect the inclusion of cash flows associated with the development of a new higher-tonnage die casting facility on previously vacant leasehold land, including the related capital expenditure program, a gradual ramp-up in production volumes, and incremental EBITDA contribution as customer nominations progress toward full scale production.

At September 30, 2026 the company held a 67.0% equity interest in Maxop (December 31, 2025 - 67.0%) and its internal valuation model indicated that the fair value of the company's investment in Maxop was $106,705 (December 31, 2025 - $95,486).

Investment in Global Aluminium Private Limited

Global Aluminium Private Limited ("Global Aluminium"), a private company located in Hyderabad, India, is an aluminum extrusions manufacturer with in-house capabilities to produce anodized and powder-coated aluminum products.

At September 30, 2026 the company estimated the fair value of its investment in Global Aluminium using a discounted cash flow analysis based on multi-year free cash flow forecasts with an assumed after-tax discount rate of 18.2% and a long term growth rate of 3.5% (December 31, 2025 - 17.3% and 3.5%, respectively). At September 30, 2026 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared by Global Aluminium's management in the third quarter of 2026 (December 31, 2025 - fourth quarter of 2025).

Free Cash Flow Forecast Inputs

The primary drivers of free cash flow estimates are manufacturing capacity and utilization based on customer demand.

Current Model Assumptions

Free cash flow forecasts were revised by Global Aluminium's management during the first nine months of 2026 primarily to reflect: (i) higher aluminum pricing assumptions, resulting in higher forecast revenue but lower EBITDA and compressed margins due to the timing lag between increases in raw material costs and their pass-through to customers; (ii) higher forecast growth for fiscal year 2031; and (iii) increased working capital requirements arising from higher input costs.

At September 30, 2026 the company held a 65.0% equity interest in Global Aluminium (December 31, 2025 - 65.0%) and its internal valuation model indicated that the fair value of the company's investment in Global Aluminium was $87,342 (December 31, 2025 - $90,768).

Investment in Jaynix Engineering Private Limited

Jaynix Engineering Private Limited ("Jaynix"), a private company based in Gujarat, India, is a manufacturer of non-ferrous electrical connectors and electrical assemblies, and is a critical Tier 1 supplier to major electrical original equipment manufacturers primarily in North America.

At September 30, 2026 the company estimated the fair value of its investment in Jaynix using a discounted cash flow analysis based on multi-year free cash flow forecasts with an assumed after-tax discount rate of 27.3% and a long term growth rate of 1.5% (December 31, 2025 - 25.1% and 1.5%, respectively). At September 30, 2026 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared by Jaynix's management in the third quarter of 2026 (December 31, 2025 - fourth quarter of 2025).

Free Cash Flow Forecast Inputs

The primary drivers of free cash flow estimates are manufacturing capacity and utilization based on customer demand.

Current Model Assumptions

Free cash flow forecasts were revised by Jaynix's management during the first nine months of 2026 primarily to reflect: (i) lower revenue and EBITDA expectations for fiscal year 2027 reflecting slower-than-expected recovery from U.S. markets; (ii) lower working capital requirements principally resulting from the reduced revenue forecast and fiscal year 2026 actual results; and (iii) increased capital expenditures in fiscal year 2027 related to buildings under construction.

At September 30, 2026 the company held a 70.0% equity interest in Jaynix (December 31, 2025 - 70.0%) and its internal valuation model indicated that the fair value of the company's investment in Jaynix was $55,717 (December 31, 2025 - $65,930).

Investment in National Commodities Management Services Limited

National Commodities Management Services Limited ("NCML"), a private company located in Gurugram, India, is an integrated agriculture value chain solutions provider, with services including grain procurement, storage and preservation, testing and certification, collateral management, and commodity and weather intelligence. NCML also operates silos constructed under concession agreements with the Food Corporation of India, and a non-banking financial company ("NBFC") which focuses on rural and agri-business financing.

NCML Common Shares

At September 30, 2026 the company estimated the fair value of its investment in NCML common shares using: (i) a discounted cash flow analysis based on multi-year free cash flow forecasts for two business units with assumed after-tax discount rates ranging from 11.7% to 16.0% and long term growth rates ranging from 2.4% to 5.0% (December 31, 2025 - 12.8% to 14.7%, and 2.4% to 5.0%, respectively); and (ii) an adjusted net book value approach for its NBFC business unit. At September 30, 2026 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared by NCML's management in the first quarter of 2026 (December 31, 2025 - second quarter of 2025).

Free Cash Flow Forecast Inputs

The primary drivers of free cash flow estimates are warehouse and silo capacity and utilization.

Current Model Assumptions

Free cash flow forecasts were revised by NCML's management during the first quarter of 2026 primarily to reflect: (i) lower EBITDA forecasts based on an anticipated slowdown in commodity storage demand, combined with higher operating expenses due to current market conditions; (ii) higher EBITDA margins over the longer term as cost optimization measures are realized; and (iii) higher corresponding working capital requirements primarily driven by the changes to EBITDA forecasts.

At September 30, 2026 the company held a 91.0% equity interest in NCML (December 31, 2025 - 91.0%) and its internal valuation model indicated that the fair value of the company's equity investment in NCML was $40,292 (December 31, 2025 - $41,896).

NCML Non-convertible Debentures

In 2023 the company invested $24,013 (2.0 billion Indian rupees) in 9.47% unsecured non-convertible debentures ("NCML NCD"), due November 8, 2028.

At September 30, 2026 the fair value of the company's investment in the NCML NCD of $20,871 (including a deferred loss of $1,600) (December 31, 2025 - $22,252, including a deferred loss of $2,220) was based on a discounted cash flow analysis using an estimate of NCML's credit spread, and is presented within Other Indian Fixed Income in the tables disclosed earlier in note 5.

At September 30, 2026 the company's interest receivable included a carrying value of $2,131 (December 31, 2025 - $2,430) related to interest receivable on the NCML NCD. To help alleviate NCML's liquidity challenges due to delays in asset monetizations, the company has allowed NCML to defer interest payments on the NCML NCD accrued since January 1, 2024.

Investment in India Housing Fund

India Housing Fund ("IH Fund") is a closed-ended fund of 360 ONE Private Equity Fund registered as a Category II Alternative Investment Fund ("AIF") under the Securities and Exchange Board of India AIF Regulations.

The company did not receive distributions from IH Fund during the third quarter and first nine months of 2026. During the third quarter and first nine months of 2025 the company received distributions of nil and $1,720 from IH Fund.

At September 30, 2026 the company estimated the fair value of its investment in IH Fund of $5,841 (December 31, 2025 - $6,996) based on the net asset value provided by the third party fund manager. The fair values of the underlying assets are determined using quoted prices for short term investments, and industry accepted valuation models for debt and equity instruments.

Investment in Sanmar Chemical Enterprises Limited

Sanmar Chemical Enterprises Limited ("Sanmar"), a private company located in Chennai, India, is one of the largest polyvinyl chloride manufacturers in India, operating in India and Egypt. Its operating subsidiaries are principally comprised of TCI Sanmar Chemicals S.A.E. ("Sanmar Egypt") and Chemplast Sanmar Limited ("Chemplast"). Chemplast is publicly listed and actively traded on both the BSE and NSE of India.

On April 9, 2026 the company completed the sale of its entire investment in Sanmar to an affiliate of Sanmar for gross proceeds of $26,764 (2.5 billion Indian rupees), resulting in realized losses of $128,588. At December 31, 2025 the company's internal valuation model indicated that the fair value of the company's investment in Sanmar was $101,621, and was based on (i) a discounted cash flow analysis for Sanmar Egypt; and (ii) the unadjusted bid price of Chemplast's common shares.

6. Cash and Investments

Fair Value Disclosures

The company's use of quoted market prices (Level 1), valuation models using observable market information as inputs (Level 2) and valuation models without observable market information as inputs (Level 3) in the valuation of securities by type of issuer was as follows:

	September 30, 2026					December 31, 2025				
	Quoted prices (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value of assets	Total fair value of assets in Indian rupees (in millions)	Quoted prices (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value of assets	Total fair value of assets in Indian rupees (in millions)
Cash and cash equivalents	52,337	—	—	52,337	5,015	8,112	—	—	8,112	729
Restricted cash [1]	3,658	—	—	3,658	351	—	—	—	—	—
	55,995	—	—	55,995	5,366	8,112	—	—	8,112	729
Bonds:										
Government of India [2]	—	3,168	—	3,168	304	—	42,558	—	42,558	3,825
Other Indian Fixed Income [3]	—	—	20,871	20,871	2,000	—	—	22,252	22,252	2,000
	—	3,168	20,871	24,039	2,304	—	42,558	22,252	64,810	5,825
Common stocks:										
IIFL Finance	364,487	—	—	364,487	34,928	438,146	—	—	438,146	39,380
IIFL Capital	304,728	—	—	304,728	29,201	341,610	—	—	341,610	30,704
CSB Bank	224,127	—	—	224,127	21,478	353,575	—	—	353,575	31,779
Fairchem Organics	50,746	—	—	50,746	4,863	57,971	—	—	57,971	5,210
5paisa	36,403	—	—	36,403	3,488	28,759	—	—	28,759	2,585
BIAL	—	—	2,187,548	2,187,548	209,627	—	—	2,187,387	2,187,387	196,601
Seven Islands	—	—	196,227	196,227	18,804	—	—	162,379	162,379	14,595
Maxop	—	—	106,705	106,705	10,225	—	—	95,486	95,486	8,582
Global Aluminium	—	—	87,342	87,342	8,370	—	—	90,768	90,768	8,158
Jaynix	—	—	55,717	55,717	5,339	—	—	65,930	65,930	5,926
NCML	—	—	40,292	40,292	3,861	—	—	41,896	41,896	3,766
IH Fund	—	—	5,841	5,841	560	—	—	6,996	6,996	629
Sanmar [4]	—	—	—	—	—	—	—	101,621	101,621	9,134
	980,491	—	2,679,672	3,660,163	350,744	1,220,061	—	2,752,463	3,972,524	357,049
Total cash and investments	1,036,486	3,168	2,700,543	3,740,197	358,414	1,228,173	42,558	2,774,715	4,045,446	363,603
Derivative obligations:										
IIFL Capital forward derivative	—	—	(5,865)	(5,865)	(562)	—	—	—	—	—
Total cash and investments, net of derivative obligation	1,036,486	3,168	2,694,678	3,734,332	357,852	1,228,173	42,558	2,774,715	4,045,446	363,603
	27.7 %	0.1 %	72.2 %	100.0 %	100.0 %	30.4 %	1.0 %	68.6 %	100.0 %	100.0 %

(1) At September 30, 2026 restricted cash was comprised of a cash deposit held in escrow for the IIFL Capital Open Offer.

(2) Priced based on information provided by independent pricing service providers at September 30, 2026 and December 31, 2025.

(3) At September 30, 2026, Other Indian Fixed Income included a deferred loss of $1,600 related to the NCML NCD (December 31, 2025 - $2,220).

(4) At December 31, 2025, the portion of fair value derived from Sanmar's equity interest in its publicly listed subsidiary, Chemplast, was $97,306. The remaining fair value was attributable to Sanmar Egypt's equity value and net debt primarily due to affiliates of Sanmar.

Transfers between fair value hierarchy levels are considered effective from the beginning of the annual reporting period in which the transfer is identified. During the first nine months of 2026 and 2025 there were no transfers of financial instruments between fair value hierarchy levels.

A summary of changes in the fair value of the company's Indian Investments classified as Level 3 in the fair value hierarchy, denominated in the company's functional currency of the Indian rupee for the first nine months of 2026 and 2025 is as follows:

	First nine months				
	2026				
Indian rupees *(in millions)*	**Balance as of January 1**	**Sales**	**Net realized losses on investments**	**Net change in unrealized gains (losses) on investments**	**Balance as of September 30**
Common stocks:					
BIAL	196,601	—	—	13,026	209,627
Seven Islands	14,595	—	—	4,209	18,804
Maxop	8,582	—	—	1,643	10,225
Global Aluminium	8,158	—	—	212	8,370
Jaynix	5,926	—	—	(587)	5,339
NCML	3,766	—	—	95	3,861
IH Fund	629	—	—	(69)	560
Sanmar	9,134	(2,480)	(11,915)	5,261	—
Other Indian Fixed Income	2,000	—	—	—	2,000
Derivatives:					
IIFL Capital forward derivative	—	—	—	(562)	(562)
Total	249,391	(2,480)	(11,915)	23,228	258,224

	First nine months						
	2025						
Indian rupees *(in millions)*	**Balance as of January 1**	**Purchases**	**Sales**	**Amortization**	**Net realized gains on investments**	**Net change in unrealized gains (losses) on investments**	**Balance as of September 30**
Common stocks:							
BIAL	139,721	22,099	—	—	—	13,869	175,689
Seven Islands	12,499	—	—	—	—	4,956	17,455
Sanmar	17,247	—	—	—	—	(3,780)	13,467
Maxop	8,319	—	—	—	—	6	8,325
Global Aluminium	6,955	—	—	—	—	91	7,046
Saurashtra	4,682	—	—	—	—	1,940	6,622
Jaynix	6,984	—	—	—	—	(971)	6,013
NCML	3,788	—	—	—	—	(46)	3,742
IH Fund	821	—	(148)	—	0	(8)	665
Other Indian Fixed Income	2,656	—	(660)	4	—	—	2,000
Total	203,672	22,099	(808)	4	0	16,057	241,024

The changes in fair value of the company's Indian Investments classified as Level 3 in the fair value hierarchy in the company's presentation currency of U.S. dollars are disclosed in note 5.

For all Indian Investments classified as Level 3 in the fair value hierarchy, net change in unrealized gains (losses) on investments related to investments held at the end of the reporting periods, except for the net change in unrealized gains of 5,261 million Indian rupees during the first nine months of 2026 related to the reversal of prior period unrealized losses upon the sale of Sanmar common shares.

The table that follows illustrates the potential impact on net earnings (loss) of various combinations of changes in unobservable inputs in the company's internal valuation models for its Indian Investments classified as Level 3 in the fair value hierarchy at September 30, 2026. The analysis assumes quarterly variations within a reasonably possible range determined by the company based on an analysis of the return on various equity indices, management's knowledge of the Indian equity markets and the potential impact of changes in interest rates. The change reflects the additional uncertainty in determining the discounted cash flows for assessing the fair values of Private Indian Investments. This sensitivity analysis excludes the company's investment in IH Fund and the IIFL Capital forward derivative, as the company determined that there were no significant unobservable inputs suited for a sensitivity analysis. Additionally, significant unobservable inputs pertaining to Other Indian Fixed Income relate to individual issuer credit spreads, where an increase (decrease) in credit spreads would generally result in a lower (higher) fair value of the underlying investment, as reflected in note 10 (Financial Risk Management, under the heading Interest Rate Risk).

Investments	Fair value of Level 3 investment	Valuation technique	Significant unobservable inputs	Significant unobservable inputs used in the internal valuation models	Hypothetical $ change effect on fair value measurement [1]	Hypothetical $ change effect on net earnings [1][2]
Common stocks:						
BIAL	2,187,548	Discounted cash flow	After-tax discount rate	12.1% to 16.5%	(437,426) / 560,100	(379,467) / 485,887
			Long term growth rate	3.5%	49,969 / (47,173)	43,348 / (40,923)
Seven Islands	196,227	Discounted cash flow	After-tax discount rate	15.0% to 15.6%	(15,889) / 18,627	(13,783) / 16,159
			Long term growth rate	2.5% to 3.0%	2,585 / (2,481)	2,243 / (2,152)
Maxop	106,705	Discounted cash flow	After-tax discount rate	16.2% to 18.1%	(15,274) / 18,010	(13,250) / 15,624
			Long term growth rate	4.0%	2,764 / (2,656)	2,398 / (2,304)
Global Aluminium	87,342	Discounted cash flow	After-tax discount rate	18.2%	(7,341) / 8,436	(6,368) / 7,318
			Long term growth rate	3.5%	1,204 / (1,164)	1,044 / (1,010)
Jaynix	55,717	Discounted cash flow	After-tax discount rate	27.3%	(2,715) / 2,946	(2,355) / 2,556
			Long term growth rate	1.5%	311 / (305)	270 / (265)
NCML [3]	40,292	Discounted cash flow	After-tax discount rate	11.7% to 16.0%	(7,396) / 9,027	(6,416) / 7,831
			Long term growth rate	2.4% to 5.0%	1,067 / (1,017)	926 / (882)

(1) The impact on the internal valuation models from changes in significant unobservable inputs deemed to be subject to the most judgment and estimates disclosed in the table above shows the hypothetical increase (decrease) in net earnings. Changes in the after-tax discount rates (100 basis points) and long term growth rates (25 basis points), each in isolation, would hypothetically change the fair value of the company's investments as noted in the table above. Generally, an increase (decrease) in long term growth rates, or a decrease (increase) in after-tax discount rates would result in a higher (lower) fair value of the company's Indian Investments classified as Level 3 in the fair value hierarchy. After-tax discount rates are subject to a mitigating factor: increases (decreases) in after-tax discount rates tend to be accompanied by increases (decreases) in free cash flows, and the resulting changes in the fair value of an investment may offset each other.

(2) For the purpose of this sensitivity analysis, the hypothetical $ change effect on net earnings includes an income tax impact that is calculated using the company's marginal tax rate. Actual income tax expense (recovery) may differ significantly when earnings (losses) are realized.

(3) The company determined that there were no significant unobservable inputs suited for a sensitivity analysis for NCML's NBFC business unit where an adjusted net book value approach was applied.

Fixed Income Maturity Profile

Bonds are summarized by their earliest contractual maturity date in the table that follows. The decrease in bonds due after 1 year through 5 years primarily reflects sales of Government of India bonds to fund the 5paisa Rights Offer and other operating requirements. At September 30, 2026 and December 31, 2025 there were no bonds containing call or put features.

	September 30, 2026		December 31, 2025	
	Amortized cost	Fair value	Amortized cost	Fair value
Due after 1 year through 5 years	24,019	24,039	63,693	64,810
	24,019	24,039	63,693	64,810

Investment Income

An analysis of investment income for the three and nine months ended September 30 is summarized in the table that follows:

Interest and dividends

	Third quarter		First nine months	
	2026	**2025**	**2026**	**2025**
Interest:				
Cash and cash equivalents	506	161	851	791
Bonds	51	1,317	672	5,697
	557	1,478	1,523	6,488
Dividends: Common stocks	3,771	10,490	23,215	13,762

Net gains (losses) on investments and net foreign exchange gains (losses)

	Third quarter					
	2026			**2025**		
	Net realized gains	**Net change in unrealized gains (losses)**	**Net gains (losses)**	**Net realized gains (losses)**	**Net change in unrealized gains (losses)**	**Net gains (losses)**
Net gains (losses) on investments:						
Bonds	—	(33)	(33)	538	(828)	(290)
Common stocks	36,261 (1)	12,260 (1)	48,521	—	60,330 (1)	60,330
Derivatives	—	8,687 (1)	8,687	—	—	—
	36,261	20,914	57,175	538	59,502	60,040
Net foreign exchange gains (losses) on:						
Cash and cash equivalents	72	—	72	928	—	928
Borrowings	—	(5,999)	(5,999)	—	(18,922)	(18,922)
Other	401	—	401	(4,980)	—	(4,980)
	473	(5,999)	(5,526)	(4,052)	(18,922)	(22,974)

	First nine months					
	2026			**2025**		
	Net realized gains (losses)	**Net change in unrealized gains (losses)**	**Net gains (losses)**	**Net realized gains (losses)**	**Net change in unrealized gains (losses)**	**Net gains (losses)**
Net gains (losses) on investments:						
Bonds	826	(1,048)	(222)	1,236	207	1,443
Common stocks	(92,327) (1)	77,277 (1)	(15,050)	1 (1)	167,316 (1)	167,317
Derivatives	—	(5,983) (1)	(5,983)	—	—	—
	(91,501)	70,246	(21,255)	1,237	167,523	168,760
Net foreign exchange gains (losses) on:						
Cash and cash equivalents	1,271	—	1,271	1,286	—	1,286
Borrowings	—	(31,771)	(31,771)	—	(19,728)	(19,728)
Other	(2,971)	—	(2,971)	(3,416)	—	(3,416)
	(1,700)	(31,771)	(33,471)	(2,130)	(19,728)	(21,858)

(1) Refer to note 5 for a summary of changes in the fair value of the company's Public and Private Indian Investments during the third quarters and first nine months of 2026 and 2025.

7. Borrowings

	September 30, 2026			December 31, 2025		
	Principal	Carrying value [1]	Fair value [2]	Principal	Carrying value [1]	Fair value [2]
Unsecured Senior Notes:						
5.0% Unsecured Senior Notes due February 26, 2028	500,000	499,261	480,950	500,000	498,870	479,650
Revolving Credit Facility:						
Revolving Credit Facility, floating rate	76,500	76,500	76,500	—	—	—
Total borrowings	576,500	575,761	557,450	500,000	498,870	479,650

(1) Principal net of unamortized issue costs.

(2) Fair value of the Unsecured Senior Notes at September 30, 2026 and December 31, 2025 was based principally on information provided by independent pricing service providers (Level 2 in the fair value hierarchy). Principal of the Revolving Credit Facility approximated fair value at September 30, 2026.

Unsecured Senior Notes

On February 26, 2021 the company completed an offering of $500,000 principal amount of 5.0% unsecured senior notes due February 26, 2028 ("Unsecured Senior Notes") at par, for net proceeds of $496,350 after commissions and expenses. Fairfax, through its subsidiaries, holds $58,400 of the $500,000 principal amount under the same terms as the other participants. Refer to note 11 for further details on amounts due to related parties.

At September 30, 2026 the Unsecured Senior Notes were recognized net of unamortized issuance costs of $739 (December 31, 2025 - $1,130) and recorded within borrowings in the consolidated balance sheets. The issuance costs are amortized over the remaining life of the Unsecured Senior Notes and recorded in interest expense in the consolidated statements of earnings (loss).

Revolving Credit Facility

The company has an unsecured revolving credit facility ("Revolving Credit Facility") with a syndicate led by a Canadian bank. At September 30, 2026 and December 31, 2025 the Revolving Credit Facility had a total commitment of $245,000, which included a temporary commitment related to the issuance of a letter of credit, resulting in a scheduled step-down to $220,000 on October 1, 2026. The Revolving Credit Facility has a maturity date of November 13, 2028 and an option to extend for an additional year.

At September 30, 2026 the company had drawn $76,500 to fund the final installment payment related to the Additional BIAL Investment. The $76,500 letter of credit issued and outstanding at December 31, 2025 was cancelled following the final installment payment. Refer to note 5 for further details.

The Revolving Credit Facility had a remaining capacity of $168,500 at September 30, 2026 and December 31, 2025. Following the scheduled step-down in commitment to $220,000 on October 1, 2026, the remaining capacity was $143,500.

Subsequent to September 30, 2026

On November 3, 2026, the company amended the Revolving Credit Facility to, among other things, temporarily increase its borrowing capacity by $250,000 for a period of 60 days, resulting in a total commitment of $470,000. The company also drew $188,500 to assist with funding the Additional IIFL Capital Investment, resulting in a remaining capacity of $205,000. The aggregate consideration for the Additional IIFL Capital Investment is estimated at approximately $411 million at period end exchange rates.

Interest Expense

In the third quarter and first nine months of 2026, interest expense of $7,433 and $20,952 (2025 - $7,788 and $21,775) was comprised of stated interest on Unsecured Senior Notes, interest on borrowings drawn under the Revolving Credit Facility, letter of credit utilization fees and amortization of issuance costs. During the third quarter and first nine months of 2026 the company paid interest of $13,700 and $26,958 (2025 - $13,884 and $27,217) on its borrowings and letter of credit.

8. Total Equity

Common shareholders' equity

Common Stock

The number of shares outstanding was as follows:

	First nine months	
	2026	2025
Subordinate voting shares – January 1	104,218,804	104,839,462
Purchases for cancellation	(33,900)	(28,758)
Subordinate voting shares – September 30	104,184,904	104,810,704
Multiple voting shares – beginning and end of period	30,000,000	30,000,000
Common shares effectively outstanding – September 30	134,184,904	134,810,704

Purchase of Shares

The company has the ability to purchase for cancellation subordinate voting shares at prevailing market prices under the terms of its normal course issuer bid and in accordance with the rules and policies of the TSX. During the first nine months of 2026, the company purchased for cancellation 33,900 subordinate voting shares (2025 - 28,758) under its normal course issuer bid program for a net cost of $579 (2025 - $437), of which $222 was charged to retained earnings (2025 - $134).

In connection with the normal course issuer bid, the company also entered into an automatic share purchase plan with its designated broker to allow for the purchase of subordinate voting shares during times when the company normally would not be active in the market. Such purchases are determined by the broker in its sole discretion based on the parameters established by the company prior to commencement of the applicable trading black-out period.

Subsequent to September 30, 2026

Subsequent to September 30, 2026, in accordance with an automatic share purchase plan under the terms of the normal course issuer bid, 74,760 subordinate voting shares were purchased for cancellation on behalf of the company for a net cost of $1,294.

Non-controlling interests

At September 30, 2026 and December 31, 2025, the company held 43.6% out of its 74.0% equity interest in BIAL through Anchorage. As a result, the company's fully-diluted equity interest in BIAL was 69.0%.

Net earnings attributable to non-controlling interests of $180 and $11,765 during the third quarter and first nine months of 2026 (2025 - $12,593 and $12,796) principally related to net unrealized gains on Anchorage's investment in BIAL based on OMERS' present economic interest.

Dividends paid to non-controlling interests of $465 related to dividends distributed by Anchorage during the third quarter and first nine months of 2026 (2025 - nil).

The company shall use commercially reasonable efforts to list Anchorage by way of an IPO in India, subject to regulatory approvals and market conditions by the IPO long-stop date. During the third quarter of 2026, the company and OMERS agreed to further extend the IPO long-stop date by one year to September 16, 2027. If the valuation of Anchorage upon closing of the IPO is below approximately $1.0 billion (at period end exchange rates) (91.6 billion Indian rupees), then OMERS' ownership in Anchorage will increase to a maximum of 15.0% and the company's ownership in Anchorage will decrease to a minimum of 85.0% (fully-diluted equity interest in BIAL will decrease from 69.0% at September 30, 2026 to a minimum of 67.5%). If Anchorage does not list by way of an IPO in India by the IPO long-stop date, then OMERS' ownership in Anchorage will remain at its fully-diluted equity interest of 11.5%. The net assets of Anchorage at September 30, 2026 were $1,232,013 (118.1 billion Indian rupees).

9. Income Taxes

The company's provision for (recovery of) income taxes for the three and nine months ended September 30 were comprised as follows:

	Third quarter		First nine months	
	2026	2025	2026	2025
Current income tax:				
Current year expense	391	656	2,522	1,452
Adjustment to prior years' income taxes	—	2	10	(270)
	391	658	2,532	1,182
Deferred income tax:				
Origination and reversal of temporary differences	(1,240)	12,675	2,090	26,137
Provision for (recovery of) income taxes	(849)	13,333	4,622	27,319

The company recorded a recovery of deferred income taxes of $1,240 and a provision for deferred income taxes of $2,090 in the third quarter and first nine months of 2026 (2025 - provision of $12,675 and $26,137) primarily attributable to net change in unrealized gains and losses on the company's investments in equity shares acquired or spun out subsequent to April 1, 2017.

Reconciliation of the provision for (recovery of) income taxes calculated at the Canadian statutory income tax rate to the provision for (recovery of) income taxes at the effective tax rate for the three and nine months ended September 30 are presented in the following table:

	Third quarter		First nine months	
	2026	2025	2026	2025
Canadian statutory income tax rate	26.5 %	26.5 %	26.5 %	26.5 %
Provision for (recovery of) income taxes at the Canadian statutory income tax rate	9,784	7,724	(23,562)	29,210
Tax rate differential on income and losses outside of Canada	(14,608)	(2,077)	(17,967)	(20,733)
Provision (recovery) relating to prior years	—	2	10	(270)
Increase in unrecorded tax benefit of losses and temporary differences	6,439	5,799	41,971	20,184
Foreign exchange effect	(202)	1,654	2,307	(1,672)
Other including permanent differences	(2,262)	231	1,863	600
Provision for (recovery of) income taxes	(849)	13,333	4,622	27,319

The tax rate differential on income and losses outside of Canada of $14,608 and $17,967 in the third quarter and first nine months of 2026 (2025 - $2,077 and $20,733) principally reflected the impact of net investment gains and losses taxed at lower rates in India and Mauritius compared to the Canadian statutory income tax rate, as well as the effect of a capital loss benefit arising from the disposition of Sanmar common shares during the period.

At September 30, 2026 deferred tax assets of $171,013 in Canada and $22,691 in India (December 31, 2025 - $140,082 in Canada and $23,180 in India) were not recorded as it was considered not probable that those losses could be utilized by the company.

10. Financial Risk Management

Overview

There were no significant changes to the types of the company's risk exposures or the processes used by the company for managing those risk exposures at September 30, 2026 compared to those identified and disclosed in the company's annual consolidated financial statements for the year ended December 31, 2025, except as described below.

Middle East Conflict

On February 28, 2026 a military conflict erupted between the U.S., 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, and trade disputes or trade barriers. The company evaluated the effects, or possible effects, on the company and its Indian Investments arising from the conflict and concluded that there are no significant impacts to operations at this time. Given ongoing global economic uncertainties, evolving market conditions may affect the company's business, financial condition and results of operations.

U.S. Tariffs

The imposition of tariffs by the U.S. and retaliatory measures by other governments may cause multifaceted effects on the economy, and may adversely impact the company and its Indian Investments' operations by causing supply chain disruptions, economic downturn, inflationary pressures, and uncertainty in the capital markets. While the management teams of the company's Indian Investments are taking steps to mitigate any potential negative impact on their respective businesses, given that the 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.

Market Risk

Market risk, comprised of foreign currency risk, interest rate risk and other price risk, is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument or another asset or liability will fluctuate due to changes in foreign exchange rates and produce an adverse effect on net earnings and equity when measured in Indian rupees, the company's functional currency. There were no significant changes to the company's framework used to monitor, evaluate and manage foreign currency risk at September 30, 2026 compared to December 31, 2025.

Interest Rate Risk

Interest rate risk is the risk that the fair values 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 September 30, 2026 compared to December 31, 2025.

The company's exposure to interest rate risk decreased in the first nine months of 2026, principally reflecting sales of Government of India bonds to fund the 5paisa Rights Offer and other operating requirements. The table that follows displays the potential impact of changes in interest rates on the company's fixed income portfolio based on parallel 200 basis point shifts up and down, in 100 basis point increments, which the company believes to be reasonably possible in the current economic environment. This analysis was performed on each individual security, with the hypothetical effect on net earnings.

	September 30, 2026			December 31, 2025		
	Fair value of fixed income portfolio	Hypothetical $ change effect on net earnings [1]	Hypothetical % change in fair value	Fair value of fixed income portfolio	Hypothetical $ change effect on net earnings [1]	Hypothetical % change in fair value
Change in interest rates						
200 basis point increase	23,285	(639)	(3.1)%	61,964	(2,214)	(4.4)%
100 basis point increase	23,657	(323)	(1.6)%	63,366	(1,124)	(2.2)%
No change	24,039	—	—	64,810	—	—
100 basis point decrease	24,431	332	1.6 %	66,303	1,162	2.3 %
200 basis point decrease	24,834	673	3.3 %	67,841	2,359	4.7 %

(1) For the purpose of this sensitivity analysis, the hypothetical $ change effect on net earnings includes an income tax impact that is calculated using the company's marginal tax rate. Actual income tax expense (recovery) may differ significantly when earnings (losses) are realized.

Certain shortcomings are inherent in the method of analysis presented above. Computations of the prospective effects of hypothetical interest rate changes are based on numerous assumptions, including the maintenance of the level and composition of fixed income securities at the indicated date, and should not be relied on as indicative of future results. Actual values may differ from the projections presented should market conditions vary from assumptions used in the calculation of the fair value of individual securities; such variations include non-parallel shifts in the term structure of interest rates and a change in individual issuer credit spreads.

Market Price Fluctuations

Market price fluctuation is the risk that the fair value or future cash flows of an equity investment will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual investment or its issuer, or other factors affecting all similar investments in the market.

The company's exposure to common stock market price fluctuations decreased to $3,660,163 at September 30, 2026 from $3,972,524 at December 31, 2025. Refer to note 6 for the potential impact on net earnings of various combinations of changes in significant unobservable inputs in the company's internal valuation models for the company's investments classified as Level 3 in the fair value hierarchy.

The company is also exposed to market price risk through the IIFL Capital forward derivative obligation which had a fair value of $5,865 at September 30, 2026 (December 31, 2025 - nil).

The company estimates the potential impact on net earnings from a 20% increase or decrease in the fair value of its Public Indian Investments (including the IIFL Capital forward derivative) at September 30, 2026 to be a hypothetical increase or decrease in net earnings of $240,330 (December 31, 2025 - increase or decrease in net earnings of $211,681). For the purpose of this sensitivity analysis, the hypothetical $ change effect on net earnings includes an income tax impact that is calculated using the company's marginal tax rate. Actual income tax expense (recovery) may differ significantly when earnings (losses) are realized.

Credit Risk

Credit risk is the risk of loss resulting from the failure of a counterparty to honour its financial obligations to the company, and arises predominantly from cash and cash equivalents and investments in debt instruments. There were no significant changes to the company's exposure to credit risk (except as set out in the discussion which follows) or the framework used to monitor, evaluate and manage credit risk at September 30, 2026 compared to December 31, 2025.

Cash and Cash Equivalents

At September 30, 2026 the company's cash and cash equivalents of $52,337 (December 31, 2025 - $8,112) was comprised of government treasury bills and cash primarily held in major financial institutions.

Investments in Debt Instruments

At September 30, 2026 the company's debt instruments were all considered to be subject to credit risk with a fair value of $24,039 (December 31, 2025 - $64,810), representing 0.6% (December 31, 2025 - 1.6%) of the total cash and investments portfolio (net of derivative obligation).

The composition of the company's fixed income portfolio is presented in the table below:

	September 30, 2026		December 31, 2025	
	Fair value	Rating	Fair value	Rating
Government of India bonds [(1)]	3,168	Baa3/BBB	42,558	Baa3/BBB
Other Indian Fixed Income	20,871	Not rated	22,252	Not rated
Total bonds	24,039		64,810	

(1) Rated Baa3 by Moody's and BBB by S&P at September 30, 2026 and December 31, 2025.

The company's exposure to credit risk from its investments in fixed income securities decreased at September 30, 2026 compared to December 31, 2025, principally reflecting sales of Government of India bonds to fund the 5paisa Rights Offer and other operating requirements. Except as described above, there were no other significant changes to the composition of the company's fixed income portfolio classified according to each security's respective issuer credit rating at September 30, 2026 compared to December 31, 2025.

Liquidity Risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. There were no significant changes to the company's exposure to liquidity risk (except as set out in the discussion below) or the framework used to monitor, evaluate and manage liquidity risk at September 30, 2026 compared to December 31, 2025.

The company's known significant commitments over the next twelve months are principally comprised of the Additional IIFL Capital Investment, repayment of borrowings drawn under the Revolving Credit Facility, investment and advisory fees, interest expense, purchases of subordinate voting shares for cancellation under the company's automatic share purchase plan, and general and administration expenses. In addition, under the Investment Advisory Agreement (defined in note 11), if a performance fee is payable for the fourth calculation period ending on December 31, 2026, the performance fee will be payable in cash, or at Fairfax's option, in subordinate voting shares.

At September 30, 2026 the company's payment obligations due beyond one year primarily relate to the recurring nature of expenses described above, and a principal repayment on the Unsecured Senior Notes due in February 2028, which bear interest at a fixed rate of 5.0% per annum, payable in semi-annual installments.

At September 30, 2026, in addition to cash and cash equivalents of $52,337, the company held common shares of Public Indian Investments which carry no selling restrictions with a fair value of $675,763 and Government of India bonds with a fair value of $3,168. The company expects to continue to receive investment income on its holdings of fixed income securities and dividends from

its equity investments to supplement its cash and cash equivalents. The company also has the ability to sell a portion of its Indian Investments to supplement its liquidity requirements, by way of private placements or in public markets for its Public Indian Investments, or through private sales or IPOs for its Private Indian Investments. To further augment its liquidity, the company can draw upon its Revolving Credit Facility. Accordingly, the company has adequate working capital to support its ongoing operations.

Subsequent to September 30, 2026

On November 3, 2026, the company amended the Revolving Credit Facility to, among other things, temporarily increase its borrowing capacity by $250,000 for a period of 60 days, providing additional liquidity to support the Additional IIFL Capital Investment.

The company also expects to participate alongside Fairfax in connection with the proposed investment in IDBI Bank announced on October 14, 2026 (described in note 5), including the proposed contribution of its equity interest in IIFL Capital, subject to the execution of definitive transaction agreements and the satisfaction of applicable regulatory and other approvals and closing conditions.

Concentration Risk

The company's cash and investments are primarily concentrated in India and in Indian businesses or businesses with customers, suppliers or business primarily conducted in, or dependent on, India. The market value of the company's investments, the income generated by the company and the company's performance will be particularly sensitive to changes in the economic condition, interest rates, and regulatory environment in India. Adverse changes to the economic condition, interest rates or regulatory environment in India may have a material adverse effect on the company's business, cash flows, financial condition and net earnings. At September 30, 2026 and December 31, 2025 the company's total cash and investments composition by the issuer's country of domicile was primarily India, and at September 30, 2026 represented 99.8% (December 31, 2025 - 99.9%) of the total cash and investments portfolio (net of derivative obligation).

The company's holdings of Public and Private Indian Investments (see note 5) at September 30, 2026 and December 31, 2025 are summarized by the issuer's primary industry sector in the table below:

	September 30, 2026	December 31, 2025
Infrastructure	2,187,548	2,187,387
Financial services	929,721	1,169,086
Commercial and industrial	361,673	475,924
Ports and shipping	196,227	162,379
	3,675,169	3,994,776

The company's investment limit for an Indian Investment in accordance with the Investment Concentration Restriction (as defined in the company's annual consolidated financial statements for the year ended December 31, 2025) decreased at September 30, 2026 from December 31, 2025 based on the change in its asset base. Indian Investments may be financed through equity or debt offerings as part of the company's objective to reduce its cost of capital and provide returns to common shareholders. At September 30, 2026 the company determined that it was in compliance with the Investment Concentration Restriction.

Capital Management

The company's objectives when managing capital are to protect its lenders, to safeguard its ability to continue as a going concern, and to maintain an optimal capital structure to reduce the cost of capital in order to optimize returns for common shareholders. The company will seek attractive risk-adjusted returns, but will at all times seek downside protection and attempt to minimize the loss of capital. Total capital (comprised of borrowings, common shareholders' equity and non-controlling interests) decreased to $3,517,237 at September 30, 2026 from $3,733,686 at December 31, 2025, principally reflecting a decrease in common shareholders' equity, partially offset by an increase in borrowings (described further in note 7).

Common shareholders' equity decreased to $2,784,863 at September 30, 2026 from $3,079,648 at December 31, 2025 primarily reflecting unrealized foreign currency translation losses attributable to shareholders of $189,112, a net loss attributable to shareholders of $105,300, and purchases of subordinate voting shares for cancellation of $579 during the first nine months of 2026.

Non-controlling interests increased to $156,613 at September 30, 2026 from $155,168 at December 31, 2025, primarily reflecting net earnings attributable to non-controlling interests of $11,765 principally arising from net unrealized gains on the company’s investment in BIAL held through Anchorage, partially offset by unrealized foreign currency translation losses attributable to non-controlling interests of $9,855 and the distribution of dividends to non-controlling interests of $465 during the first nine months of 2026.

11. Related Party Transactions

Payable to Related Parties

The company's payable to related parties (excluding amounts related to Unsecured Senior Notes discussed below) was comprised as follows:

	September 30, 2026	December 31, 2025
Investment and advisory fees	10,469	10,960
	10,469	10,960

Investment Advisory Agreement

The company and its subsidiaries have entered into an agreement with Fairfax and the Portfolio Advisor to provide administration and investment advisory services to the company and its subsidiaries (the "Investment Advisory Agreement"). As compensation for the provision of these services, the company and its subsidiaries pay an investment and advisory fee, and if applicable, a performance fee. Such fees are determined with reference to the company's common shareholders' equity.

Performance Fee

The period from January 1, 2024 to December 31, 2026 (the "fourth calculation period") is the next consecutive three-year period for which a performance fee, if applicable, will be accrued. Under the Investment Advisory Agreement, if a performance fee is payable for the fourth calculation period ending on December 31, 2026, the performance fee will be payable in cash, or at Fairfax's option, in subordinate voting shares. The number of subordinate voting shares to be issued will be calculated based on the volume-weighted average trading price of the company's subordinate voting shares for the 10 trading days prior to and including the last day of the calculation period.

At September 30, 2026 and December 31, 2025 the company determined that no performance fee accrual was required related to the fourth calculation period. Accordingly, no performance fee was recorded in the consolidated statements of earnings (loss) in the third quarter and first nine months of 2026 (2025 - nil both periods).

Investment and Advisory Fees

The investment and advisory fees recorded in the consolidated statements of earnings (loss) for the third quarter and first nine months of 2026 were $10,593 and $31,794 (2025 - $10,655 and $30,697).

Unsecured Senior Notes

Fairfax, through its subsidiaries, holds $58,400 of the Unsecured Senior Notes under the same terms as the other participants. Amounts due to related parties related to the Unsecured Senior Notes were comprised as follows:

	September 30, 2026	December 31, 2025
Principal portion, presented within borrowings on the consolidated balance sheet	58,400	58,400
Interest portion, presented within accrued interest expense on the consolidated balance sheet	276	1,006
	58,676	59,406

Interest expense recorded in the consolidated statements of earnings (loss) for the third quarter and first nine months of 2026 included $730 and $2,190 related to amounts due to related parties (2025 - $730 and $2,190). Refer to note 7 for further details on the Unsecured Senior Notes.

Fairfax's Voting Rights and Equity Interest

At September 30, 2026 and December 31, 2025 Fairfax, through its subsidiaries, owned 30,000,000 multiple voting shares and owned and/or exercised control or direction over 28,504,470 subordinate voting shares of Fairfax India. At September 30, 2026 Fairfax's aggregate ownership, control and/or direction of the subordinate voting shares and multiple voting shares represented a 95.3% voting interest and a 43.6% equity interest (December 31, 2025 - 95.3% and 43.6%) in Fairfax India.

12. General and Administration Expenses

General and administration expenses for the three and nine months ended September 30 were comprised as follows:

	Third quarter		First nine months	
	2026	**2025**	**2026**	**2025**
Audit, legal, tax, and professional fees	142	654	1,501	1,429
Salaries and employee benefit expenses	265	238	1,262	1,261
Administrative expenses	415	396	1,390	1,258
Other [(1)]	207	155	2,026	506
	1,029	1,443	6,179	4,454

(1) Other expenses increased in the first nine months of 2026 primarily due to bank guarantee fees and other regulatory filing fees incurred in connection with the Additional IIFL Capital Investment.

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	30
Business Developments	30
Overview	30
Book Value per Share	30
Capital Transactions	30
Summary of Indian Investments	31
Operating Environment	32
Business Objectives	33
Investment Objective	33
Investment Restrictions	33
Indian Investments	33
Public Indian Investments	34
Private Indian Investments	40
Results of Operations	47
Consolidated Balance Sheet Summary	48
Financial Risk Management	49
Capital Resources and Management	49
Liquidity	49
Contractual Obligations	50
Other	50
Quarterly Data	50
Forward-Looking Statements	51
Glossary of Non-GAAP and Other Financial Measures	52

Management's Discussion and Analysis of Financial Condition and Results of Operations
(as of November 3, 2026)
(Figures and amounts are in US$ and $ thousands except share and per share amounts and as otherwise indicated. Figures may not add due to rounding.)

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 notes to the interim consolidated financial statements for the three and nine months ended September 30, 2026 and the company's 2025 Annual Report.

(2) Unless otherwise noted, consolidated financial information of the company within this MD&A is derived from the consolidated financial statements of the company 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*, and is presented in U.S. dollars with the Indian rupee as the functional currency of the company and its consolidated subsidiaries.

(3) Management analyzes and assesses the financial position of the consolidated company in various ways. Certain of the measures included 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 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 located at the end of this MD&A for details of the company's measures.

Business Developments

Overview

Fairfax India Holdings Corporation's ("the company" or "Fairfax India") subordinate voting shares trade on the Toronto Stock Exchange ("TSX") under the symbol FIH.U. The multiple voting shares of the company are not publicly traded. Fairfax Financial Holdings Limited ("Fairfax") is Fairfax India's ultimate parent and acts as its administrator. Fairfax is a holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and the associated investment management. Hamblin Watsa Investment Counsel Ltd. (the "Portfolio Advisor"), a wholly-owned subsidiary of Fairfax and registered portfolio manager in the province of Ontario, is the portfolio advisor of the company and its consolidated subsidiaries, responsible to source and advise with respect to all investments.

Book Value per Share

Common shareholders' equity at September 30, 2026 was $2,784,863 (December 31, 2025 - $3,079,648). The book value per share at September 30, 2026 was $20.75 compared to $22.94 at December 31, 2025, representing a decrease in the first nine months of 2026 of 9.5%, principally reflecting unrealized foreign currency translation losses attributable to shareholders of $189,112 and a net loss attributable to shareholders of $105,300.

	September 30, 2026	December 31, 2025
Common shareholders' equity	2,784,863	3,079,648
Number of common shares effectively outstanding	134,184,904	134,218,804
Book value per share	$20.75	$22.94

Capital Transactions

During the third quarter of 2026, the company drew $76,500 under its unsecured revolving credit facility ("Revolving Credit Facility") to fund the final installment payment related to the Additional BIAL Investment (described further in the Indian Investments section of this MD&A). Following a scheduled step-down in commitment to $220,000 on October 1, 2026, the remaining capacity of the Revolving Credit Facility was $143,500.

During the first nine months of 2026, the company purchased for cancellation 33,900 subordinate voting shares under its normal course issuer bid program for a net cost of $579, of which $222 was charged to retained earnings.

For further details refer to note 7 (Borrowings) and note 8 (Total Equity) to the interim consolidated financial statements for the three and nine months ended September 30, 2026.

Subsequent to September 30, 2026

On November 3, 2026, the company amended the Revolving Credit Facility to, among other things, temporarily increase its borrowing capacity by $250,000 for a period of 60 days, resulting in a total commitment of $470,000. The company also drew $188,500 to assist with funding the Additional IIFL Capital Investment, resulting in a remaining capacity of $205,000. The aggregate consideration for the Additional IIFL Capital Investment is estimated at approximately $411 million at period end exchange rates.

Subsequent to September 30, 2026, in accordance with an automatic share purchase plan under the terms of the normal course issuer bid, 74,760 subordinate voting shares were purchased for cancellation on behalf of the company for a net cost of $1,294.

Summary of Indian Investments

Throughout this MD&A, the term "Indian Investments" refers to deployed capital invested in Public and Private Indian Investments as disclosed in note 5 (Indian Investments) to the interim consolidated financial statements for the three and nine months ended September 30, 2026. Detailed descriptions of the Indian Investments committed to, acquired and sold in the first nine months of 2026 are provided in the Indian Investments section of this MD&A.

Track Record

The table below provides a summary of the company's existing and monetized Indian Investments, including their compounded annualized return in U.S. dollars since the company's inception:

		September 30, 2026						
Existing Indian Investments:	**Initial investment date**	**Ownership %**	**Cash consideration [1]**	**Fair value**	**Net change**	**Cumulative interest and dividends [2]**	**Compounded annualized return [3]**	
Public Indian Investments:								
Common stocks:								
IIFL Finance [4]	December 2015	13.6 %	90,290	364,487	274,197	19,201	17.8 %	*
IIFL Capital [4]	December 2015	26.8 %	51,055	304,728	253,673	22,699	20.3 %	*
5paisa [4]	December 2015	24.5 %	28,923	36,403	7,480	—	4.6 %	*
Fairchem Organics [5]	February 2016	57.2 %	34,203	50,746	16,543	3,427	6.4 %	
CSB Bank	October 2018	40.0 %	136,348	224,127	87,779	—	6.8 %	
IIFL Capital forward derivative [4]	N/A	—	—	(5,865)	(5,865)	—	N/A	*
			340,819	974,626	633,807	45,327	14.4 %	
Private Indian Investments:								
Common stocks:								
NCML	August 2015	91.0 %	188,288	40,292	(147,996)	823	(13.7)%	
BIAL	March 2017	74.0 %	1,157,982	2,187,548	1,029,566	12,329	9.9 %	
IH Fund [6]	January 2019	—	9,872	5,841	(4,031)	6,273	2.4 %	
Seven Islands	March 2019	48.5 %	83,846	196,227	112,381	70,355	17.8 %	
Maxop	November 2021	67.0 %	51,448	106,705	55,257	—	17.5 %	
Jaynix	February 2022	70.0 %	32,504	55,717	23,213	15,553	18.9 %	
Global Aluminium	October 2024	65.0 %	82,729	87,342	4,613	—	2.8 %	
Other Indian Fixed Income	November 2023	—	24,013	20,871	(3,142)	687	(3.7)%	
			1,630,682	2,700,543	1,069,861	106,020	8.2 %	
Total existing Indian Investments			1,971,501	3,675,169	1,703,668	151,347	9.7 %	

Monetized Indian Investments:	Initial investment date	Last sale date	Cash consideration [1]	Cash proceeds [1]	Cash proceeds less cash consideration	Cumulative interest and dividends [2]	Compounded annualized return [3]
Partially monetized [7]:							
IIFL Finance [4]	December 2015	July 2026	46,539	216,415	169,876	9,802	23.3 % *
CSB Bank	October 2018	June 2024	33,144	71,298	38,154	—	15.5 %
Fairchem Organics [5]	February 2016	February 2022	7,787	45,585	37,798	86	49.7 %
			87,470	333,298	245,828	9,888	24.2 %
Fully monetized:							
Sanmar [8]	April 2016	April 2026	516,112	460,637	(55,475)	—	(5.1)%
Saurashtra	February 2017	November 2025	30,018	74,623	44,605	16,581	14.2 %
Other Indian Fixed Income	November 2021	February 2025	7,395	7,547	152	1,077	5.1 %
Other Public Indian Investments	March 2018	July 2024	182,148	286,033	103,885	9,326	27.7 %
NSE	July 2016	April 2024	26,783	188,948	162,165	15,048	32.8 %
360 ONE [4]	December 2015	May 2023	107,044	243,465	136,421	40,492	16.7 % *
Privi Speciality [5]	August 2016	April 2021	54,975	164,895	109,920	1,985	27.1 %
			924,475	1,426,148	501,673	84,509	13.3 %
Total monetized Indian Investments			1,011,945	1,759,446	747,501	94,397	15.1 %
** Aggregate: IIFL Finance, IIFL Capital, IIFL Capital forward derivative, 5paisa and 360 ONE*							*18.6 %*

(1) Cash consideration and cash proceeds reflect U.S. dollar amounts translated from Indian rupees at foreign currency exchange rates at time of purchase or sale.

(2) Cumulative interest and dividends is comprised of interest and dividend income recorded and received over the period of the company's investment.

(3) Compounded annualized return reflects the U.S. dollar annualized internal rate of return calculated for each of the company's existing and monetized Indian Investments, taking into account (i) the timing of cash flows (including cash consideration of purchases, cash proceeds on sales, cumulative interest and dividends received, and return of capital distributions) over the period of the company's investment, and (ii) the fair value at the end of the reporting period for existing Indian Investments.

(4) In December 2015 and February 2017 the company acquired common shares of IIFL Holdings Limited ("IIFL Holdings") for aggregate cash consideration of $276,734. In October 2017 IIFL Holdings spun off its wholly-owned subsidiary, 5paisa, and in May 2019, also spun off its wholly-owned subsidiaries IIFL Capital and 360 ONE WAM Limited ("360 ONE"), and renamed the remaining business to IIFL Finance. As a result, the initial cash consideration of $276,734 paid for IIFL Holdings and cumulative interest and dividends have been allocated to each of the spun-off entities based on their respective fair values at the dates of spin off. Cash consideration also includes cash paid for purchases subsequent to spin offs. Compounded annualized return for IIFL Capital incorporates the impact of the IIFL Capital forward derivative.

(5) Cash consideration for Fairchem Organics and Privi Speciality Chemicals Limited ("Privi Speciality") reflects the company's initial cash consideration for Fairchem Speciality Limited and Privi Organics Limited, respectively, prior to their merger in 2017 and demerger in 2020. Cash consideration for Fairchem Organics also includes cash paid for purchases subsequent to the demerger.

(6) Cash consideration for IH Fund reflects the company's initial cash consideration less return of capital distributions received in cash.

(7) On partially monetized investments, cash consideration and cumulative interest and dividends reflect amounts proportionate to shares sold.

(8) Comprised of Sanmar common stock (sold in April 2026) and Sanmar bonds (matured in December 2019). Cash proceeds for Sanmar bonds reflect the bonds' total principal and interest.

Operating Environment

Global Economic Environment

According to the World Economic Outlook (October 2026) published by the International Monetary Fund ("IMF"), global growth is projected at 3.1% for 2026 and 3.4% in 2027 (2026 revised upward from 3.0% since the July 2026 update). Global economic activity has remained resilient despite ongoing conflict in the Middle East and persistent trade-related strains, supported by supply-side adjustments in energy markets and continued investment in artificial intelligence ("AI"), which has helped sustain growth and global trade. However, resilience has been uneven across economies, with low-income economies particularly vulnerable to rising food prices and the benefits of technology-related investment concentrated among a relatively small number of firms and advanced economies, contributing to increased economic divergence.

Global headline inflation is projected to increase in 2026, primarily driven by higher energy and food prices. Overall, the balance of risks remains tilted to the downside, as a prolonged stalemate or further escalation in the Middle East could keep energy and food prices elevated and volatile, renew inflationary pressures, weaken fiscal balances, and weigh on economic growth. Moreover, a reassessment of AI-related prospects could trigger equity market corrections. Upside risks stem from a more rapid normalization in energy markets, stronger outcomes from technology investment, and an easing of geopolitical and trade tensions.

Indian Economy

According to latest estimates from the Reserve Bank of India ("RBI"), India's GDP growth is projected at 7.1% for fiscal year 2027. While elevated energy prices, supply pressures and unfavourable weather conditions continue to pose risks to the economic outlook, their impact is expected to be mitigated by diversified supply sources and proactive policy interventions by the government. Continued momentum in services and broadly stable employment conditions are likely to support urban demand, while strong capacity

utilization, robust credit growth and continued government spending on infrastructure should sustain investment activity. Resilient services exports and bilateral trade agreements are also expected to support export growth. In the October 2026 World Economic Outlook, the IMF estimated India's GDP growth to be 7.0% for fiscal year 2027, reflecting resilient domestic demand and robust services activity, despite elevated oil prices.

The RBI increased its benchmark rate by 25 basis points to 5.50% and shifted its monetary policy stance from 'neutral' to 'calibrated tightening' during its latest monetary policy meeting in October 2026, principally reflecting a less favourable inflation outlook amid continued geopolitical uncertainty and elevated energy and food prices.

Indian Market Indices and Foreign Exchange Rate

Global equity markets recorded modest gains during the third quarter of 2026 supported by robust corporate earnings, partially offset by heightened geopolitical tensions, contributing to higher energy prices and renewed inflation concerns. Emerging markets generally underperformed developed markets, although performance varied widely across countries based on their exposure to geopolitical developments, elevated energy prices and tighter global financial conditions.

The U.S. dollar S&P BSE Sensex decreased by 20.3% in the first nine months of 2026 as higher crude oil prices, rising global bond yields, and prolonged geopolitical tensions weighed on Indian markets. Foreign investor outflows also weighed on Indian markets, although strong domestic institutional investment provided a partial offset. The Indian rupee weakened against the U.S. dollar, as reflected by depreciation of 6.2% in the first nine months of 2026.

The fair values of the company's publicly traded Indian Investments experienced elevated volatility in the first nine months of 2026. In line with the depreciation of the Indian rupee in the first nine months of 2026, the company recorded unrealized foreign currency translation losses as the company's net assets and net earnings are primarily denominated in Indian rupees.

The company's Indian Investments face varying degrees of impact in response to changes in the global economic environment. Further discussion specific to each Indian Investment, including potential impacts related to U.S. tariffs and the conflict in the Middle East, are included in the Indian Investments section under the respective heading of each Indian Investment of this MD&A.

Business Objectives

Investment Objective

Fairfax India is an investment holding company whose objective is to achieve long term capital appreciation, while preserving capital, by investing in public and private equity securities and debt instruments in India and Indian businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, India ("Indian Investments"). The company makes all or substantially all of its investments either directly or through one of its wholly-owned consolidated subsidiaries based in Mauritius, FIH Mauritius Investments Ltd ("FIH Mauritius") and FIH Private Investments Ltd ("FIH Private"). In 2019 the company formed Anchorage, a consolidated subsidiary of FIH Mauritius based in India.

Investment Restrictions

There have been no changes in the first nine months of 2026 to the company's investment restrictions. At September 30, 2026 the company determined that it was in compliance with the Investment Concentration Restriction as defined in the company's 2025 Annual Report.

Indian Investments

Cautionary Statement Regarding Financial Information of Significant Indian Investments

Fairfax India has agreed to voluntarily provide within the MD&A, summarized financial information prepared in accordance with recognition, measurement and presentation principles consistent with IFRS Accounting Standards for Indian Investments for which it had previously filed a business acquisition report in accordance with section 8.2 of National Instrument 51-102 *Continuous Disclosure Obligations*. IIFL Finance Limited, IIFL Capital Services Limited, Bangalore International Airport Limited and CSB Bank Limited (collectively, "Significant Indian Investments"), prepare their financial statements in accordance with Indian Accounting Standards ("Ind AS"), with the exception of the financial statements of CSB Bank, which are prepared in accordance with Indian Generally Accepted Accounting Principles ("Indian GAAP") as a result of the RBI's decision to defer implementation of Ind AS for scheduled commercial banks until further notice. Ind AS are based on and substantially converged with IFRS Accounting Standards. Fairfax India is limited with respect to the amount of independent verification it is able to perform on the Significant Indian Investments' financial statements. The summarized financial information contained in this MD&A was prepared exclusively for Fairfax India. Such financial information is the responsibility of the respective management teams and has been prepared by them using recognition, measurement and presentation principles consistent with IFRS Accounting Standards, and provided to the company in Indian rupees.

The company's Significant Indian Investments' fiscal years each end on March 31. Summarized financial information of the company's Significant Indian Investments has generally been provided for the periods subsequent to the company's investment and to the extent that the most recent interim financial information is available to the company's management. Significant Indian Investments' summarized financial information should be read in conjunction with Fairfax India's historical consolidated financial statements including the notes thereto and the related MD&A as well as Fairfax India's other public filings.

Fairfax India has no knowledge that would indicate that the Significant Indian Investments' summarized financial information contained herein requires material modifications. However, readers are cautioned that the Significant Indian Investments' summarized financial information contained in this MD&A may not be appropriate for their purposes.

Public Indian Investments

The fair values of Fairfax India's Public Indian Investments, with shares listed on both the BSE and the National Stock Exchange of India ("NSE of India"), are determined using the bid prices of those investments (without adjustments or discounts) at the balance sheet date.

The changes in fair value of the company's Public Indian Investments for the third quarters and first nine months of 2026 and 2025 are presented in the tables disclosed in note 5 (Indian Investments) to the interim consolidated financial statements.

Investment in IIFL Finance Limited

Business Overview

IIFL Finance Limited ("IIFL Finance") is a publicly traded retail-focused non-bank financial company ("NBFC") located in Mumbai, India that offers diversified loan products, including home loans, gold loans, micro, small and medium enterprise loans and microfinance loans, in addition to its non-core segments of loans for construction and real estate finance, and capital market finance.

Key Business Drivers, Events and Risks

IIFL Finance's key business drivers include its access to well-diversified sources of funds, a diversified asset portfolio, and its extensive network of physical branches and various digital channels, which enable it to deliver credit to underserved segments and underpenetrated geographical areas in India. At September 30, 2026 IIFL Finance had over 5,000 branches across India, making it one of the largest retail focused non-banking financial companies.

The NBFC sector continues to benefit from strong credit demand in India, while regulatory oversight remains focused on asset quality, risk management, and sustainable growth. Against this backdrop, IIFL Finance's strategy is aimed at sustaining resilient, capital-efficient growth, with a focus on secured lending, expanding into underserved markets, and deepening co-lending and other strategic partnerships with banks and fintech institutions. This strategy is underpinned by IIFL Finance's extensive distribution network, a technology-driven operating model, and a strong risk and compliance framework incorporating multi-layered monitoring and robust controls.

At September 30, 2026 IIFL Finance had assets under management ("AUM") of approximately $13.0 billion (1,243 billion Indian rupees) (December 31, 2025 - $10.9 billion (983 billion Indian rupees)), comprised of gold loans (53%), home loans (27%), micro, small and medium enterprise loans (10%), and microfinance (8%), with the remainder relating to non-core and discontinued segments. Consistent with its strategy of maintaining a resilient, capital-efficient portfolio, IIFL Finance continues to optimize and rebalance its portfolio toward secured lending, and scaling back exposure to higher-risk segments. IIFL Finance's asset portfolio is also predominantly retail in nature with small loan ticket sizes, mitigating the risk of asset concentration and reducing exposure to cyclical movements.

Valuation and Interim Consolidated Financial Statement Impact

On July 30, 2026 the company sold 6,339,355 common shares of IIFL Finance for gross proceeds of $39,091 (3.7 billion Indian rupees), resulting in realized gains of $36,261.

At September 30, 2026 the fair value of the company's investment in IIFL Finance was $364,487 (December 31, 2025 - $438,146) comprised of 58,213,166 common shares representing a 13.6% equity interest (December 31, 2025 - 64,552,521 common shares representing a 15.2% equity interest). IIFL Finance's share price decreased by 1.6% from 610.05 Indian rupees per share at December 31, 2025 to 600.00 Indian rupees per share at September 30, 2026.

In the third quarter and first nine months of 2026 the consolidated statements of earnings (loss) included dividend income earned from the company's investment in IIFL Finance of nil and $2,820 (2025 - nil both periods).

IIFL Finance's Summarized Financial Information

IIFL Finance's fiscal year ends on March 31. Summarized below are IIFL Finance's balance sheets at June 30, 2026 and March 31, 2026.

Balance Sheets
(unaudited - US$ thousands)

	June 30, 2026[(1)]	March 31, 2026[(1)]
Financial assets	9,517,288	9,121,735
Non-financial assets	291,955	267,851
Financial liabilities	8,011,199	7,689,486
Non-financial liabilities	68,909	53,363
Total equity	1,729,135	1,646,737

(1) The net assets of IIFL Finance were translated at June 30, 2026 at $1 U.S. dollar = 94.66 Indian rupees and at March 31, 2026 at $1 U.S. dollar = 94.85 Indian rupees. The exchange rates used were the spot rates prevailing on those respective dates.

Financial assets increased principally reflecting growth in the loan portfolio, partially offset by lower cash balances. Non-financial assets increased principally due to increased tax assets and other advances. Financial liabilities increased primarily reflecting net proceeds from debt securities, partially offset by lower payables principally related to IIFL Finance's assigned and securitized loan portfolio. Non-financial liabilities increased primarily due to an increase in current tax liabilities.

Summarized below are IIFL Finance's statements of earnings for the three months ended June 30, 2026 and 2025.

Statements of Earnings
(unaudited - US$ thousands)

	Three months ended June 30, 2026[(1)]	Three months ended June 30, 2025[(1)]
Revenue	414,373	345,822
Earnings before income taxes	98,117	41,638
Net earnings	75,347	32,039

(1) Amounts for the three months ended June 30, 2026 and 2025 were translated using the average exchange rates of $1 U.S. dollar = 94.65 Indian rupees and $1 U.S. dollar = 85.57 Indian rupees prevailing during those periods.

Revenue increased primarily as a result of higher interest income driven by AUM growth, partially offset by lower net gains on derecognition of financial instruments. Earnings before income taxes and net earnings increased primarily reflecting higher revenue and lower impairment of financial instruments. This was partially offset by higher finance costs and personnel expenses associated with growth in the lending portfolio and branch network, as well as increased tax expenses consistent with higher pre-tax earnings.

Investment in IIFL Capital Services Limited

Business Overview

IIFL Capital Services Limited ("IIFL Capital") is a publicly traded independent full-service retail and institutional brokerage and investment advisory firm located in Mumbai, India, providing diversified financial services which include broking services, wealth management, financial products distribution, institutional research and investment banking services.

Key Business Drivers, Events and Risks

IIFL Capital is a key player in both retail and institutional segments of the capital market, with a wide distribution network of over 2,600 external wealth managers and over 90 branches across India. IIFL Capital's current growth strategy involves the transformation of its legacy execution-focused platform into a comprehensive wealth management platform with a focus on the affluent segment, while leveraging its market-leading institutional broking and investment banking franchises. As the wealth management business gains momentum, IIFL Capital expects its revenue profile to diversify further and recalibrate towards a higher share of recurring revenue, thereby reducing the risk of market-related volatility. IIFL Capital's significant presence across its investment banking and institutional broking businesses is expected to offer synergies through the wide customer base of diverse investors, shared market intelligence, and strong capabilities in research and execution.

At September 30, 2026 IIFL Capital's non-institutional business segment had AUM of approximately $27.6 billion (2,642 billion Indian rupees) (December 31, 2025 - $29.0 billion (2,606 billion Indian rupees)). IIFL Capital's institutional broking franchise business provides comprehensive research coverage for over 328 stocks in more than 20 sectors, accounting for over 69% of India's

market capitalization. The investment banking business continues to have a strong deal pipeline, completing 48 transactions during the first nine months of 2026.

On May 7, 2026 Fairfax India, through FIH Mauritius, entered into an investment agreement with IIFL Capital and its existing promoters to increase its equity interest in IIFL Capital through a combination of transactions (collectively, "Additional IIFL Capital Investment"). Upon completion of the transactions, Fairfax India's ownership interest, together with an affiliate, is expected to increase to at least 51.0% on a fully-diluted basis ("Target IIFL Capital Shareholding").

The Additional IIFL Capital Investment consists of a preferential issuance of equity shares of IIFL Capital, a related regulatory-mandated open offer ("IIFL Capital Open Offer"), and to the extent the Target IIFL Capital Shareholding is not met, a secondary acquisition of shares from existing promoters. The transactions each have an underlying price of 350.00 Indian rupees per share. The preferential issuance represents a capital infusion of approximately $209 million at period end exchange rates (20 billion Indian rupees) into IIFL Capital and is expected to strengthen its capital base and support growth initiatives.

Valuation and Interim Consolidated Financial Statement Impact

In accordance with Indian regulations, Fairfax India was required to announce an open offer to existing IIFL Capital shareholders for the acquisition of up to 100,144,112 common shares of IIFL Capital. The company was also required to deposit cash of 350.5 million Indian rupees ($3,658 at period end exchange rates) into an escrow account, and obtain a bank guarantee for 4,255.0 million Indian rupees ($44,403 at period end exchange rates) in support of the IIFL Capital Open Offer. The escrow deposit is classified as restricted cash within the consolidated balance sheet.

Subject to the results of the IIFL Capital Open Offer, the aggregate consideration for the Additional IIFL Capital Investment is estimated at approximately $411 million at period end exchange rates (39.3 billion Indian rupees), representing the anticipated share purchase required to achieve the Target IIFL Capital Shareholding. At September 30, 2026 the transaction remained subject to regulatory approvals, completion of the IIFL Capital Open Offer and other customary closing conditions, and is expected to close in stages commencing in the fourth quarter of 2026.

At September 30, 2026 the fair value of the company's investment in IIFL Capital was $304,728 (December 31, 2025 - $341,610) comprised of 84,641,445 common shares representing a 26.8% equity interest (December 31, 2025 - 27.2%). IIFL Capital's share price decreased by 4.9% from 362.75 Indian rupees per share at December 31, 2025 to 345.00 Indian rupees per share at September 30, 2026.

Due to regulatory requirements related to the Additional IIFL Capital Investment, the company's existing investment of 84,641,445 common shares of IIFL Capital is subject to selling restrictions until May 7, 2027. In addition, the company's commitment to acquire additional shares under the investment agreement gave rise to a forward purchase derivative ("IIFL Capital forward derivative"), which was recorded as a derivative obligation with a fair value of $5,865 at September 30, 2026.

In the third quarter and first nine months of 2026 the consolidated statements of earnings (loss) included dividend income earned from the company's investment in IIFL Capital of nil and $2,774 (2025 - nil and $2,932).

Subsequent to September 30, 2026

Subsequent to September 30, 2026 the company received the remaining regulatory approvals related to the Additional IIFL Capital Investment. The tender period for the IIFL Capital Open Offer commenced on November 2, 2026 and is expected to close on November 16, 2026.

On October 14, 2026 it was announced that a wholly-owned subsidiary of Fairfax was selected by the Government of India as the strategic buyer for a 60.72% equity interest in IDBI Bank Limited ("IDBI Bank") pursuant to the Government of India's proposed strategic disinvestment of IDBI Bank. Fairfax proposes to acquire the equity interest in IDBI Bank for approximately $5.6 billion (approximately 528.8 billion Indian rupees), with the purchase price satisfied through a proposed combination of cash on hand or otherwise available to Fairfax through existing credit sources, potential asset sales and the potential contribution, at market prices, of Fairfax's interests in certain investments, including Fairfax India's equity interest in IIFL Capital. Binding definitive agreements in connection with the purchase of the equity stake in IDBI Bank and the proposed contributions have not yet been entered into by any of Fairfax, Fairfax India, IDBI Bank, the Government of India, or any other party. When definitive transaction agreements relating to the proposed purchase and contribution transactions are entered into by the parties, each proposed transaction will be subject to the satisfaction of numerous governmental, regulatory, equityholder, debtholder, and other approvals and consents.

IIFL Capital's Summarized Financial Information

IIFL Capital's fiscal year ends on March 31. Summarized below are IIFL Capital's balance sheets at March 31, 2026 and March 31, 2025.

Balance Sheets
(unaudited - US$ thousands)

	March 31, 2026[1]	March 31, 2025[1]
Financial assets	951,756	866,780
Non-financial assets	55,950	64,027
Financial liabilities	673,996	623,202
Non-financial liabilities	9,924	13,944
Total equity	323,786	293,661

(1) IIFL Capital's balance sheet information is only available on a semi-annual basis at March 31 and September 30. The net assets of IIFL Capital were translated at March 31, 2026 at $1 U.S. dollar = 94.85 Indian rupees and at March 31, 2025 at $1 U.S. dollar = 85.47 Indian rupees. The exchange rates used were the spot rates prevailing on those respective dates.

Financial assets increased principally reflecting an increase in fixed deposits pledged to meet stock exchange margin requirements and higher margin lending receivables. Non-financial assets decreased primarily due to net sales of properties during the year, partially offset by an increase in capital advances and current tax assets. Financial liabilities increased primarily reflecting net proceeds from debt securities and borrowings. Non-financial liabilities decreased primarily due to a decrease in statutory dues and advances from customers.

Summarized below are IIFL Capital's statements of earnings for the three months ended June 30, 2026 and 2025.

Statements of Earnings
(unaudited - US$ thousands)

	Three months ended June 30, 2026[1]	Three months ended June 30, 2025[1]
Revenue	76,211	79,511
Earnings before income taxes	25,282	26,591
Net earnings	19,458	20,512

(1) Amounts for the three months ended June 30, 2026 and 2025 were translated using the average exchange rates of $1 U.S. dollar = 94.65 Indian rupees and $1 U.S. dollar = 85.57 Indian rupees prevailing during those periods.

Revenue, earnings before income taxes, and net earnings in U.S. dollars decreased principally due to the weakening of the Indian rupee relative to the U.S. dollar compared to the prior period. In Indian rupee terms, revenue increased primarily due to higher mark-to-market gains on investments and increased interest income consistent with the growth of the margin trading facility loan book, partially offset by lower financial product distribution income. Earnings before income taxes and net earnings similarly increased in Indian rupees, reflecting higher revenue partially offset by increased finance costs incurred primarily to fund the margin trading facility loan book.

Investment in CSB Bank Limited

Business Overview

CSB Bank Limited ("CSB Bank") is a publicly traded company located in Thrissur, India, established in 1920 and is a full-service bank offering retail banking, non-resident Indian banking services, business lending group ("BLG") and wholesale banking services through 872 branches and 844 automated teller machines across India.

Key Business Drivers, Events and Risks

CSB Bank's key business drivers relate to its ability to provide financial services in India, particularly in the areas of retail, BLG, gold and corporate lending, and to mobilize lower-cost deposits through current accounts, savings accounts and non-resident Indian deposits. CSB Bank's strategy is to transition from a small bank to a mid-sized bank by fiscal year 2030 under its "Sustain, Build and Scale" ("SBS 2030") strategy, which focuses on the following pillars: (i) governance; (ii) human capital; (iii) technology; (iv) customer service; and (v) compliance. As part of SBS 2030, CSB Bank also intends to leverage its universal banking license and expand its non-gold loan portfolio.

During the "Sustain" and "Build" phases, CSB Bank diversified and expanded its product portfolio, maintained its focus on the gold loan segment and transitioned to a new centralized banking system. CSB Bank entered the "Scale" phase during fiscal year 2027, with

a focus on growing its retail business and further enhancing its product suite to cater to diverse customer segments. CSB Bank has continued to implement and operationalize digital banking and technology platforms supporting customer acquisition and onboarding, lending, regulatory compliance and digital banking capabilities, with additional initiatives expected to be implemented during fiscal year 2027.

CSB Bank continues to focus on growing both advances and deposits. At September 30, 2026 CSB Bank reported gross loans and advances of $4.4 billion (424 billion Indian rupees) (December 31, 2025 - $4.1 billion (372 billion Indian rupees)) comprised of gold loans (53%), wholesale loans (28%), BLG loans (11%), and retail loans (8%). Deposits were $4.9 billion (469 billion Indian rupees) (December 31, 2025 - $4.5 billion (405 billion Indian rupees)), of which 19% was comprised of lower-cost current and savings accounts. While gold loans continue to represent the largest component of CSB Bank's loan portfolio, CSB Bank's strategy includes increasing its BLG, wholesale and retail lending activities.

Banks in India are highly regulated by the RBI including specific regulations on shareholder voting rights, shareholdings and board representation. The company is subject to a dilution schedule from the RBI, requiring the company to bring down its shareholding in CSB Bank to 30.0% within 10 years and 26.0% within 15 years of the investment completion date of August 7, 2019.

Valuation and Interim Consolidated Financial Statement Impact

At September 30, 2026 the fair value of the company's investment in CSB Bank was $224,127 (December 31, 2025 - $353,575) comprised of 69,394,331 common shares representing a 40.0% equity interest (December 31, 2025 - 40.0%). CSB Bank's share price decreased by 32.4% from 457.95 Indian rupees per share at December 31, 2025 to 309.50 Indian rupees per share at September 30, 2026.

CSB Bank's Summarized Financial Information

CSB Bank's fiscal year ends on March 31. Summarized below are CSB Bank's balance sheets at June 30, 2026 and March 31, 2026.

Balance Sheets
(unaudited - US$ thousands)

	June 30, 2026[1]	March 31, 2026[1]
Financial assets	6,256,052	6,028,294
Non-financial assets	151,713	163,763
Financial liabilities	5,868,692	5,685,721
Non-financial liabilities	10,027	10,294
Shareholders' equity	529,046	496,042

(1) The net assets of CSB Bank were translated at June 30, 2026 at $1 U.S. dollar = 94.66 Indian rupees and at March 31, 2026 at $1 U.S. dollar = 94.85 Indian rupees. The exchange rates used were the spot rates prevailing on those respective dates.

Financial assets increased primarily due to increased loans and advances to customers. Non-financial assets decreased primarily due to lower deferred and current tax assets, as well as reductions in other assets. Financial liabilities increased primarily due to higher deposits and net proceeds from borrowings. Non-financial liabilities decreased primarily due to a reduction in other provisions, partially offset by an increase in deferred revenue.

Summarized below are CSB Bank's statements of earnings for the three months ended June 30, 2026 and 2025.

Statements of Earnings
(unaudited - US$ thousands)

	Three months ended June 30, 2026[1]	Three months ended June 30, 2025[1]
Revenue	77,063	61,953
Earnings before income taxes	28,680	16,577
Net earnings	21,455	12,366

(1) Amounts for the three months ended June 30, 2026 and 2025 were translated using the average exchange rates of $1 U.S. dollar = 94.65 Indian rupees and $1 U.S. dollar = 85.57 Indian rupees prevailing during those periods.

Revenue increased primarily due to higher net interest income, principally reflecting growth in the loan and advances portfolio, and higher net fee and commission income. Earnings before income taxes and net earnings increased primarily as a result of increased revenue as described above, partially offset by higher personnel expenses.

Investment in Fairchem Organics Limited

Business Overview

Fairchem Organics Limited ("Fairchem Organics") is a publicly traded specialty chemical manufacturer located in Ahmedabad, India. Fairchem Organics manufactures oleochemicals used in the paints, inks, adhesives, lubricants and cosmetics industries, as well as intermediate nutraceutical and health products. It has developed an in-house technology that uses machinery designed and manufactured by leading European companies to physically separate and convert waste generated during the production of soya, sunflower and corn oils into valuable nutraceutical and fatty acids.

Key Business Drivers, Events and Risks

Fairchem Organics' key business drivers relate to the success of its oleochemicals business and vertical integration into value-added products, such as fatty acids and natural vitamin E. As environmental concerns have increased, the demand for sustainable and biodegradable oleochemicals used in lubricants, paper printing, paints and coatings, and animal feed industries experienced strong growth in recent years.

The close proximity to raw materials available in Asia (India, Malaysia and Indonesia) has resulted in a shift of oleochemical production away from the U.S. and Europe. As India is one of the largest consumers of soft oils, the easy access to raw materials and lower costs, combined with efficient manufacturing processes and strong customer and supplier relationships have provided Fairchem Organics with certain competitive advantages over its international peers. Fairchem Organics also has little or no direct competition for some of its products and is recognized for the superior quality of its products. These competitive advantages continue to be maintained through research and development aimed at improving product yield, and optimizing manufacturing processes while ensuring quality.

Fairchem Organics' current growth initiatives include investing in the development of new value-added oleochemical products through forward integration processes and introduction of new raw materials, improving cost optimization, and enhancing its customer base by diversifying into new geographical markets and creating new applications for its prime products. Fairchem Organics continues to see growth potential for its new high-grade isostearic product, supported by its application in the cosmetics industry and continued expansion into international markets.

The closure of a U.S. dimer acid manufacturing facility in 2025, along with lower imports from China, have improved market conditions in India, leading to stronger demand and improved pricing realizations for Fairchem Organics' products. Export competitiveness is also expected to improve in the near term. Supporting factors include the reduction in U.S. tariffs on Indian goods, a reduction in Indian import duties imposed on key raw materials, favourable foreign exchange dynamics for Indian exporters and enhanced market access opportunities arising from free trade agreements with the United Kingdom and European Union.

Valuation and Interim Consolidated Financial Statement Impact

In January 2026, Fairchem Organics completed a share buyback from its shareholders, resulting in the purchase for cancellation of 425,000 shares for approximately $3.7 million (340 million Indian rupees). The company did not tender any shares and as a result, its equity interest in Fairchem Organics increased from 55.3% to 57.2%.

At September 30, 2026 the fair value of the company's investment in Fairchem Organics was $50,746 (December 31, 2025 - $57,971) comprised of 7,202,656 common shares representing a 57.2% equity interest (December 31, 2025 - 55.3%). Fairchem Organics' share price decreased by 6.7% from 723.40 Indian rupees per share at December 31, 2025 to 675.15 Indian rupees per share at September 30, 2026.

In the third quarter and first nine months of 2026 the consolidated statements of earnings (loss) included dividend income earned from the company's investment in Fairchem Organics of $77 in both periods (2025 - $624 both periods).

Investment in 5paisa Capital Limited

Business Overview

5paisa Capital Limited ("5paisa") is a publicly traded online financial services provider located in Mumbai, India with a "do-it-yourself" investment brokerage model that allows customers to execute investment transactions for low brokerage fees. 5paisa is primarily engaged in providing a technology platform through online and mobile applications for trading securities on the BSE and NSE of India.

Key Business Drivers, Events and Risks

5paisa's key business driver relates to its ability to provide digital investment and lending solutions, a relatively newer segment with the potential to achieve critical mass in the near future with the spread of the Internet, mobile penetration, telecommunication and data services throughout India. 5paisa's services are targeted towards retail investors and high volume traders who actively invest and trade in securities markets, and seek "do-it-yourself" services at a low cost. 5paisa remains focused on innovation, driven by an understanding of customer behaviour, and constantly strives to achieve technological superiority through the developments of its robust trading platform, advanced mobile app, its AI powered robo-advisory platform, and the paperless account opening process.

The Indian capital markets have experienced some volatility, reflecting the effects of past regulatory changes and recent macroeconomic uncertainty stemming from the conflict in the Middle East and other geopolitical developments. However, the outlook for AI and other emerging technologies is encouraging, and India's domestic investor base continues to demonstrate strong demand. To capitalize on these trends, 5paisa continues to enhance its overall digital wealth management ecosystem by expanding financing solutions, further integrating AI, and improving access to a broader range of investment products. Such initiatives enable the company to align with evolving investor preferences, support its long term growth objectives, and demonstrate its commitment to innovation.

On March 11, 2026 5paisa announced a rights offering for existing shareholders to participate in a common share issuance on a pro rata basis of 1 newly issued equity share for every 2 equity shares held, at a price of 300.00 Indian rupees per share ("5paisa Rights Offer"). The 5paisa Rights Offer was completed in April 2026 and raised aggregate proceeds of approximately $50 million (4.7 billion Indian rupees), which were predominantly used to strengthen the capital base of 5paisa and for repayment of borrowings.

In July 2026, 5paisa’s board of directors approved the proposed acquisition of Giskard Datatech Private Limited, operator of the investment research and analytics platform Trendlyne. The transaction is expected to be settled through cash consideration of up to approximately 1.2 billion Indian rupees, with the remaining consideration to be satisfied through the issuance of 5paisa shares. The acquisition remains subject to applicable regulatory approvals and closing conditions.

At September 30, 2026 the 5paisa mobile application reached 24.1 million users and its total customer base comprised 5.3 million users. During the third quarter of 2026, approximately 95% of customer acquisitions were attributed to customers onboarded to the digital platform without intervention or assistance. 5paisa continues to focus on investing in new technologies to elevate the trading experience, improving the quality of customer acquisitions, as well as strengthening revenue and optimizing costs.

Valuation and Interim Consolidated Financial Statement Impact

In connection with the 5paisa Rights Offer, on April 15, 2026 the company acquired 3,835,065 equity shares of 5paisa for cash consideration of $12,320 (1.2 billion Indian rupees).

At September 30, 2026 the fair value of the company's investment in 5paisa was $36,403 (December 31, 2025 - $28,759) comprised of 11,505,195 common shares representing a 24.5% equity interest (December 31, 2025 - 7,670,130 common shares representing a 24.6% equity interest). 5paisa's share price decreased by 10.0% from 337.00 Indian rupees per share at December 31, 2025 to 303.20 Indian rupees per share at September 30, 2026.

Private Indian Investments

Cautionary Statement Regarding the Valuation of Private Indian Investments

In the absence of an active market for the company's Private Indian Investments, fair values for these investments are determined by management using industry acceptable valuation methodologies after considering the history and nature of the business, operating results and financial conditions, outlook and prospects, general economic, industry and market conditions, contractual rights relating to the investment, public market comparables (if available) and, where applicable, other pertinent considerations. The process of valuing investments for which no active market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had an active market existed. The amounts at which the company's Private Indian Investments could be disposed of may differ from the fair values assigned and those differences may be material.

The changes in fair value of the company's Private Indian Investments for the third quarters and first nine months of 2026 and 2025, including details on valuation methodologies and current model assumptions are discussed in note 5 (Indian Investments) to the interim consolidated financial statements.

Investment in Bangalore International Airport Limited

Business Overview

Bangalore International Airport Limited ("BIAL") is a private company located in Bengaluru, India. BIAL, under a concession agreement with the Government of India until the year 2068, has the exclusive rights to carry out the development, design, financing, construction, commissioning, maintenance, operation and management of the Kempegowda International Airport Bengaluru ("KIAB") through a public-private partnership. KIAB is the first greenfield airport in India built to the highest level of international standards through a public-private partnership. BIAL's principal lines of business are aeronautical and non-aeronautical revenue from the airport, real estate monetization and other non-airport related revenue, which includes a five-star hotel operated under the Taj brand and the operation of domestic and international lounge services at KIAB's Terminal 2.

Key Business Drivers, Events and Risks

KIAB is the busiest airport in South India, and the third largest in the country. The airport handled total passenger traffic of 32.6 million during the first nine months of 2026, broadly consistent with 32.3 million in the prior year period, with growth largely driven by international passenger traffic. Overall passenger traffic was subdued during the third quarter of 2026, reflecting a more challenging operating environment primarily characterized by ongoing geopolitical uncertainty, elevated aviation fuel prices, and airline capacity adjustments. The impact of softer passenger traffic was partially mitigated by growth in non-aeronautical revenue primarily driven by higher passenger spending, as well as continued growth for the cargo business. Cargo volumes increased 14.4% year over year during the first nine months of 2026, primarily supported by increased international freighter capacity and frequencies, and higher domestic demand. While passenger traffic remains an important driver of airport performance, BIAL's regulated tariff framework and strong liquidity position provide resilience through economic and traffic cycles.

In August 2026, the Airports Economic Regulatory Authority ("AERA") issued BIAL's tariff order for the fourth control period (April 1, 2026 to March 31, 2031). The order recognizes several key infrastructure investments within BIAL's infrastructure expansion plan, and establishes a framework for the recovery of approved investments through aeronautical revenues over the control period. Certain tariff adjustments associated with major expansion projects are expected to be implemented following their commissioning.

In anticipation of long term growth in passenger and air traffic, BIAL's current airport infrastructure expansion plan focuses on enhancing accessibility and optimizing existing airport operations. Such plans include new airport metro stations, upgrades to existing terminals, additional airplane taxiways, and new tunnels, connectors and walkways. BIAL's plans to increase the airport's overall passenger capacity also remain underway, and include the construction of the second phase of Terminal 2 by fiscal year 2029 and a third terminal building by fiscal year 2034. The combined capacity of the existing terminal, Terminal 2 and Terminal 3 is expected to be beyond 90 million passengers per annum.

BIAL continues to advance the monetization of its leasehold land through aviation-related and commercial development initiatives. With support from the Government of Karnataka, BIAL has entered into partnerships with major Indian airlines (Air India and IndiGo) and aerospace companies for the construction of comprehensive maintenance, repair and overhaul facilities for aircraft and other aerospace facilities. As Bengaluru continues to expand towards the airport, BIAL has also progressed on the development of Bengaluru Airport City, a mixed-use commercial destination with several assets in varying stages of development and construction. These initiatives are expected to strengthen KIAB's position as a leading aviation hub while supporting long term growth in both aeronautical and non-aeronautical revenues.

In 2025, BIAL refinanced its borrowings through the issuance of non-convertible debentures for approximately $1.0 billion (90 billion Indian rupees), representing the largest unlisted private placement of non-convertible debentures in India's airport sector. The refinancing provides for a 15-year tenure and significant savings in borrowing costs due to an AAA credit rating, enabling BIAL to conserve capital and focus resources on funding its capital expansion plans.

Valuation and Interim Consolidated Financial Statement Impact

On February 20, 2025 the company, through FIH Mauritius, completed the acquisition of an additional 10.0% equity interest in BIAL from Siemens Project Ventures GmbH ("Siemens") for a purchase price of $255,000 (22.1 billion Indian rupees) ("Additional BIAL Investment").

In accordance with the terms of the transaction, the purchase price was payable in three installments, comprised of an initial installment of $84,150 at closing, a second installment of $94,350 paid on August 26, 2025, and a final installment of $76,500 paid on

July 29, 2026. At December 31, 2025 the payable for securities purchased of $76,500 presented in the company's consolidated balance sheet reflected the third and final installment paid to Siemens in July 2026.

At September 30, 2026 the company held a 74.0% equity interest in BIAL (December 31, 2025 - 74.0%), and its internal valuation model indicated that the fair value of the company's investment in BIAL was $2,187,548 (December 31, 2025 - $2,187,387).

At September 30, 2026 the company held 43.6% out of its 74.0% (December 31, 2025 - 43.6% out of its 74.0%) equity interest in BIAL through Anchorage. As a result, the company's fully-diluted equity interest in BIAL was 69.0% (December 31, 2025 - 69.0%). Refer to note 8 (Total Equity, under the heading Non-controlling interests) to the interim consolidated financial statements for the three and nine months ended September 30, 2026 for further discussion on Anchorage.

In the third quarter and first nine months of 2026 the consolidated statements of earnings (loss) included dividend income earned from the company's investment in BIAL of nil and $10,088 (2025 - nil both periods).

BIAL's Summarized Financial Information

BIAL's fiscal year ends on March 31. Summarized below are BIAL's balance sheets at June 30, 2026 and March 31, 2026.

Balance Sheets
(unaudited - US$ thousands)

	June 30, 2026[1]	March 31, 2026[1]
Current assets	572,985	585,743
Non-current assets	1,433,919	1,413,619
Current liabilities	152,199	162,785
Non-current liabilities	1,381,077	1,375,316
Shareholders' equity	473,628	461,261

(1) The net assets of BIAL were translated at June 30, 2026 at $1 U.S. dollar = 94.66 Indian rupees and at March 31, 2026 at $1 U.S. dollar = 94.85 Indian rupees. The exchange rates used were the spot rates prevailing on those respective dates.

Current assets decreased and non-current assets increased, principally reflecting the use of cash towards capital expenditures for BIAL's infrastructure expansion projects. The increase in non-current assets was partially offset by the depreciation of property, plant and equipment. Current liabilities decreased primarily reflecting lower concession payable and the settlement of short term capital expenditure payables. Non-current liabilities increased primarily due to an increase in long term capital expenditure payables relating to ongoing projects. Shareholders' equity increased principally reflecting net earnings, partially offset by dividend distributions during the period.

Summarized below are BIAL's statements of earnings for the three months ended June 30, 2026 and 2025.

Statements of Earnings
(unaudited - US$ thousands)

	Three months ended June 30, 2026[1]	Three months ended June 30, 2025[1]
Revenue	111,077	124,035
EBITDA	75,164	87,645
Net earnings	24,840	23,080

(1) Amounts for the three months ended June 30, 2026 and 2025 were translated using the average exchange rates of $1 U.S. dollar = 94.65 Indian rupees and $1 U.S. dollar = 85.57 Indian rupees prevailing during those periods.

The decrease in revenue in U.S. dollars was primarily due to the weakening of the Indian rupee relative to the U.S. dollar compared to the prior period, as well as a slight decrease in aeronautical revenue due to a temporary reduction in landing charges imposed by AERA, and the impact of gains on subleases recorded in the prior period. The above was partially offset by higher non-aeronautical revenue and increased income from hospitality and lounge services. EBITDA decreased principally due to lower revenue combined with increased employee costs and repair and maintenance expenses. Net earnings increased primarily reflecting lower finance costs consistent with reduced interest rates following BIAL's refinancing completed in 2025, as well as lower deferred tax expenses.

Investment in Seven Islands Shipping Limited

Business Overview

Seven Islands Shipping Limited ("Seven Islands"), a private company located in Mumbai, India, is the second largest private sector tanker shipping company in India and transports liquid and gas cargo along the Indian coast as well as in international waters. Its vessels are Indian owned and primarily operate as Indian registered and flagged vessels. Seven Islands' subsidiary, Seven Islands Shipping International FZE ("SISIF"), is located in the United Arab Emirates and operates foreign-flagged vessels. At September 30, 2026 Seven Islands, together with SISIF, owned 29 vessels, including 2 gas carriers, with a total deadweight capacity of approximately 1.4 million metric tons.

Key Business Drivers, Events and Risks

Seven Islands' key business drivers relate to its ability to acquire vessels from reputable vessel owners within the international market and quickly deploy those vessels through charter contracts with India's largest oil and gas companies. Seven Islands' business model is susceptible to overall shipping cycles and could be impacted by industry downturns in terms of lower rates and increased competition. However, Seven Islands operates primarily in the crude oil, oil products and liquefied petroleum gas transport segments wherein India has one of the fastest growing energy consumption rates, mitigating business deployment risk for oil and gas tankers in India in comparison with other countries. In addition, India has witnessed a decline in the fleet of other shipping companies, due to lower operational efficiencies, forming a gap that Seven Islands has been able to fill.

Seven Islands currently operates three foreign-flagged vessels under its wholly-owned subsidiary, SISIF, which is based in a free economic trade zone within the United Arab Emirates. These vessels can employ both Indian and foreign crew members, and receive certain benefits comparable to Indian owned and flagged vessels, including the absence of corporate tax.

A key focus for Seven Islands is the modernization of its fleet, as regulations currently dictate a maximum age limit for Indian vessels. India's maritime regulator has proposed a sustainability-based framework, referred to as the Revised Age Norms and Sustainability Indexing for Ships, which will use environmental and efficiency criteria to evaluate the exit age of ships. While the age norms were revised in January 2026 to allow certain older vessels to operate until March 31, 2029, the Sustainability Indexing of Ships remains under consideration, and could further extend the operational life of older vessels if adopted.

Geopolitical tensions continue to impact the crude oil market, affecting both oil supply chains and demand patterns. With the disruption to the Strait of Hormuz and Persian Gulf, which limited India's access to Middle Eastern supply, India significantly increased import volumes of Russian and Latin American oil. More recently, Middle Eastern supply to India has partially recovered, although shipping through the region remains subject to heightened security risks and elevated transportation costs. Due to the uncertainty arising from the conflict in the Middle East and associated disruption of shipping routes, spot charter rates have experienced volatility in the first nine months of 2026. Seven Islands remains somewhat insulated from the volatility, as the majority of its revenue contracts are on time charter for six months to over two years. Seven Islands primarily operates along the Indian coast, Persian Gulf, and Southeast Asia, shipping oil for Indian oil companies, and will refrain from traversing the Strait of Hormuz and Persian Gulf until there is clarity on safety of passage.

Although the majority of Seven Islands' expenses are denominated in Indian rupees, its revenues and vessel acquisitions and dispositions are denominated in U.S. dollars, mitigating the exposure to the depreciation of the Indian rupee.

Valuation and Interim Consolidated Financial Statement Impact

At September 30, 2026 the company held a 48.5% equity interest in Seven Islands (December 31, 2025 - 48.5%), and its internal valuation model indicated that the fair value of the company's investment in Seven Islands was $196,227 (December 31, 2025 - $162,379).

Investment in Maxop Engineering Company Private Limited

Business Overview

Maxop Engineering Company Private Limited ("Maxop"), a private company located in New Delhi, India, is a precision aluminum die casting and machining solution provider for customers in the automotive and industrial sectors. Maxop operates from ten manufacturing facilities located in India with total installed casting capacity of over 20,000 metric tons, and caters to customers in Asia, North America and Europe.

Key Business Drivers, Events and Risks

Maxop's key business drivers relate to the growing demand and increasing scope of industrial applications for aluminum die casting, a process which manufactures lightweight parts and provides high flexibility for complex shapes. The automotive industry is a major consumer of aluminum die-cast products as it provides an effective alternative to reduce vehicle weight in order to meet increasingly strict fuel economy standards. The die casting market is expected to benefit from significant growth in global demand for vehicle production, in large part due to the rising popularity of electric vehicles.

Accordingly, the automotive parts die casting segment makes up a significant portion of Maxop's revenue profile across domestic and export sales. Maxop is also a supplier of fully machined precision components, and diversifies its revenue mix by catering to general engineering product segments in the non-automotive sector with applications such as air conditioning and food processing machine parts. Maxop continues to advance its expansion plans, including a new aluminum extrusion plant expected to commence operations during fiscal year 2027, as well as a new higher-tonnage die casting facility capable of producing larger and more complex structural castings, expected to be commissioned in phases beginning near the end of fiscal year 2027.

The global automotive market continues to face challenges arising from geopolitical conflicts and ongoing supply chain disruptions. Maxop’s export markets are expected to see varying impacts, with North America projected to observe a decline in vehicle sales in 2026, while Europe remains mixed amid an uneven recovery in demand. Domestic demand for automotive parts in India, however, has been consistently strong, benefiting from continued momentum from the previously implemented GST reforms that have made vehicles more affordable. In addition, demand for electric vehicles in India is expected to increase, supported by elevated fuel costs and expectations of continued fuel price volatility. Maxop continues to pursue new export opportunities and benefit from increased domestic demand, while actively working with customers to mitigate the impacts of tariffs and other disruptions.

Maxop continues to successfully pursue new contracts and part nominations from both new and existing customers, and remains focused on key initiatives including improving operational and manufacturing processes, and expanding manufacturing facilities to serve regions and industries with significant growth outlooks. Maxop also mitigates its exposure to volatility in input prices through its aluminum processing plants, which transform scrap metal into molten aluminum and ingots for its aluminum die casting and machinery supply segment.

Valuation and Interim Consolidated Financial Statement Impact

At September 30, 2026 the company held a 67.0% equity interest in Maxop (December 31, 2025 - 67.0%), and its internal valuation model indicated that the fair value of the company's investment in Maxop was $106,705 (December 31, 2025 - $95,486).

Subsequent to September 30, 2026

In March 2026, Maxop entered into a purchase agreement to acquire a 65% equity interest in an Indian automation and tooling company for cash consideration of 32.5 million Indian rupees (approximately $339 at period end exchange rates). The acquisition was completed on October 31, 2026.

Investment in Global Aluminium Private Limited

Business Overview

Global Aluminium Private Limited ("Global Aluminium"), a private company located in Hyderabad, India, is an aluminum extrusions manufacturer with in-house capabilities to produce anodized and powder-coated aluminum products. Global Aluminium operates from two manufacturing facilities located in India with total production and value-addition capacity of approximately 83,000 metric tons.

Key Business Drivers, Events and Risks

Global Aluminium's key business drivers relate to the wide ranging application of aluminum extrusion products, particularly for premium industrial uses across diverse industries including architecture, aeronautics, electronics and electrical, and automotive sectors. As environmental concerns have increased in recent years, demand for aluminum products has particularly grown in the building and construction, automotive and renewable energy industries. A push towards electric vehicles and tightening fuel efficiency standards have increased the usage of aluminum in the automotive industry.

Global Aluminium has invested in design capabilities which allow it to focus on industrial customers with requirements for complex profiles subject to high value-addition processes. Additionally, Global Aluminium has developed a reputation for high quality products with minimal defects, quick turnaround times and highly responsive after-sales service. Its current strategic initiatives include technological upgrades to improve efficiency and customization capabilities, increasing production capacity and utilization, and expanding value-added services. As part of these initiatives, Global Aluminium is pursuing various certifications related to sustainability as well as quality to strengthen its product offerings and enable entry into different markets.

The conflict in the Middle East, including the disruptions to shipping in the Persian Gulf and through the Strait of Hormuz, has led to elevated energy prices and volatile aluminum prices, which have adversely impacted Global Aluminium's margins through higher production costs and increased working capital pressures. Global Aluminium has responded by diversifying their fuel sources, in addition to leveraging pricing pass-through mechanisms, however, due to the timing lag between changes in input costs and corresponding pricing adjustments, the resulting margin benefits are expected to be realized gradually over time.

Global Aluminium continues to focus on growing its export sales in other countries, in addition to developing more value-added services to mitigate the impacts of tariffs imposed by the U.S. and volatility arising from the conflict in the Middle East.

Valuation and Interim Consolidated Financial Statement Impact

At September 30, 2026 the company held a 65.0% equity interest in Global Aluminium (December 31, 2025 - 65.0%) and its internal valuation model indicated that the fair value of the company's investment in Global Aluminium was $87,342 (December 31, 2025 - $90,768).

Investment in Jaynix Engineering Private Limited

Business Overview

Jaynix Engineering Private Limited ("Jaynix"), a private company based in Gujarat, India, is a manufacturer of non-ferrous electrical connectors and electrical assemblies, and is a critical Tier 1 supplier to major electrical original equipment manufacturers primarily in North America.

Key Business Drivers, Events and Risks

Jaynix's key business drivers relate to its ability to grow its customer base and product offerings in North America while maintaining high product quality. Jaynix leverages its low-cost manufacturing operations across five manufacturing plants in India to cater to markets in North America, and has in-house capabilities to design products and scale its manufacturing production capacities. Its current growth initiatives involve increasing production capacity and developing new products, including Jaynix-branded lugs and neutral bars. To support its capacity expansion, Jaynix recently constructed two new manufacturing facilities, with one commencing operations in the third quarter of 2026 and the second facility expected to commence operations by the end of 2026. Additionally, investments have been made to upgrade existing machinery and acquire new machinery, including the installation of specialized sheet metal machinery to meet customer demand for complete product assemblies. Jaynix is also currently evaluating options to expand its manufacturing presence to North America.

Jaynix is able to maintain its competitive advantage as the requirement for specific certifications presents a barrier to entry for other competitors seeking to enter the North American markets, while Jaynix's management has operational expertise in obtaining and maintaining these certifications. Jaynix is also able to maintain stable product margins as raw material costs (primarily aluminum costs), are passed through to the customer.

While the tariffs imposed by the U.S. resulted in an overall slowdown in consumption in the U.S. during fiscal year 2026, the reduction in tariffs on Indian goods has improved customer sentiment, leading to resumed momentum for procurement discussions and increased demand. The recent changes to tariffs, in addition to the development of Jaynix-branded products, are expected to support future demand as market conditions normalize.

Valuation and Interim Consolidated Financial Statement Impact

At September 30, 2026 the company held a 70.0% equity interest in Jaynix (December 31, 2025 - 70.0%), and its internal valuation model indicated that the fair value of the company's investment in Jaynix was $55,717 (December 31, 2025 - $65,930).

In the third quarter and first nine months of 2026 the consolidated statements of earnings (loss) included dividend income earned from the company's investment in Jaynix of $3,694 and $7,456 (2025 - $8,097 both periods).

Investment in National Commodities Management Services Limited

Business Overview

National Commodities Management Services Limited ("NCML"), a private company located in Gurugram, India, is an integrated agriculture value chain solutions provider, with services including grain procurement, storage and preservation, testing and certification, collateral management, and commodity and weather intelligence. NCML also operates silos constructed under concession agreements with the Food Corporation of India ("FCI"), and an NBFC which focuses on rural and agri-business financing.

Key Business Drivers, Events and Risks

NCML's key business drivers relate to its ability to achieve long term modernization of its grain storage facilities, the expansion of its commodity management solutions platform and related value-added services, and the stable operation of its silo assets under concession agreements with the FCI.

The successful completion and handover of NCML's seven silo projects to the FCI marked the conclusion of a multi-year construction and commissioning phase and represented a significant operational milestone. While construction delays resulted in certain penalties imposed by the FCI, which have temporarily restricted profitability, the fully operational silo network is expected to contribute to a more stable and predictable operating profile going forward.

Market conditions for the Indian agriculture business are influenced by a range of factors, including weather conditions, crop production and demand, and government policy. Recent government measures, including the removal of certain export restrictions and commodity stock limits, are expected to enhance market liquidity, facilitate efficient stock management and support domestic price stability. However, weather-related challenges have negatively affected the agricultural production outlook for the current year, and contributed to softer storage demand for certain commodities. Despite these headwinds, NCML remained resilient relative to broader market conditions, supported by proactive warehousing capacity management and close monitoring of market demand and commodity flow patterns to anticipate shifting customer requirements. NCML also remains focused on cost rationalization and operational efficiency initiatives to help mitigate margin pressures from rising operating costs under current market conditions.

Funding constraints continue to limit NCML's overall growth prospects, prompting a continued focus on strengthening liquidity. Potential sources of additional liquidity include the sale of excess land parcels and warehouse assets, and the scaling down of businesses with less favourable risk-reward characteristics.

Valuation and Interim Consolidated Financial Statement Impact

NCML Common Shares

At September 30, 2026 the company held a 91.0% equity interest in NCML (December 31, 2025 - 91.0%), and its internal valuation model indicated that the fair value of the company's equity investment in NCML was $40,292 (December 31, 2025 - $41,896).

NCML Non-convertible Debentures

In 2023 the company invested $24,013 (2.0 billion Indian rupees) in 9.47% unsecured non-convertible debentures ("NCML NCD"), due November 8, 2028. At September 30, 2026 the fair value of the company's investment in the NCML NCD was $20,871 (including a deferred loss of $1,600) (December 31, 2025 - $22,252, including a deferred loss of $2,220), and is presented within Other Indian Fixed Income in the table disclosed earlier in the Summary of Indian Investments section.

At September 30, 2026 the company's interest receivable included a carrying value of $2,131 (December 31, 2025 - $2,430) related to interest receivable on the NCML NCD. To help alleviate NCML's liquidity challenges due to delays in asset monetizations, the company has allowed NCML to defer interest payments on the NCML NCD accrued since January 1, 2024.

Investment in India Housing Fund

India Housing Fund ("IH Fund") is a closed-ended fund of 360 ONE Private Equity Fund registered as a Category II Alternative Investment Fund ("AIF") under the Securities and Exchange Board of India AIF Regulations.

At September 30, 2026 the company estimated the fair value of its investment in IH Fund was $5,841 (December 31, 2025 - $6,996).

During the third quarter and first nine months of 2026 the company did not receive distributions or dividend income from its investment in IH Fund. During the third quarter and first nine months of 2025 the company received distributions from IH Fund of nil and $1,720, and the consolidated statements of earnings (loss) included dividend income earned from IH Fund of nil and $340.

Investment in Sanmar Chemical Enterprises Limited

At December 31, 2025 the company held a 39.3% equity interest in Sanmar Chemical Enterprises Limited ("Sanmar") and its internal valuation model indicated that the fair value of the company's investment in Sanmar was $101,621. On April 9, 2026 the company completed the sale of its entire investment in Sanmar to an affiliate of Sanmar for gross proceeds of $26,764 (2.5 billion Indian rupees), resulting in realized losses of $128,588.

Results of Operations

Fairfax India's consolidated statements of earnings (loss) for the three and nine months ended September 30 are shown in the following table:

	Third quarter		First nine months	
	2026	2025	2026	2025
Income				
Interest	557	1,478	1,523	6,488
Dividends	3,771	10,490	23,215	13,762
Net realized gains (losses) on investments	36,261	538	(91,501)	1,237
Net change in unrealized gains on investments	20,914	59,502	70,246	167,523
Net foreign exchange losses	(5,526)	(22,974)	(33,471)	(21,858)
	55,977	49,034	(29,988)	167,152
Expenses				
Investment and advisory fees	10,593	10,655	31,794	30,697
General and administration expenses	1,029	1,443	6,179	4,454
Interest expense	7,433	7,788	20,952	21,775
	19,055	19,886	58,925	56,926
Earnings (loss) before income taxes	36,922	29,148	(88,913)	110,226
Provision for (recovery of) income taxes	(849)	13,333	4,622	27,319
Net earnings (loss)	37,771	15,815	(93,535)	82,907
Attributable to:				
Shareholders of Fairfax India	37,591	3,222	(105,300)	70,111
Non-controlling interests	180	12,593	11,765	12,796
	37,771	15,815	(93,535)	82,907
Net earnings (loss) per basic and diluted share	$ 0.28	$ 0.02	$ (0.78)	$ 0.52

The key components of results of operations for the third quarter and first nine months of 2026 (with comparisons to the third quarter and first nine months of 2025, except as otherwise noted) included the following:

Net change in unrealized gains on investments of $20,914 and $70,246 in the third quarter and first nine months of 2026 (2025 - $59,502 and $167,523) were principally driven by changes in market prices of Public Indian Investments and fair values of Private Indian Investments determined using industry accepted valuation techniques and models, in addition to reversals of prior period gains and losses upon sales. For more information on Indian Investments, see the Indian Investments section of this MD&A. For further analysis of the changes in fair value of Indian Investments, refer to note 5 (Indian Investments) to the interim consolidated financial statements for the three and nine months ended September 30, 2026.

Net realized gains on investments of $36,261 in the third quarter of 2026 related to the sale of IIFL Finance common shares. Net realized losses on investments of $91,501 in the first nine months of 2026 principally related to the sale of Sanmar common shares, partially offset by the realized gain on the sale of IIFL Finance common shares. Net realized gains on investments of $538 and $1,237 in the third quarter and first nine months of 2025 principally related to sales of Government of India bonds.

Net foreign exchange losses of $5,526 and $33,471 in the third quarter and first nine months of 2026 (2025 - $22,974 and $21,858) were principally driven by the depreciation of the Indian rupee against the U.S. dollar, and primarily arose from foreign exchange losses on the company's U.S. dollar denominated borrowings.

Interest income of $557 and $1,523 decreased from $1,478 and $6,488 principally as a result of decreased holdings of Government of India bonds.

Dividends of $3,771 in the third quarter of 2026 decreased from $10,490 in the third quarter of 2025, principally reflecting lower dividends received from Jaynix, Fairchem Organics, and Saurashtra (sold in the fourth quarter of 2025). Dividends of $23,215 in the first nine months of 2026 increased from $13,762 in the first nine months of 2025, principally attributable to dividends received from BIAL and IIFL Finance in the current period.

Total expenses of $19,055 in the third quarter of 2026 decreased from $19,886 in the third quarter of 2025 primarily due to lower general and administration expenses, principally reflecting fluctuations in the timing of professional fees incurred. Total expenses of $58,925 in the first nine months of 2026 increased from $56,926 in the first nine months of 2025, primarily due to higher general and administration expenses related to the Additional IIFL Capital Investment.

Recovery of income taxes of $849 and **provision for income taxes** of $4,622 in the third quarter and first nine months of 2026 (2025 - provision for income taxes of $13,333 and $27,319) primarily reflected deferred income taxes recognized as a result of net unrealized gains and reversal of prior period deferred taxes as a result of net unrealized losses, relating to the company's investments in equity shares acquired or spun out subsequent to April 1, 2017, in addition to current taxes recognized related to capital gains taxes on the sale of Sanmar common shares, and withholding taxes on interest and dividends. Refer to note 9 (Income Taxes) to the interim consolidated financial statements for the three and nine months ended September 30, 2026.

Consolidated Balance Sheet Summary

The company's consolidated balance sheet at September 30, 2026 (with comparisons to December 31, 2025, except as otherwise noted) was primarily comprised of the following:

Total Assets

Total assets at September 30, 2026 of $3,743,916 (December 31, 2025 - $4,049,757) were principally comprised as follows:

Cash and cash equivalents increased to $52,337 at September 30, 2026 from $8,112 at December 31, 2025 principally due to sales of common shares of IIFL Finance and Sanmar and Government of India bonds, proceeds from borrowings, and the receipt of dividend and interest income, partially offset by the third installment payment for the Additional BIAL Investment, payment of investment and advisory fees, interest on borrowings, and participation in the 5paisa Rights Offer.

Restricted cash of $3,658 at September 30, 2026 (December 31, 2025 - nil) was comprised of a cash deposit held in escrow in connection with the IIFL Capital Open Offer.

Bonds and Common stocks - The company is actively seeking investment opportunities in India and will continue to redirect capital from its cash and cash equivalents and Government of India bonds into Indian Investments as and when those opportunities are identified. For more information, see the Indian Investments section of this MD&A. For more information on the company's total cash and investments holdings (excluding derivative obligation) of $3,740,197 at September 30, 2026 (December 31, 2025 - $4,045,446) see note 6 (Cash and Investments) to the interim consolidated financial statements for the three and nine months ended September 30, 2026.

Interest receivable decreased to $2,352 at September 30, 2026 from $2,996 at December 31, 2025, primarily due to decreased holdings of Government of India bonds.

Total Liabilities and Equity

Total liabilities at September 30, 2026 of $802,440 (December 31, 2025 - $814,941) were principally comprised as follows:

Accrued interest expense of $2,390 at September 30, 2026 (December 31, 2025 - $8,787) was comprised of accrued interest expense for the company's $500,000 principal, 5.0% unsecured senior notes ("Unsecured Senior Notes") which are due in semi-annual installments, and accrued interest on amounts drawn under its Revolving Credit Facility.

Income taxes payable of $713 at September 30, 2026 (December 31, 2025 - $922) was primarily comprised of a provision relating to a prior year tax assessment.

Payable to related parties of $10,469 at September 30, 2026 (December 31, 2025 - $10,960) was comprised of investment and advisory fees payable to Fairfax. At September 30, 2026 and December 31, 2025 the company determined that no performance fee accrual was required related to the fourth calculation period.

Derivative obligation of $5,865 at September 30, 2026 (December 31, 2025 - nil) related to a derivative obligation recorded in connection with the Additional IIFL Capital Investment. For more information, refer to the Indian Investments section of this MD&A.

Deferred income taxes decreased to $206,385 at September 30, 2026 from $217,859 at December 31, 2025 primarily due to the reversal of prior period deferred taxes recognized from unrealized losses on the company's investments in CSB Bank and IIFL Capital, and from the sale of Sanmar common shares, in addition to foreign currency translation effects arising from the depreciation of the Indian rupee against the U.S. dollar during the period. These decreases were partially offset by deferred taxes recognized resulting from unrealized gains on the company's investments in BIAL, Seven Islands and Maxop.

Borrowings increased to $575,761 at September 30, 2026 from $498,870 at December 31, 2025 reflecting amounts drawn under the Revolving Credit Facility during the third quarter of 2026 and the amortization of issuance costs on the Unsecured Senior Notes.

Total equity at September 30, 2026 of $2,941,476 (December 31, 2025 - $3,234,816) was comprised of common shareholders' equity of $2,784,863 (December 31, 2025 - $3,079,648) and non-controlling interests of $156,613 (December 31, 2025 - $155,168). Refer to note 8 (Total Equity) to the interim consolidated financial statements for the three and nine months ended September 30, 2026 for further details.

Financial Risk Management

The primary goals of the company's financial risk management program are to ensure that the outcomes of activities involving elements of risk are consistent with the company's objectives and risk tolerance, while maintaining an appropriate balance between risk and reward and protecting the company's consolidated balance sheets from events that have the potential to materially impair its financial strength. There were no significant changes in the types of the company's risk exposures or the process used by the company for managing those risk exposures at September 30, 2026 compared to those identified at December 31, 2025 and disclosed in the company's 2025 Annual Report, other than as outlined in note 10 (Financial Risk Management) to the interim consolidated financial statements for the three and nine months ended September 30, 2026.

Capital Resources and Management

For a detailed analysis, refer to note 10 (Financial Risk Management, under the heading Capital Management) to the interim consolidated financial statements for the three and nine months ended September 30, 2026.

Liquidity

For a detailed discussion on short term and long term liquidity requirements and sources of liquidity, refer to note 10 (Financial Risk Management, under the heading Liquidity Risk) to the interim consolidated financial statements for the three and nine months ended September 30, 2026.

Highlights in the first nine months of 2026 (with comparisons to the first nine months of 2025) of major components of the statements of cash flows are presented in the following table:

	First nine months	
	2026	**2025**
Operating activities		
Cash used in operating activities excluding the impact of changes in restricted cash and net sales (purchases) of investments	(41,991)	(43,314)
Increase in restricted cash in support of investments	(3,703)	—
Purchases of investments	(88,820)	(182,010)
Sales of investments	103,646	101,774
Cash used in operating activities	(30,868)	(123,550)
Financing activities		
Proceeds from borrowings	76,500	79,000
Purchases of subordinate voting shares for cancellation	(579)	(437)
Dividends paid to non-controlling interests	(465)	—
Cash provided by financing activities	75,456	78,563
Increase (decrease) in cash and cash equivalents during the period	44,588	(44,987)

"Cash used in operating activities excluding the impact of changes in restricted cash and net sales (purchases) of investments" provides a measure of cash generated by (used in) the company's head office operations, primarily comprised of cash inflows (outflows) from interest and dividend income, performance fees, investment and advisory fees, interest expense, current income taxes and general and administration expenses, and excludes the impact of changes to restricted cash and purchases and sales of investments. Cash used in operating activities excluding the impact of changes in restricted cash and net sales (purchases) of investments of $41,991 in the first nine months of 2026 decreased from $43,314 in the first nine months of 2025 primarily due to increased cash received from dividends and lower income tax payments, partially offset by lower cash received from interest income, and higher general and administration expenses.

Increase in restricted cash in support of investments of $3,703 in the first nine months of 2026 related to a cash deposit held in escrow in connection with the IIFL Capital Open Offer.

Purchases of investments of $88,820 in the first nine months of 2026 reflected the third and final installment payment for the Additional BIAL Investment, and participation in the 5paisa Rights Offer. Purchases of investments of $182,010 in the first nine months of 2025 related to the first two installment payments for the Additional BIAL Investment and purchases of Government of India bonds.

Sales of investments of $103,646 in the first nine months of 2026 related to sales of common shares of IIFL Finance and Sanmar, and Government of India bonds. Sales of investments of $101,774 in the first nine months of 2025 primarily related to sales of Government of India bonds and redemption of Other Indian Fixed Income.

Proceeds from borrowings of $76,500 in the first nine months of 2026 (2025 - $79,000) related to amounts drawn under the Revolving Credit Facility to fund installment payments related to the Additional BIAL Investment.

Purchases of subordinate voting shares for cancellation of $579 in the first nine months of 2026 (2025 - $437) related to the company's purchases for cancellation of 33,900 subordinate voting shares under the terms of the normal course issuer bid (2025 - 28,758).

Dividends paid to non-controlling interests of $465 related to dividends distributed by Anchorage during the first nine months of 2026 (2025 - nil).

Contractual Obligations

The company's contractual obligations principally relate to its borrowings, fees due to Fairfax under the terms of the Investment Advisory Agreement, and commitments relating to the Additional IIFL Capital Investment as discussed in the Indian Investments section of this MD&A. Refer also to note 7 (Borrowings) and note 11 (Related Party Transactions) to the interim consolidated financial statements for the three and nine months ended September 30, 2026 for further details on borrowings and fees due to Fairfax.

Other

Quarterly Data (unaudited)

US$ thousands, except per share amounts	September 30, 2026	June 30, 2026	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024
Income (loss)	55,977	283,201	(369,166)	441,701	49,034	330,925	(212,807)	2,824
Expenses	19,055	20,366	19,504	22,358	19,886	19,238	17,802	18,367
Provision for (recovery of) income taxes	(849)	29,790	(24,319)	60,158	13,333	33,128	(19,142)	15,444
Net earnings (loss)	37,771	233,045	(364,351)	359,185	15,815	278,559	(211,467)	(30,987)
Net earnings (loss) attributable to shareholders	37,591	227,915	(370,806)	340,415	3,222	278,113	(211,224)	(35,782)
Net earnings (loss) per basic and diluted share	$ 0.28	$ 1.70	$ (2.76)	$ 2.53	$ 0.02	$ 2.06	$ (1.57)	$ (0.27)

Indian rupees millions, except per share amounts [(1)]	September 30, 2026	June 30, 2026	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024
Income (loss)	5,186	25,796	(33,799)	38,602	4,291	28,602	(18,433)	261
Expenses	1,823	1,926	1,786	1,985	1,736	1,647	1,542	1,551
Provision for (recovery of) income taxes	(75)	2,736	(2,226)	5,261	1,159	2,862	(1,658)	1,303
Net earnings (loss)	3,438	21,134	(33,359)	31,356	1,396	24,093	(18,317)	(2,593)
Net earnings (loss) attributable to shareholders	3,411	20,646	(33,949)	29,713	307	24,054	(18,296)	(2,995)
Net earnings (loss) per basic and diluted share	25.41	153.82	(252.94)	220.57	2.28	178.42	(135.69)	(22.19)

(1) Presented in the company's functional currency.

Forward-Looking Statements

This interim report may contain forward-looking statements within the meaning of applicable securities legislation. Forward-looking statements may relate to the company's or an Indian Investment's future outlook and anticipated events or results and may include statements regarding the financial position, business strategy, growth strategy, budgets, operations, financial results, taxes, dividends, plans and objectives of the company. Particularly, statements regarding future results, performance, achievements, prospects or opportunities of the company, an Indian Investment, or the Indian market are forward-looking statements. In some cases, forward-looking statements can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate” or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might”, “will” or “will be taken”, “occur” or “be achieved”.

Forward-looking statements are based on our opinions and estimates as of the date of this interim report and they are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements, including but not limited to the following factors: oil price risk; geographic concentration of investments; potential lack of diversification; foreign currency fluctuation; volatility of the Indian securities markets; investments may be made in foreign private businesses where information is unreliable or unavailable; valuation methodologies involve subjective judgments; financial market fluctuations; pace of completing investments; minority investments; reliance on key personnel and risks associated with the Investment Advisory Agreement; disruption of the company's information technology systems could significantly affect the company's business; lawsuits; use of leverage; significant ownership by Fairfax may adversely affect the market price of the subordinate voting shares; trading price of subordinate voting shares relative to book value per share; weather risk; taxation risks; emerging markets; legal, tax and regulatory risks; MLI; economic risk; reliance on trading partners; and economic disruptions from global conflicts and the development of other geopolitical events worldwide. Additional risks and uncertainties are described in the company's annual information form dated March 6, 2026 which is available on SEDAR+ at www.sedarplus.ca and on the company's website at www.fairfaxindia.ca. These factors and assumptions are not intended to represent a complete list of the factors and assumptions that could affect the company. These factors and assumptions, however, should be considered carefully.

Although the company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The company does not undertake to update any forward-looking statements contained herein, except as required by applicable securities laws.

Glossary of Non-GAAP and Other Financial Measures

Management analyzes and assesses the financial position of the consolidated company in various ways. Certain of the measures included 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 IFRS Accounting Standards and may not be comparable to similar measures presented by other companies.

Supplementary Financial Measures

Book value per share – The company considers book value per share a key performance measure in evaluating its objective of long term capital appreciation, while preserving capital. This measure is also closely monitored as it is used to calculate the performance fee, if any, to Fairfax. This measure is calculated by the company as common shareholders' equity divided by the number of common shares outstanding. Those amounts are presented in the consolidated balance sheet and note 8 (Total Equity, under the heading Common Stock) respectively within the interim consolidated financial statements for the three and nine months ended September 30, 2026.

Cumulative interest and dividends – The company uses this measure to monitor cash flows generated from interest and dividend income for each Indian Investment. This measure is calculated by the company as the sum of interest and dividend income recorded and received over the period of the company's investment.

Compounded annualized return – The company uses this measure to assess the performance of its investments. This measure represents the U.S. dollar annualized internal rate of return and is calculated for each of the company's existing and monetized Indian Investments, taking into account (i) the timing of cash flows (including cash consideration of purchases, cash proceeds on sales, cumulative interest and dividends received, and return of capital distributions) over the period of the company's investment, and (ii) the fair value at the end of the reporting period for existing Indian Investments.

Non-GAAP Financial Measures

Cash used in operating activities excluding the impact of changes in restricted cash and net sales (purchases) of investments – The company uses this measure to monitor the cash generated by (used in) the company's head office operations, primarily comprised of cash inflows (outflows) from interest and dividend income, performance fees, investment and advisory fees, interest expense, current income taxes and general and administration expenses, and excludes the impact of changes to restricted cash and purchases and sales of investments. This measure is a component of cash provided by (used in) operating activities as presented in the consolidated statement of cash flows within the interim consolidated financial statements for the three and nine months ended September 30, 2026.

Cash and marketable securities – The company uses this measure to monitor short term liquidity risk. This measure is calculated by the company as the sum of cash, cash equivalents, short term investments and Government of India bonds. Those amounts are presented in note 6 (Cash and Investments) within the interim consolidated financial statements for the three and nine months ended September 30, 2026.

FAIRFAX INDIA
HOLDINGS CORPORATION