

2022 Annual Report

Fairfax Corporate Performance

(in US\$ millions, except as otherwise indicated)⁽¹⁾

| | Book value per share ⁽²⁾ | Closing share price ⁽¹⁾ | Revenue | Net earnings (loss) | Total assets | Invest- ments | Net debt ⁽³⁾ | Common share- holders' equity | Shares out- standing | Earnings (loss) per share |
|--|--|--|----------|---------------------------|-----------------|------------------|----------------------------|--|----------------------------|------------------------------------|
| <i>As at and for the years ended December 31⁽⁴⁾</i> | | | | | | | | | | |
| 1985 | 1.52 | 3.25 ⁽⁵⁾ | 12.2 | (0.6) | 30.4 | 23.9 | – | 7.6 | 5.0 | (1.35) |
| 1986 | 4.25 | 12.75 | 38.9 | 4.7 | 93.4 | 68.8 | 3.7 | 29.7 | 7.0 | 0.98 |
| 1987 | 6.30 | 12.37 | 86.9 | 12.3 | 139.8 | 93.5 | 4.9 | 46.0 | 7.3 | 1.72 |
| 1988 | 8.26 | 15.00 | 112.0 | 12.1 | 200.6 | 111.7 | 27.3 | 60.3 | 7.3 | 1.63 |
| 1989 | 10.50 | 18.75 | 108.6 | 14.4 | 209.5 | 113.1 | 21.9 | 76.7 | 7.3 | 1.87 |
| 1990 | 14.84 | 11.00 | 167.0 | 18.2 | 461.9 | 289.3 | 83.3 | 81.6 | 5.5 | 2.42 |
| 1991 | 18.38 | 21.25 | 217.4 | 19.6 | 447.0 | 295.3 | 58.0 | 101.1 | 5.5 | 3.34 |
| 1992 | 18.55 | 25.00 | 237.0 | 8.3 | 464.6 | 311.7 | 69.4 | 113.1 | 6.1 | 1.44 |
| 1993 | 26.39 | 61.25 | 266.7 | 25.8 | 906.6 | 641.1 | 118.7 | 211.1 | 8.0 | 4.19 |
| 1994 | 31.06 | 67.00 | 464.8 | 27.9 | 1,549.3 | 1,105.9 | 166.3 | 279.6 | 9.0 | 3.41 |
| 1995 | 38.89 | 98.00 | 837.0 | 63.9 | 2,104.8 | 1,221.9 | 175.7 | 346.1 | 8.9 | 7.15 |
| 1996 | 63.31 | 290.00 | 1,082.3 | 110.6 | 4,216.0 | 2,520.4 | 281.6 | 664.7 | 10.5 | 11.26 |
| 1997 | 86.28 | 320.00 | 1,507.7 | 152.1 | 7,148.9 | 4,054.1 | 369.7 | 960.5 | 11.1 | 14.12 |
| 1998 | 112.49 | 540.00 | 2,469.0 | 280.3 | 13,640.1 | 7,867.8 | 830.0 | 1,364.8 | 12.1 | 23.60 |
| 1999 | 155.55 | 245.50 | 3,905.9 | 42.6 | 22,229.3 | 12,289.7 | 1,248.5 | 2,088.5 | 13.4 | 3.20 |
| 2000 | 148.14 | 228.50 | 4,157.2 | 75.5 | 21,667.8 | 10,399.6 | 1,251.5 | 1,940.8 | 13.1 | 5.04 |
| 2001 | 117.03 | 164.00 | 3,953.2 | (406.5) | 22,183.8 | 10,228.8 | 1,194.1 | 1,679.5 | 14.4 | (31.93) |
| 2002 | 125.25 | 121.11 | 5,104.7 | 252.8 | 22,173.2 | 10,596.5 | 1,602.8 | 1,760.4 | 14.1 | 17.49 |
| 2003 | 163.70 | 226.11 | 5,731.2 | 288.6 | 24,877.1 | 12,491.2 | 1,961.1 | 2,264.6 | 13.8 | 19.51 |
| 2004 | 162.76 | 202.24 | 5,829.7 | 53.1 | 26,271.2 | 13,460.6 | 1,965.9 | 2,605.7 | 16.0 | 3.11 |
| 2005 | 137.50 | 168.00 | 5,900.5 | (446.6) | 27,542.0 | 14,869.4 | 1,984.0 | 2,448.2 | 17.8 | (27.75) |
| 2006 | 150.16 | 231.67 | 6,803.7 | 227.5 | 26,576.5 | 16,819.7 | 1,613.6 | 2,662.4 | 17.7 | 11.92 |
| 2007 | 230.01 | 287.00 | 7,510.2 | 1,095.8 | 27,941.8 | 19,000.7 | 1,207.4 | 4,063.5 | 17.7 | 58.38 |
| 2008 | 278.28 | 390.00 | 7,825.6 | 1,473.8 | 27,305.4 | 19,949.8 | 412.5 | 4,866.3 | 17.5 | 79.53 |
| 2009 | 369.80 | 410.00 | 6,635.6 | 856.8 | 28,452.0 | 21,273.0 | 1,071.1 | 7,391.8 | 20.0 | 43.75 |
| 2010 | 376.33 | 408.99 | 5,967.3 | 335.8 | 31,448.1 | 23,300.0 | 1,254.9 | 7,697.9 | 20.5 | 14.82 |
| 2011 | 364.55 | 437.01 | 7,475.0 | 45.1 | 33,406.9 | 24,322.5 | 2,055.7 | 7,427.9 | 20.4 | (0.31) |
| 2012 | 378.10 | 358.55 | 8,022.8 | 526.9 | 36,945.4 | 26,094.2 | 1,920.6 | 7,654.7 | 20.2 | 22.68 |
| 2013 | 339.00 | 424.11 | 5,944.9 | (573.4) | 35,999.0 | 24,861.6 | 1,752.9 | 7,186.7 | 21.2 | (31.15) |
| 2014 | 394.83 | 608.78 | 10,017.9 | 1,633.2 | 36,131.2 | 26,192.7 | 1,966.3 | 8,361.0 | 21.2 | 73.01 |
| 2015 | 403.01 | 656.91 | 9,580.4 | 567.7 | 41,529.0 | 29,016.1 | 2,075.6 | 8,952.5 | 22.2 | 23.15 |
| 2016 | 367.40 | 648.50 | 9,299.6 | (512.5) | 43,384.4 | 28,430.7 | 3,438.2 | 8,484.6 | 23.1 | (24.18) |
| 2017 | 449.55 | 669.34 | 16,224.6 | 1,740.6 | 64,090.1 | 39,255.4 | 4,057.2 | 12,475.6 | 27.8 | 64.98 |
| 2018 | 432.46 | 600.98 | 17,757.7 | 376.0 | 64,372.1 | 38,840.6 | 4,929.8 | 11,779.3 | 27.2 | 11.65 |
| 2019 | 486.10 | 609.74 | 21,532.8 | 2,004.1 | 70,508.5 | 39,004.6 | 6,257.4 | 13,042.6 | 26.8 | 69.79 |
| 2020 | 478.33 | 433.85 | 19,794.9 | 218.4 | 74,054.0 | 43,171.4 | 7,584.6 | 12,521.1 | 26.2 | 6.29 |
| 2021 | 630.60 | 622.24 | 26,467.9 | 3,401.1 | 86,645.4 | 53,022.8 | 6,306.8 | 15,049.6 | 23.9 | 122.25 |
| 2022 | 657.68 | 802.07 | 28,050.0 | 1,147.2 | 92,125.1 | 55,477.7 | 7,298.5 | 15,340.7 | 23.3 | 43.49 |
| Compound annual growth | | | | | | | | | | |
| | 17.8% | 16.1% | | | | | | | | |

(1) All share references are to common shares; Closing share price is in Canadian dollars; Per share amounts are in US dollars; Shares outstanding are in millions.

(2) Calculated as common shareholders' equity divided by common shares effectively outstanding.

(3) Calculated as total debt less holding company cash and investments (net of derivative obligations).

(4) IFRS basis for 2010 to 2022; Canadian GAAP basis for 2009 and prior. Under Canadian GAAP, investments were generally carried at cost or amortized cost in 2006 and prior.

(5) When current management took over in September 1985.

Corporate Profile

Fairfax Financial Holdings Limited is a holding company whose corporate objective is to build long term shareholder value by achieving a high rate of compound growth in book value per share over the long term. The company has been under present management since September 1985.

Property and Casualty Insurance and Reinsurance

North American Insurers

Northbridge Financial, based in Toronto, Canada, provides property and casualty insurance products in the Canadian market through its Northbridge and Federated subsidiaries. It is one of the largest commercial property and casualty insurers in Canada based on gross premiums written. In 2022, Northbridge's net premiums written were Cdn\$2,679.3 million (approximately US\$2,059 million). At year-end, the company had statutory equity of Cdn\$2,255.4 million (approximately US\$1,665 million) and there were 1,780 employees.

Crum & Forster, based in Morristown, New Jersey, is a national commercial property and casualty insurance company in the United States writing a broad range of commercial, principally specialty, coverages. In 2022, Crum & Forster's net premiums written were US\$3,658.4 million. At year-end, the company had statutory surplus of US\$2,045.8 million and there were 2,331 employees.

Zenith National, based in Woodland Hills, California, is primarily engaged in the workers compensation insurance business in the United States. In 2022, Zenith National's net premiums written were US\$739.9 million. At year-end, the company had statutory surplus of US\$708.8 million and there were 1,445 employees.

Global Insurers and Reinsurers

Odyssey Group, based in Stamford, Connecticut, underwrites treaty and facultative reinsurance and specialty insurance, with principal locations in the United States, Toronto, London, Paris, Singapore and Latin America. In 2022, Odyssey Group's net premiums written were US\$5,908.0 million. At year-end, the company had shareholders' equity of US\$5,468.0 million and there were 1,340 employees.

Brit, based in London, England, is a market-leading global Lloyd's of London specialty insurer and reinsurer. In 2022, Brit's net premiums written were US\$3,142.2 million. At year-end, the company had shareholders' equity of US\$1,768.3 million and there were 969 employees.

Allied World, based in Pembroke, Bermuda, provides property, casualty and specialty insurance and reinsurance solutions, with principal locations in the United States, Bermuda, London, Singapore and Canada. In 2022, Allied World's net premiums written were US\$4,456.1 million. At year-end, the company had shareholders' equity of US\$4,594.7 million and there were 1,550 employees.

International Insurers and Reinsurers

Group Re primarily constitutes the participation by CRC Re, Wentworth and Connemara (all based in Barbados) in the reinsurance of Fairfax's subsidiaries by quota share or through participation in those subsidiaries' third party reinsurance programs on the same terms and pricing as third party reinsurers. Group Re also writes third party business. In 2022, Group Re's net premiums written were US\$452.0 million. At year-end, the Group Re companies had combined shareholders' equity of US\$582.2 million.

Bryte Insurance, based in South Africa, writes property and casualty insurance in South Africa and Botswana. In 2022, Bryte Insurance's net premiums written were ZAR 4.5 billion (approximately US\$274 million). At year-end, the company had shareholders' equity of ZAR 2,559.0 million (approximately US\$150 million) and there were 805 employees.

Eurolife General, based in Greece, writes general insurance in Greece and Romania. In 2022, Eurolife General's net premiums written were €56.6 million (approximately US\$60 million). At year-end, the company had shareholders' equity of €65.5 million (approximately US\$70 million) and there were 232 employees.

Fairfax Asia

Falcon Insurance, based in Hong Kong, writes property and casualty insurance in niche markets in Hong Kong. In 2022, Falcon's net premiums written were HKD 596.5 million (approximately US\$76 million). At year-end, the company had shareholders' equity of HKD 751.8 million (approximately US\$96 million) and there were 63 employees.

Pacific Insurance, based in Malaysia, writes all classes of general insurance and medical insurance in Malaysia. In 2022, Pacific's net premiums written were MYR 378.9 million (approximately US\$86 million). At year-end, the company had shareholders' equity of MYR 512.3 million (approximately US\$116 million) and there were 433 employees.

After 37 years, here's what our insurance business looks like worldwide:

Fairfax Worldwide Insurance Operations as at December 31, 2022

| | Ownership | Country | Gross Premiums Written | | Combined Ratio | Investment Portfolio |
|---|--------------------|----------------|------------------------------|-------------|-------------------|-------------------------|
| | | | Total | % of | | |
| Northbridge | 100% | Canada | 2,302 | 8% | 89% | 4,255 |
| Crum & Forster | 100% | United States | 4,571 | 17% | 95% | 6,698 |
| Zenith | 100% | United States | 728 | 3% | 95% | 1,762 |
| North American Insurers | | | 7,601 | 28% | 93% | 12,715 |
| Odyssey Group | 90% | United States | 6,560 | 24% | 96% | 13,265 |
| Brit | 86% | United Kingdom | 3,946 | 14% | 98% | 5,981 |
| Allied World | 83% | Bermuda | 6,490 | 24% | 91% | 11,562 |
| Global Insurers and Reinsurers | | | 16,996 | 62% | 95% | 30,808 |
| Falcon | 100% | Hong Kong | 99 | 0% | 94% | 218 |
| Pacific | 85% | Malaysia | 165 | 1% | 98% | 191 |
| AMAG | 80% | Indonesia | 155 | 1% | 93% | 163 |
| Fairfirst | 78% | Sri Lanka | 44 | 0% | 99% | 30 |
| Singapore Re | 100% | Singapore | 281 | 1% | 63% | 338 |
| Asian Insurers and Reinsurers | | | 744 | 3% | 89% | 939 |
| Fairfax Brasil | 100% | Brazil | 253 | 1% | 128% | 194 |
| Southbridge Colombia | 100% | Colombia | 175 | 1% | 97% | 119 |
| Southbridge Chile | 100% | Chile | 404 | 1% | 89% | 122 |
| Southbridge Uruguay | 100% | Uruguay | 18 | 0% | 95% | 14 |
| La Meridional | 100% | Argentina | 255 | 1% | 100% | 78 |
| South American Insurers | | | 1,105 | 4% | 107% | 526 |
| Bryte | 100% | South Africa | 382 | 1% | 108% | 286 |
| Colonnade | 100% | Luxembourg | 236 | 1% | 95% | 304 |
| Polish Re | 100% | Poland | 133 | 0% | 98% | 204 |
| Fairfax Ukraine | 70% | Ukraine | 139 | 1% | 91% | 102 |
| Eurolife General | 80% | Greece | 81 | 0% | 99% | 154 |
| Group Re | 100% | Barbados | 147 | 1% | 99% | 973 |
| Other International Insurers and Reinsurers | | | 1,117 | 4% | 100% | 2,023 |
| International Insurers and Reinsurers | | | 2,965 | 11% | 99% | 3,488 |
| Other ⁽¹⁾ | | | | | | 8,658 |
| Consolidated Insurers and Reinsurers | | | 27,562 | 100% | 95% | 55,668 |
| Gulf Insurance ⁽²⁾ | 44% | Kuwait | 2,676 | | 92% | 2,407 |
| BIC ⁽²⁾ | 35% | Vietnam | 166 | | 98% | 223 |
| Digit | 49% ⁽³⁾ | India | 935 | | 108% | 1,438 |
| Falcon | 41% | Thailand | 88 | | 115% | 44 |
| Non-consolidated Insurers and Reinsurers⁽⁴⁾ | | | 3,865 | | 97% | 4,112 |
| Total | | | 31,427 | | 95% | 59,780 |

(1) Includes Eurolife's life insurance, Run-off and other investments in associates

(2) As at and for the twelve months ended September 30, 2022

(3) 74% upon conversion of securities, once regulatory approval is received

(4) Based on 100% level

market value of these common stock holdings exceeded their total carrying value by \$240 million. As at March 3, 2023, the total market value exceeded the total year-end carrying value by approximately \$900 million.

Common Stock Holdings as at December 31, 2022

| | Shares <i>(millions)</i> | Ownership | Carrying Value per Share <i>(\$)</i> | Share Price <i>(\$)</i> | Carrying Value | Market Value |
|--|------------------------------------|------------------|--|-----------------------------------|---------------------------------|---------------------|
| Common Stocks – Mark to Market | | | | | | |
| Commercial International Bank ⁽¹⁾ | 196.0 | 7% | 1.66 | 1.66 | 324 | 324 |
| Kennedy Wilson ⁽¹⁾⁽²⁾ | 12.9 | 9% | 15.73 | 15.73 | 202 | 202 |
| Micron Technology | 3.4 | 0% | 49.98 | 49.98 | 171 | 171 |
| Foran Mining | 71.6 | 28% | 2.13 | 2.13 | 153 | 153 |
| Blackberry ⁽¹⁾⁽³⁾ | 44.9 | 8% | 3.25 | 3.25 | 146 | 146 |
| Altius Minerals | 6.7 | 14% | 16.38 | 16.38 | 109 | 109 |
| Bank of America | 3.0 | 0% | 33.11 | 33.11 | 99 | 99 |
| Mytilineos | 4.0 | 3% | 21.62 | 21.62 | 86 | 86 |
| Other | | | | | 1,919 | 1,919 |
| Common stocks | | | | | 3,209 | 3,209 |
| Limited partnerships | | | | | 1,873 | 1,873 |
| Total Mark to Market | | | | | 5,082 | 5,082 |
| Common Stocks – Equity Accounted (Associates) | | | | | | |
| Eurobank Ergasias ⁽¹⁾ | 1,194.1 | 32% | 1.26 | 1.13 | 1,508 | 1,345 |
| Atlas ⁽¹⁾⁽²⁾ | 121.6 | 43% | 12.39 | 15.34 | 1,506 | 1,865 |
| Resolute ⁽¹⁾ | 24.8 | 32% | 20.53 | 21.59 | 508 | 508 |
| Quess | 44.6 | 30% | 10.02 | 4.98 | 447 | 222 |
| Stelco | 13.0 | 24% | 23.45 | 32.58 | 305 | 423 |
| Exco Resources | 22.9 | 44% | 12.59 | 23.79 | 288 | 545 |
| Helios Fairfax Partners ⁽¹⁾ | 35.3 | 34% | 5.19 | 2.95 | 183 | 104 |
| Kennedy Wilson partnerships | — | — | — | — | 149 | 149 |
| Peak Achievement | — | 43% | — | — | 124 | 195 |
| Astarta | 7.5 | 30% | 13.93 | 4.64 | 104 | 35 |
| Other | | | | | 285 | 284 |
| Total Associates | | | | | 5,407 | 5,675 |
| Common Stocks – Consolidated | | | | | | |
| Recipe ⁽¹⁾⁽⁴⁾ | 34.3 | 76% | 17.25 | 15.30 | 594 | 525 |
| Fairfax India ⁽¹⁾ | 47.9 | 35% | 10.78 | 12.21 | 517 | 585 |
| Grivalia Hospitality ⁽⁴⁾ | 226.8 | 78% | 1.81 | 1.80 | 411 | 409 |
| Thomas Cook India | 340.3 | 73% | 0.63 | 0.86 | 214 | 293 |
| Boat Rocker Media | 25.3 | 45% | 4.11 | 1.67 | 104 | 42 |
| Dexterra Group | 31.8 | 49% | 3.24 | 4.01 | 103 | 127 |
| Farmers Edge | 25.7 | 61% | 2.76 | 0.20 | 71 | 5 |
| Other | | | | | 86 | 86 |
| Total Consolidated | | | | | 2,100 | 2,072 |
| Total Common Stock Holdings | | | | | 12,589 | 12,829 |

(1) Excludes shares controlled and directed through our asset value note from the sale of RiverStone Barbados

(2) Excludes 13 million and 6 million warrants of Kennedy Wilson and Atlas, respectively

(3) Excludes 48 million shares from convertible bonds

(4) Market values shown for Recipe and Grivalia Hospitality represent Fairfax's recent transaction valuations

It is important to recognize that because our publicly traded common stocks in both the second and third buckets are not marked to market, it is only on sale that their market values will be reflected on our balance sheet. By showing the above tables to you on a regular basis, you can mark to market the great majority of our common stock positions – up and down! Additionally, remember, it is only in the long term that stock prices reflect underlying intrinsic values.

Consolidated Statements of Changes in Equity
for the years ended December 31, 2022 and 2021
(US\$ millions)

| | Common shares ⁽¹⁾ | Treasury shares at cost | Share- based payments and other reserves | Retained earnings | Accumulated other comprehensive income (loss) | Common shareholders' equity | Preferred shares | Equity attributable to shareholders of Fairfax | Non- controlling interests | Total equity |
|---|---------------------------------|-------------------------------|---|----------------------|--|-----------------------------------|---------------------|--|----------------------------------|-----------------|
| Balance as of January 1, 2022 | 6,182.4 | (808.1) | 504.8 | 9,972.2 | (801.7) | 15,049.6 | 1,335.5 | 16,385.1 | 4,930.2 | 21,315.3 |
| Net earnings for the year | – | – | – | 1,147.2 | – | 1,147.2 | – | 1,147.2 | 139.6 | 1,286.8 |
| Other comprehensive income (loss), net of income taxes: | | | | | | | | | | |
| Net unrealized foreign currency translation losses on foreign operations | – | – | – | – | (479.7) | (479.7) | – | (479.7) | (194.0) | (673.7) |
| Gains on hedge of net investment in Canadian subsidiaries | – | – | – | – | 149.5 | 149.5 | – | 149.5 | – | 149.5 |
| Gains on hedge of net investment in European operations | – | – | – | – | 51.8 | 51.8 | – | 51.8 | – | 51.8 |
| Share of other comprehensive loss of associates, excluding net gains on defined benefit plans | – | – | – | – | (120.7) | (120.7) | – | (120.7) | (11.3) | (132.0) |
| Net unrealized foreign currency translation losses on foreign subsidiaries reclassified to net earnings | – | – | – | – | 19.7 | 19.7 | – | 19.7 | – | 19.7 |
| Net unrealized foreign currency translation gains on associates reclassified to net earnings | – | – | – | – | (3.9) | (3.9) | – | (3.9) | (0.4) | (4.3) |
| Net gains on defined benefit plans | – | – | – | – | 116.9 | 116.9 | – | 116.9 | 4.8 | 121.7 |
| Share of net gains on defined benefit plans of associates | – | – | – | – | 57.8 | 57.8 | – | 57.8 | 1.6 | 59.4 |
| Other | – | – | – | – | 1.2 | 1.2 | – | 1.2 | 1.0 | 2.2 |
| Issuances for share-based payments | – | 62.4 | (70.2) | – | – | (7.8) | – | (7.8) | 5.3 | (2.5) |
| Purchases and amortization for share-based payments (note 16) | – | (148.2) | 146.1 | – | – | (2.1) | – | (2.1) | (20.3) | (22.4) |
| Purchases for cancellation (note 16) | (96.1) | – | – | (103.5) | – | (199.6) | – | (199.6) | – | (199.6) |
| Common share dividends (note 16) | – | – | – | (249.9) | – | (249.9) | – | (249.9) | (263.2) | (513.1) |
| Preferred share dividends (note 16) | – | – | – | (45.2) | – | (45.2) | – | (45.2) | – | (45.2) |
| Acquisitions of subsidiaries (note 23) | – | – | – | – | – | – | – | – | 111.5 | 111.5 |
| Net changes in capitalization (note 16 and note 23) | – | – | 37.6 | (211.2) | – | (173.6) | – | (173.6) | (1,070.9) | (1,244.5) |
| Other | – | 2.6 | (2.6) | – | 29.5 | 29.5 | – | 29.5 | 25.7 | 55.2 |
| Balance as of December 31, 2022 | <u>6,086.3</u> | <u>(891.3)</u> | <u>615.7</u> | <u>10,509.6</u> | <u>(979.6)</u> | <u>15,340.7</u> | <u>1,335.5</u> | <u>16,676.2</u> | <u>3,659.6</u> | <u>20,335.8</u> |
| Balance as of January 1, 2021 | 6,712.0 | (732.8) | 248.4 | 7,092.5 | (799.0) | 12,521.1 | 1,335.5 | 13,856.6 | 3,670.7 | 17,527.3 |
| Net earnings for the year | – | – | – | 3,401.1 | – | 3,401.1 | – | 3,401.1 | 265.5 | 3,666.6 |
| Other comprehensive income (loss), net of income taxes: | | | | | | | | | | |
| Net unrealized foreign currency translation losses on foreign operations | – | – | – | – | (123.3) | (123.3) | – | (123.3) | (76.2) | (199.5) |
| Losses on hedge of net investment in Canadian subsidiaries | – | – | – | – | (16.7) | (16.7) | – | (16.7) | – | (16.7) |
| Gains on hedge of net investment in European operations | – | – | – | – | 63.9 | 63.9 | – | 63.9 | – | 63.9 |
| Share of other comprehensive loss of associates, excluding net gains (losses) on defined benefit plans | – | – | – | – | (65.2) | (65.2) | – | (65.2) | (9.9) | (75.1) |
| Net unrealized foreign currency translation losses on foreign subsidiaries reclassified to net earnings | – | – | – | – | 3.1 | 3.1 | – | 3.1 | 3.6 | 6.7 |
| Net unrealized foreign currency translation (gains) losses on associates reclassified to net earnings | – | – | – | – | (45.6) | (45.6) | – | (45.6) | 0.4 | (45.2) |
| Net gains on defined benefit plans | – | – | – | – | 82.8 | 82.8 | – | 82.8 | 5.4 | 88.2 |
| Share of net gains (losses) on defined benefit plans of associates | – | – | – | – | 68.3 | 68.3 | – | 68.3 | (1.3) | 67.0 |
| Other | – | – | – | – | 9.2 | 9.2 | – | 9.2 | 4.6 | 13.8 |
| Issuances for share-based payments | – | 57.3 | (56.1) | – | – | 1.2 | – | 1.2 | (3.0) | (1.8) |
| Purchases and amortization for share-based payments (note 16) | – | (132.6) | 104.1 | – | – | (28.5) | – | (28.5) | 6.8 | (21.7) |
| Purchases for cancellation (note 16) | (529.6) | – | – | (528.5) | – | (1,058.1) | – | (1,058.1) | – | (1,058.1) |
| Common share dividends (note 16) | – | – | – | (272.1) | – | (272.1) | – | (272.1) | (155.4) | (427.5) |
| Preferred share dividends (note 16) | – | – | – | (44.5) | – | (44.5) | – | (44.5) | – | (44.5) |
| Acquisitions of subsidiaries (note 23) | – | – | – | – | – | – | – | – | 7.5 | 7.5 |
| Deconsolidation of subsidiaries (note 23) | – | – | – | – | – | – | – | – | (15.4) | (15.4) |
| Net changes in capitalization (note 16 and note 23) | – | – | 208.4 | 323.7 | 20.8 | 552.9 | – | 552.9 | 1,226.9 | 1,779.8 |
| Balance as of December 31, 2021 | <u>6,182.4</u> | <u>(808.1)</u> | <u>504.8</u> | <u>9,972.2</u> | <u>(801.7)</u> | <u>15,049.6</u> | <u>1,335.5</u> | <u>16,385.1</u> | <u>4,930.2</u> | <u>21,315.3</u> |

(1) Includes multiple voting shares with a carrying value of \$3.8 at January 1, 2021, December 31, 2021 and December 31, 2022.

See accompanying notes.

Consolidated Statements of Cash Flows
for the years ended December 31, 2022 and 2021

| | Notes | 2022 (US\$ millions) | 2021 |
|---|-------|-------------------------|------------------|
| Operating activities | | | |
| Net earnings | | 1,286.8 | 3,666.6 |
| Depreciation, amortization and impairment charges | 26 | 683.6 | 930.4 |
| Net bond premium (discount) amortization | | (34.2) | 65.0 |
| Amortization of share-based payment awards | | 146.1 | 104.1 |
| Share of profit of associates | 6 | (1,014.7) | (402.0) |
| Net deferred income taxes | 18 | (181.6) | 339.0 |
| Net (gains) losses on investments | 5, 23 | 1,733.9 | (3,445.1) |
| Gain on sale and consolidation of insurance subsidiaries | 23 | (1,219.7) | (264.0) |
| Loss on repurchase of borrowings | 15 | – | 45.7 |
| Net (purchases) sales of investments classified at FVTPL | 27 | (9,640.2) | 2,614.4 |
| Changes in operating assets and liabilities | 27 | 3,820.1 | 2,986.9 |
| Cash provided by (used in) operating activities | | <u>(4,419.9)</u> | <u>6,641.0</u> |
| Investing activities | | | |
| Sales of investments in associates | 6 | 192.9 | 809.2 |
| Purchases of investments in associates | 6 | (363.5) | (175.4) |
| Net purchases of premises and equipment and intangible assets | | (418.9) | (353.9) |
| Net sales of investment property | | 84.7 | 27.0 |
| Purchases of subsidiaries, net of cash acquired | 23 | (229.9) | 1,259.5 |
| Proceeds from sale of insurance subsidiaries, net of cash divested | 23 | 1,109.0 | 85.4 |
| Proceeds from sale of non-insurance subsidiaries, net of cash divested | 23 | 10.5 | 186.8 |
| Cash provided by investing activities | | <u>384.8</u> | <u>1,838.6</u> |
| Financing activities | | | |
| Borrowings – holding company and insurance and reinsurance companies: | 15 | | |
| Proceeds, net of issuance costs | | 743.4 | 1,250.0 |
| Repayments | | (0.3) | (932.9) |
| Net repayments on holding company credit facility | | – | (700.0) |
| Net repayments on other revolving credit facilities | | (35.0) | (84.3) |
| Borrowings – non-insurance companies: | 15 | | |
| Proceeds, net of issuance costs | | 47.0 | 499.1 |
| Repayments | | (25.3) | (593.9) |
| Net borrowings (repayments) on revolving credit facilities and short term loans | | 304.1 | (262.0) |
| Principal payments on lease liabilities – holding company and insurance and reinsurance companies | | (68.5) | (64.6) |
| Principal payments on lease liabilities – non-insurance companies | | (138.9) | (162.8) |
| Subordinate voting shares: | 16 | | |
| Purchases for treasury | | (148.2) | (132.6) |
| Purchases for cancellation | | (199.6) | (1,058.1) |
| Common share dividends | 16 | (249.9) | (272.1) |
| Preferred share dividends | 16 | (45.2) | (44.5) |
| Subsidiary shares: | | | |
| Issuances to non-controlling interests, net of issuance costs | 23 | 167.5 | 1,603.2 |
| Purchases of non-controlling interests | 23 | (1,384.7) | (233.0) |
| Sales to non-controlling interests | | – | 174.8 |
| Dividends paid to non-controlling interests | 16 | (261.0) | (175.6) |
| Cash used in financing activities | | <u>(1,294.6)</u> | <u>(1,189.3)</u> |
| Increase (decrease) in cash and cash equivalents | | <u>(5,329.7)</u> | <u>7,290.3</u> |
| Cash and cash equivalents – beginning of year | | 11,685.4 | 4,467.1 |
| Foreign currency translation | | (236.1) | (72.0) |
| Cash and cash equivalents – end of year | 27 | <u>6,119.6</u> | <u>11,685.4</u> |

See accompanying notes.

Fair Value Disclosures

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

| | December 31, 2022 | | | | December 31, 2021 | | | |
|---|----------------------------|---|---|---|----------------------------|---|---|---|
| | Quoted prices (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total fair value asset (liability) | Quoted prices (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total fair value asset (liability) |
| Cash and cash equivalents ⁽¹⁾ | 6,980.8 | — | — | 6,980.8 | 12,946.4 | — | — | 12,946.4 |
| Short term investments: | | | | | | | | |
| Canadian government | 91.8 | — | — | 91.8 | 16.2 | — | — | 16.2 |
| Canadian provincials | 38.1 | — | — | 38.1 | 535.8 | — | — | 535.8 |
| U.S. treasury | 1,574.5 | — | — | 1,574.5 | 7,608.8 | — | — | 7,608.8 |
| Other government | 164.3 | 1,238.5 | — | 1,402.8 | 283.5 | 1,140.9 | — | 1,424.4 |
| Corporate and other | — | 298.0 | — | 298.0 | — | 263.9 | — | 263.9 |
| | 1,868.7 | 1,536.5 | — | 3,405.2 | 8,444.3 | 1,404.8 | — | 9,849.1 |
| Bonds: | | | | | | | | |
| Canadian government | — | 1,923.5 | — | 1,923.5 | — | 614.6 | — | 614.6 |
| Canadian provincials | — | 284.1 | — | 284.1 | — | 45.0 | — | 45.0 |
| U.S. treasury | — | 14,378.8 | — | 14,378.8 | — | 3,957.9 | — | 3,957.9 |
| U.S. states and municipalities | — | 262.7 | — | 262.7 | — | 387.2 | — | 387.2 |
| Other government | — | 2,700.2 | — | 2,700.2 | — | 2,655.0 | — | 2,655.0 |
| Corporate and other ⁽²⁾ | — | 5,986.6 | 3,465.3 | 9,451.9 | — | 4,078.1 | 2,795.8 | 6,873.9 |
| | — | 25,535.9 | 3,465.3 | 29,001.2 | — | 11,737.8 | 2,795.8 | 14,533.6 |
| Preferred stocks: | | | | | | | | |
| Canadian | 10.4 | 9.2 | 13.2 | 32.8 | — | 16.6 | 93.6 | 110.2 |
| U.S. | — | — | 233.6 | 233.6 | — | — | 40.6 | 40.6 |
| Other ⁽³⁾ | 13.2 | 269.2 | 1,800.3 | 2,082.7 | 13.5 | 288.0 | 1,967.6 | 2,269.1 |
| | 23.6 | 278.4 | 2,047.1 | 2,349.1 | 13.5 | 304.6 | 2,101.8 | 2,419.9 |
| Common stocks: | | | | | | | | |
| Canadian | 624.3 | 192.3 | 427.8 | 1,244.4 | 1,104.2 | 188.4 | 303.7 | 1,596.3 |
| U.S. | 691.0 | 26.1 | 1,087.2 | 1,804.3 | 597.9 | 32.0 | 1,155.3 | 1,785.2 |
| Other | 1,097.8 | 254.1 | 1,036.6 | 2,388.5 | 1,438.0 | 276.7 | 944.8 | 2,659.5 |
| | 2,413.1 | 472.5 | 2,551.6 | 5,437.2 | 3,140.1 | 497.1 | 2,403.8 | 6,041.0 |
| Derivatives and other invested assets | — | 341.8 | 719.5 | 1,061.3 | 0.1 | 175.4 | 1,106.2 | 1,281.7 |
| Derivative obligations (note 7) | — | (151.8) | (39.2) | (191.0) | — | (88.5) | (64.4) | (152.9) |
| Holding company cash and investments and portfolio investments measured at fair value | 11,286.2 | 28,013.3 | 8,744.3 | 48,043.8 | 24,544.4 | 14,031.2 | 8,343.2 | 46,918.8 |
| | 23.5% | 58.3% | 18.2% | 100.0% | 52.3% | 29.9% | 17.8% | 100.0% |
| Investments in associates (note 6) ⁽⁴⁾ | 4,693.8 | 95.3 | 4,463.2 | 9,252.3 | 4,188.8 | 106.8 | 3,995.6 | 8,291.2 |

(1) Includes restricted cash and cash equivalents of \$861.2 at December 31, 2022 (December 31, 2021 – \$1,261.0). See note 27.

(2) Included in Level 3 are the company's investments in first mortgage loans at December 31, 2022 of \$2,500.7 (December 31, 2021 – \$1,659.4) secured by real estate predominantly in the U.S., Europe and Canada.

(3) Primarily comprised of the company's investment in compulsory convertible preferred shares of Go Digit Infoworks Services Limited ("Digit"), which is described in footnote (2) of the following table. The company also holds a 49.0% equity interest in Digit as described in note 6.

(4) The fair value of investments in associates is presented separately as such investments are measured using the equity method of accounting. Also included is the fair value of Resolute Forest Products which was held for sale at December 31, 2022 as described in note 6.

In the preceding table certain limited partnerships included in common stocks are classified as Level 3 because their net asset values are unobservable or because they contractually require greater than three months to liquidate or redeem. During 2022 and 2021 there were no significant transfers of financial instruments between Level 1 and Level 2, and there were no significant transfers of financial instruments in or out of Level 3 as a result of changes in the observability of valuation inputs except as described in the following table which summarizes changes in Level 3 financial assets measured at fair value on a recurring basis.

| 2022 | | | | | | | |
|--|-----------------------------------|----------------------------------|---|-------------------------------------|---------------|---------------------------------------|----------------|
| | Private placement debt securities | Private company preferred shares | Limited partnerships and other ⁽¹⁾ | Private equity funds ⁽¹⁾ | Common shares | Derivatives and other invested assets | Total |
| Balance – January 1 | 2,795.8 | 2,101.8 | 1,789.1 | 107.7 | 507.0 | 1,041.8 | 8,343.2 |
| Net realized and unrealized gains (losses) included in the consolidated statement of earnings ⁽²⁾ | (378.8) | (247.4) | 143.0 | (1.4) | 61.9 | (95.8) | (518.5) |
| Purchases ⁽³⁾ | 1,456.0 | 286.4 | 113.1 | – | 102.7 | 67.4 | 2,025.6 |
| Sales and distributions ⁽³⁾ | (382.4) | (88.1) | (207.0) | (4.2) | (14.3) | (303.8) | (999.8) |
| Transfer out of category | – | – | – | – | (2.7) | – | (2.7) |
| Unrealized foreign currency translation losses on foreign subsidiaries included in other comprehensive income (loss) | (25.3) | (5.6) | (14.0) | (4.6) | (24.7) | (29.3) | (103.5) |
| Balance – December 31 | <u>3,465.3</u> | <u>2,047.1</u> | <u>1,824.2</u> | <u>97.5</u> | <u>629.9</u> | <u>680.3</u> | <u>8,744.3</u> |
| 2021 | | | | | | | |
| | Private placement debt securities | Private company preferred shares | Limited partnerships and other ⁽¹⁾ | Private equity funds ⁽¹⁾ | Common shares | Derivatives and other invested assets | Total |
| Balance – January 1 | 1,774.2 | 587.4 | 1,766.9 | 110.8 | 239.9 | 697.6 | 5,176.8 |
| Net realized and unrealized gains included in the consolidated statement of earnings ⁽²⁾ | 69.1 | 1,489.3 | 450.6 | 2.4 | 53.7 | 297.4 | 2,362.5 |
| Purchases ⁽³⁾⁽⁴⁾⁽⁵⁾ | 1,241.5 | 32.0 | 254.3 | – | 216.9 | 115.5 | 1,860.2 |
| Acquisitions of subsidiaries (note 23) | 47.5 | – | – | – | – | 27.4 | 74.9 |
| Transfer into category ⁽⁶⁾ | 139.6 | – | – | – | 10.9 | – | 150.5 |
| Sales and distributions ⁽³⁾ | (476.6) | (7.2) | (580.9) | (5.9) | (2.5) | (91.8) | (1,164.9) |
| Transfer out of category | – | – | (102.0) | – | (10.7) | – | (112.7) |
| Unrealized foreign currency translation gains (losses) on foreign subsidiaries included in other comprehensive income (loss) | 0.5 | 0.3 | 0.2 | 0.4 | (1.2) | (4.3) | (4.1) |
| Balance – December 31 | <u>2,795.8</u> | <u>2,101.8</u> | <u>1,789.1</u> | <u>107.7</u> | <u>507.0</u> | <u>1,041.8</u> | <u>8,343.2</u> |

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

(2) During June 2021, the company's associate Go Digit Infoworks Services Private Limited ("Digit") entered into agreements with certain third party investors for its general insurance subsidiary Go Digit Insurance Limited ("Digit Insurance") to raise approximately \$200 (14.9 billion Indian rupees) of new equity shares, valuing Digit Insurance at approximately \$3.5 billion (259.5 billion Indian rupees) (the "transaction fair value"). Digit Insurance subsequently closed the majority of the \$200 raise in the fourth quarter of 2021 and first half of 2022.

At December 31, 2021, the company estimated the fair value of Digit Insurance using the transaction fair value, which was supported by an internal discounted cash flow analysis, resulting in the company recording a net unrealized gain of \$1,490.3 in 2021 (inclusive of foreign exchange losses) on its investment in Digit compulsory convertible preferred shares.

At December 31, 2022, the company estimated the fair value of Digit Insurance using an internal discounted cash flow analysis that continues to approximate the transaction fair value, resulting in the company recording a net unrealized loss of \$167.2 in 2022, principally related to foreign exchange losses on its investment in Digit compulsory convertible preferred shares. The company also holds a 49.0% equity accounted interest in Digit as described in note 6.

(3) Private placement debt securities include net purchases of first mortgage loans of \$870.2 (2021 – \$826.9).

(4) Common shares include non-voting shares of the RiverStone Barbados holding company as described in note 23.

(5) Derivatives and other invested assets include a monthly royalty on future revenues of Toys "R" Us Canada as described in note 23.

(6) Private placement debt securities include Mosaic Capital 25-year debentures as described in note 23.

Segmented Balance Sheet as at December 31, 2021

| | Property and Casualty Insurance and Reinsurance | | | | Life insurance and Non-insurance companies | | | Corporate and eliminations ⁽⁴⁾ | Consolidated |
|--|---|--------------------------------|---------------------------------------|----------|--|---------|------------|---|--------------|
| | North American Insurers | Global Insurers and Reinsurers | International Insurers and Reinsurers | Total | Run-off | | | | |
| Assets | | | | | | | | | |
| Holding company cash and investments | 93.5 | 511.0 | – | 604.5 | – | – | 873.8 | 1,478.3 | |
| Insurance contract receivables | 1,273.4 | 4,998.1 | 944.0 | 7,215.5 | 7.8 | – | (340.1) | 6,883.2 | |
| Portfolio investments ⁽¹⁾ | 11,688.5 | 27,922.6 | 5,450.7 | 45,061.8 | 4,963.9 | 2,252.8 | (581.1) | 51,697.4 | |
| Deferred premium acquisition costs | 441.1 | 1,299.1 | 210.4 | 1,950.6 | 3.8 | – | (30.3) | 1,924.1 | |
| Recoverable from reinsurers | 2,039.1 | 8,588.6 | 2,432.6 | 13,060.3 | 457.6 | – | (1,427.4) | 12,090.5 | |
| Deferred income tax assets | 153.9 | 69.8 | 44.5 | 268.2 | 29.0 | 66.9 | 158.3 | 522.4 | |
| Goodwill and intangible assets | 898.3 | 2,476.5 | 204.7 | 3,579.5 | 7.5 | 2,341.2 | – | 5,928.2 | |
| Due from affiliates | 213.6 | 16.2 | 1.5 | 231.3 | 360.2 | – | (591.5) | – | |
| Other assets | 587.9 | 864.6 | 293.5 | 1,746.0 | 810.0 | 3,195.5 | 369.8 | 6,121.3 | |
| Investments in Fairfax insurance and reinsurance affiliates ⁽²⁾ | 29.4 | 102.8 | 35.0 | 167.2 | 29.3 | – | (196.5) | – | |
| Total assets | 17,418.7 | 46,849.3 | 9,616.9 | 73,884.9 | 6,669.1 | 7,856.4 | (1,765.0) | 86,645.4 | |
| Liabilities | | | | | | | | | |
| Accounts payable and accrued liabilities | 724.7 | 1,191.5 | 233.7 | 2,149.9 | 233.4 | 2,077.4 | 524.7 | 4,985.4 | |
| Derivative obligations | 4.6 | 67.9 | – | 72.5 | – | 47.9 | 32.5 | 152.9 | |
| Due to affiliates | 3.4 | 10.9 | 14.5 | 28.8 | 0.2 | 135.1 | (164.1) | – | |
| Deferred income tax liabilities | – | 95.7 | 226.5 | 322.2 | 72.9 | 198.5 | 5.2 | 598.8 | |
| Insurance contract payables | 447.9 | 3,043.7 | 717.0 | 4,208.6 | 652.0 | – | (367.1) | 4,493.5 | |
| Provision for losses and loss adjustment expenses ⁽³⁾ | 7,777.5 | 22,308.3 | 3,295.6 | 33,381.4 | 4,806.1 | – | (1,295.2) | 36,892.3 | |
| Provision for unearned premiums ⁽³⁾ | 2,555.1 | 6,796.3 | 1,213.4 | 10,564.8 | 16.5 | – | (127.1) | 10,454.2 | |
| Borrowings | 38.3 | 752.4 | – | 790.7 | – | 1,616.2 | 5,346.1 | 7,753.0 | |
| Total liabilities | 11,551.5 | 34,266.7 | 5,700.7 | 51,518.9 | 5,781.1 | 4,075.1 | 3,955.0 | 65,330.1 | |
| Equity | | | | | | | | | |
| Shareholders' equity attributable to shareholders of Fairfax | 5,867.2 | 12,348.4 | 3,839.5 | 22,055.1 | 888.0 | 3,690.8 | (10,248.8) | 16,385.1 | |
| Non-controlling interests | – | 234.2 | 76.7 | 310.9 | – | 90.5 | 4,528.8 | 4,930.2 | |
| Total equity | 5,867.2 | 12,582.6 | 3,916.2 | 22,366.0 | 888.0 | 3,781.3 | (5,720.0) | 21,315.3 | |
| Total liabilities and total equity | 17,418.7 | 46,849.3 | 9,616.9 | 73,884.9 | 6,669.1 | 7,856.4 | (1,765.0) | 86,645.4 | |
| Capital | | | | | | | | | |
| Borrowings | 38.3 | 752.4 | – | 790.7 | – | 1,616.2 | 5,346.1 | 7,753.0 | |
| Investments in Fairfax affiliates | 709.9 | 1,069.3 | 162.5 | 1,941.7 | 76.5 | – | (2,018.2) | – | |
| Shareholders' equity attributable to shareholders of Fairfax | 5,157.3 | 8,984.4 | 3,695.5 | 17,837.2 | 811.5 | 1,782.5 | (4,046.1) | 16,385.1 | |
| Non-controlling interests | – | 2,528.9 | 58.2 | 2,587.1 | – | 1,998.8 | 344.3 | 4,930.2 | |
| Total capital | 5,905.5 | 13,335.0 | 3,916.2 | 23,156.7 | 888.0 | 5,397.5 | (373.9) | 29,068.3 | |
| % of consolidated total capital | 20.3% | 45.9% | 13.5% | 79.7% | 3.1% | 18.6% | (1.4)% | 100.0% | |

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

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

(3) Included in insurance contract liabilities on the consolidated balance sheet.

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

Components of Consolidated Balance Sheets**Consolidated Balance Sheet Summary**

Changes to the assets and liabilities on the company's consolidated balance sheet at December 31, 2022 compared to December 31, 2021 were primarily due to the consolidation of Grivalia Hospitality on July 5, 2022, increased business volumes at the property and casualty insurance and reinsurance companies and net proceeds received from the sale of Crum & Forster's Pet Insurance Group and Pethealth.

Holding company cash and investments decreased to \$1,345.8 (\$1,326.4 net of \$19.4 of holding company derivative obligations) at December 31, 2022 from \$1,478.3 at December 31, 2021 (\$1,446.2 net of \$32.1 of holding company derivative obligations). Significant cash transactions at the holding company in 2022 are set out in the Financial Condition section of this MD&A under the heading "Liquidity".

Insurance contract receivables increased by \$1,024.3 to \$7,907.5 at December 31, 2022 from \$6,883.2 at December 31, 2021 primarily reflecting increased insurance and reinsurance premiums receivable due to increased business volumes and the normal lag in the associated premium collection, principally at the companies in the Global Insurers and Reinsurers reporting segment.

Portfolio investments comprise investments carried at fair value and equity accounted investments, the aggregate carrying value of which was \$54,322.9 at December 31, 2022 (\$54,151.3 net of subsidiary derivative obligations) compared to an aggregate carrying value at December 31, 2021 of \$51,697.4 (\$51,576.6 net of subsidiary derivative obligations). The increase of \$2,574.7 principally reflected share of profit of associates of \$1,014.7, interest and dividends earned by the property and casualty insurance and reinsurance companies of \$746.1, and the proceeds received of \$250.0 in debentures on the sale of Crum & Forster's Pet Insurance Group and Pethealth, partially offset by net unrealized losses on bonds and common stocks, and foreign currency net losses on investments, in addition to the specific factors which caused movements in portfolio investments as discussed in the paragraphs that follow.

Subsidiary cash and short term investments (including cash and short term investments pledged for derivative obligations) decreased by \$12,399.1, primarily reflecting net investments of existing cash and the proceeds from sales and maturities of U.S. treasury and Canadian provincial short term investments into bonds as described in the paragraph that follows.

Bonds (including bonds pledged for derivative obligations) increased by \$14,467.0, primarily reflecting net purchases of U.S. treasury and Canadian government bonds, first mortgage loans and short-dated high quality corporate bonds, and debentures received on the sale of Crum & Forster's Pet Insurance Group and Pethealth, partially offset by net unrealized losses.

Common stocks decreased by \$541.7 primarily reflecting net unrealized losses and the commencement of the equity method of accounting for Stelco on August 31, 2022.

Investments in associates increased by \$1,329.9 primarily reflecting share of profit of associates of \$1,014.7, the commencement of the equity method of accounting for Stelco and additional investments in Atlas common shares (through the exercise of equity warrants with a strike price of \$8.05 and purchases of Atlas common shares held through AVLNs entered with RiverStone Barbados), partially offset by share of other comprehensive loss of associates (principally foreign currency losses), the recognition of distributions and dividends from associates and joint ventures and the consolidation of Grivalia Hospitality (previously equity accounted).

Derivatives and other invested assets, net of derivative obligations, decreased by \$213.5 primarily reflecting the exercise of Atlas equity warrants with a strike price of \$8.05 and net sales of investment property, partially offset by higher net receivables from counterparties on long equity total return swaps, including long equity total return swaps on Fairfax subordinate voting shares.

Recoverable from reinsurers increased by \$1,025.3 to \$13,115.8 at December 31, 2022 from \$12,090.5 at December 31, 2021 primarily reflecting increased business volumes (principally at Allied World, Crum & Forster and Brit) and U.S. crop losses ceded to reinsurers at Odyssey Group, partially offset by the settlement of a fronting claim at Fairfax Latam's operating company Southbridge Chile.

Deferred income tax assets decreased by \$30.3 to \$492.1 at December 31, 2022 from \$522.4 at December 31, 2021 primarily reflecting the utilization of foreign tax credits in the U.S., partially offset by an increase in temporary differences in the U.S. due to net unrealized losses on investments.

Goodwill and intangible assets decreased by \$239.2 to \$5,689.0 at December 31, 2022 from \$5,928.2 at December 31, 2021 primarily reflecting the weakening of the Canadian dollar relative to the U.S. dollar, non-cash goodwill impairment charges of \$133.4 on Farmers Edge, the amortization of intangible assets and the deconsolidation of Crum & Forster's Pet Insurance Group and Pethealth, partially offset by the consolidations of Grivalia Hospitality and Fairfax India's subsidiaries Maxop and Jaynix, and intangible asset additions. The allocation by operating segment at December 31, 2022 of goodwill of \$2,927.5 and intangible assets of \$2,761.5 (December 31, 2021 – \$3,084.8 and \$2,843.4), is described in note 12 (Goodwill and Intangible Assets) to the consolidated financial statements for the year ended December 31, 2022. Impairment tests for goodwill and indefinite-lived intangible assets were completed during 2022 and it was concluded that no significant impairments had occurred, other than non-cash goodwill impairment charges on Farmers Edge as described above.

Other assets increased by \$960.4 to \$7,081.7 at December 31, 2022 from \$6,121.3 at December 31, 2021 primarily reflecting the consolidations of Grivalia Hospitality and Fairfax India's subsidiaries Maxop and Jaynix, increases in inventories and other revenue receivables at the non-insurance companies, higher pension surplus at the insurance and reinsurance companies and higher accrued interest and dividends related to higher interest income in 2022, partially offset by decreased receivables for securities sold but not yet settled.

Accounts payable and accrued liabilities increased by \$229.8 to \$5,215.2 at December 31, 2022 from \$4,985.4 at December 31, 2021 primarily due to the consolidation of Grivalia Hospitality, higher payables related to cost of sales at the non-insurance companies related to growth in business volumes, higher deferred revenue due to additional production contracts at Boat Rocker, higher payables for securities purchased but not yet settled and increased income taxes payable, partially offset by decreased lease liabilities (primarily reflecting payments made) and decreased pension and post retirement liabilities.

Deferred income tax liabilities decreased by \$102.1 to \$496.7 at December 31, 2022 from \$598.8 at December 31, 2021 principally due to net unrealized losses on investments at Eurolife and Allied World.

Insurance contract payables increased by \$568.4 to \$5,061.9 at December 31, 2022 from \$4,493.5 at December 31, 2021 primarily reflecting an increase in other insurance contract payables at Odyssey Group (principally related to its U.S. crop insurance business) and increased life liabilities at Eurolife (principally payables associated with unit-linked insurance products).

Provision for losses and loss adjustment expenses increased by \$3,896.4 to \$38,319.2 at December 31, 2022 from \$34,422.8 at December 31, 2021 primarily reflecting increased business volumes (principally at Allied World, Odyssey Group, Brit, Northbridge and Crum & Forster) and catastrophe losses, partially offset by the strengthening of the U.S. dollar relative to the company's reserves denominated in other currencies (primarily the Canadian dollar, British pound, euro and Argentinian peso), Run-off's continued progress settling its claims liabilities, the settlement of claims at Fairfax Latam (at Southbridge Chile related to the 2019 Chilean riots) and net favourable prior year reserve development.

Non-controlling interests decreased by \$1,270.6 to \$3,659.6 at December 31, 2022 from \$4,930.2 at December 31, 2021 primarily reflecting net changes in capitalization (\$1,070.9, principally related to the acquisition of the non-controlling interests in Allied World, the privatization of Recipe and the purchase of certain securities held through AVLNs entered with RiverStone Barbados, partially offset by a third party's investment in Brit's subsidiary Ki Insurance), dividends paid to non-controlling interests (\$263.2, primarily dividends paid by Allied World, Odyssey Group and Brit to their minority shareholders) and non-controlling interests' share of other comprehensive losses (\$198.3), partially offset by non-controlling interests' share of net earnings (\$139.6) and the acquisition of subsidiaries (\$111.5, principally related to the consolidation of Grivalia Hospitality). For further details refer to note 16 (Total Equity) and note 23 (Acquisitions and Divestitures) to the consolidated financial statements for the year ended December 31, 2022.

Comparison of 2021 to 2020 – Total assets and total liabilities increased to \$86,645.4 and \$65,330.1 at December 31, 2021 from \$74,054.0 and \$56,526.7 at December 31, 2020 primarily reflecting increased business volumes at the property and casualty insurance and reinsurance companies, net unrealized gains on equity and equity-related holdings and the company's investment in Digit compulsory convertible preferred shares, and the consolidations of Eurolife on July 14, 2021 and Singapore Re on June 17, 2021, partially offset by the deconsolidation of Fairfax India's subsidiary Privi on April 29, 2021, Mosaic Capital on August 5, 2021, and Toys "R" Us Canada on August 19, 2021. Refer to note 23 (Acquisitions and Divestitures) to the consolidated financial statements for the year ended December 31, 2022 for additional details.

note 27 (Supplementary Cash Flow Information) to the consolidated financial statements for the year ended December 31, 2022 for details of operating activities, including net purchases of investments classified at FVTPL.

Investing activities for the year ended December 31, 2022

Purchases of investments in associates of \$363.5 primarily reflected increased investment in Atlas common shares through the exercise of equity warrants with a strike price of \$8.05 per share for aggregate cash consideration of \$201.3 and purchases of Atlas common shares held through AVLNs entered with RiverStone Barbados for cash consideration of \$84.4.

Purchases of subsidiaries, net of cash acquired of \$229.9 primarily reflected the acquisition of Grivalia Hospitality for cash consideration of \$194.6, net of Grivalia Hospitality's cash balance of \$56.6.

Proceeds from sale of insurance subsidiaries, net of cash divested of \$1,109.0 primarily reflected the company's sale of the Crum & Forster Pet Insurance Group and Pethealth for cash consideration of \$1.15 billion, net of selling expenses and cash divested.

Investing activities for the year ended December 31, 2021

Purchases of investments in associates of \$175.4 primarily related to increased investments in Gulf Insurance, HFP and a Fairfax India associate.

Sales of investments in associates of \$809.2 primarily related to the sale of the joint venture interest in RiverStone Barbados, a partial sale of the investment in IIFL Finance, and dividends and distributions received from associates and joint ventures.

Purchases of subsidiaries, net of cash acquired of \$1,259.5 primarily reflected the acquisition of OMERS' joint venture interest in Eurolife for cash consideration of \$142.7, net of Eurolife's cash balance of \$1,433.3, and an additional investment in Singapore Re.

Proceeds from sale of insurance subsidiaries, net of cash divested of \$85.4 primarily reflected Allied World's sale of its majority interest in Vault Insurance.

Proceeds from sale of non-insurance subsidiaries, net of cash divested of \$186.8 primarily reflected Fairfax India's sale of its 48.8% equity interest in Privi.

Financing activities for the year ended December 31, 2022

Proceeds from borrowings – holding company and insurance and reinsurance companies of \$743.4 principally reflected net proceeds from the issuance of \$750.0 principal amount of 5.625% unsecured senior notes due 2032.

Net borrowings from revolving credit facilities and short term loans – non-insurance companies of \$304.1 primarily reflected an increase in borrowings by Recipe of \$99.8 (Cdn\$135.9) in connection with its privatization transaction, and Boat Rocker and AGT's additional borrowings on their revolving credit facilities to support growth.

Issuances of subsidiary shares to non-controlling interests of \$167.5 primarily reflected a third party's investment in Brit's subsidiary, Ki Insurance.

Purchases of subsidiary shares from non-controlling interests of \$1,384.7 primarily reflected the company's acquisition of additional common shares of Allied World from non-controlling interests for cash consideration of \$650.0, an additional investment made in connection with the privatization of Recipe for cash consideration of \$342.3 (Cdn\$465.9), purchases of certain securities held through AVLNs entered with RiverStone Barbados, purchases of common shares of Fairfax India from non-controlling interests and purchases of common shares under normal course issuer bids by Fairfax India.

Dividends paid to non-controlling interests of \$261.0 primarily reflected dividends paid by Allied World, Odyssey Group and Brit to their minority shareholders.

Financing activities for the year ended December 31, 2021

Net proceeds from borrowings – holding company and insurance and reinsurance companies of \$1,250.0 principally reflected net proceeds from issuances of \$671.6 (Cdn\$850.0) principal amount of 3.95% unsecured senior notes and \$600.0 principal amount of 3.375% unsecured senior notes, both due 2031.