

Fairfax India Holdings Corporation

TSX Stock Symbol: *FIH.U*

News Release

TORONTO, August 1, 2019

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SECOND QUARTER FINANCIAL RESULTS

(Note: All dollar amounts in this news release are expressed in U.S. dollars except as otherwise noted. The financial results are prepared using the recognition and measurement requirements of International Financial Reporting Standards, except as otherwise noted, and are unaudited.)

Fairfax India Holdings Corporation (TSX: FIH.U) announces a net loss of \$55.5 million in the second quarter of 2019 (\$0.36 net loss per diluted share), compared to a net loss of \$69.6 million in the second quarter of 2018 (\$0.45 net loss per diluted share), reflecting increased net realized gains on investments, partially offset by increased net unrealized losses on investments in the quarter.

Highlights in the second quarter of 2019 included the following:

- Net change in unrealized losses on investments of \$44.6 million, principally from a decrease in the market price of the company's investment in the public company IIFL Holdings that depreciated by \$100.6 million and a decrease in the fair value of the company's private investment in National Collateral Management Services of \$20.4 million, partially offset by an increase in the fair value of the company's private investment in Bangalore International Airport of \$32.1 million, and an increase in the market price of the company's investment in the public company Fairchem that appreciated by \$17.3 million.
- On May 31, 2019 IIFL Holdings completed the spin off of its wholly-owned subsidiary IIFL Securities and its 53.3% equity interest in its subsidiary IIFL Wealth in a non-cash transaction (the "IIFL Holdings Reorganization"). Fairfax India recorded the cost of its investments in IIFL Securities and IIFL Wealth at their estimated fair values of \$91.3 million (approximately 6.4 billion Indian rupees) and \$191.4 million (approximately 13.3 billion Indian rupees). The estimated fair values of IIFL Securities and IIFL Wealth exceeded Fairfax India's cost basis in IIFL Holdings resulting in \$36.1 million that was recorded in net realized gains on investments (all of which was recognized as unrealized gains on investments in prior periods). The company also recorded deferred income taxes of \$23.5 million related to the potential capital gains tax in India on any future dispositions of IIFL Wealth or IIFL Securities. Upon completion of the spin off transactions, IIFL Holdings Limited was renamed IIFL Finance Limited and continued to trade on the BSE and NSE of India. The shares of IIFL Wealth and IIFL Securities are anticipated to be listed on the BSE and NSE of India in the third quarter of 2019, subject to applicable regulatory conditions.
- On June 28, 2019 the company completed a \$50.0 million secured revolving credit facility ("Revolving Credit Facility") with a Canadian bank. The company drew \$50.0 million from the Revolving Credit Facility and used the proceeds to partially finance the settlement of the payable on the company's investment in CSB Bank (formerly known as The Catholic Syrian Bank Limited) and to fund a debt service reserve account for its \$550.0 million term loan.
- On June 29, 2019 CSB Bank issued a capital call for \$70.6 million (approximately 4.9 billion Indian rupees), comprised of the remaining 30.0% of the company's warrants and 75.0% of the consideration payable on the company's common shares, that was subsequently paid on July 8, 2019. At June 30, 2019 the company had completed 100.0% of the warrant investment that, when aggregated with the company's equity investment in CSB Bank, represented a 51.0% effective equity interest on a diluted basis.

FAIRFAX INDIA HOLDINGS CORPORATION

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- At June 30, 2019 common shareholders' equity was \$2,029.4 million, or book value per share of \$13.30, compared to \$2,117.9 million, or book value per share of \$13.86, at December 31, 2018, a decrease of 4.0%, primarily related to a net loss during the first six months of 2019, partially offset by unrealized foreign currency translation gains as a result of the strengthening of the Indian rupee relative to the U.S. dollar.

There were 152.6 million and 155.1 million weighted average common shares outstanding during the second quarters of 2019 and 2018 respectively. At June 30, 2019 there were 122,631,481 subordinate voting shares and 30,000,000 multiple voting shares outstanding.

Fairfax India's detailed second quarter report can be accessed at its website www.fairfaxindia.ca.

In presenting the company's results in this news release, management has included book value per basic share. Book value per basic share is calculated by the company as common shareholders' equity divided by the number of common shares outstanding.

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.

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This press release 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 press release, 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; 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; lawsuits; use of leverage; significant ownership by Fairfax may adversely affect the market price of the subordinate voting shares; weather risk; taxation risks; emerging markets; economic risk; and trading price of common shares relative to book value per share risk. Additional risks and uncertainties are described in the company's annual information form dated March 8, 2019 which is available on SEDAR at www.sedar.com 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.