S&P Capital IQ

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Fairfax Financial Holdings Limited TSX:FFH

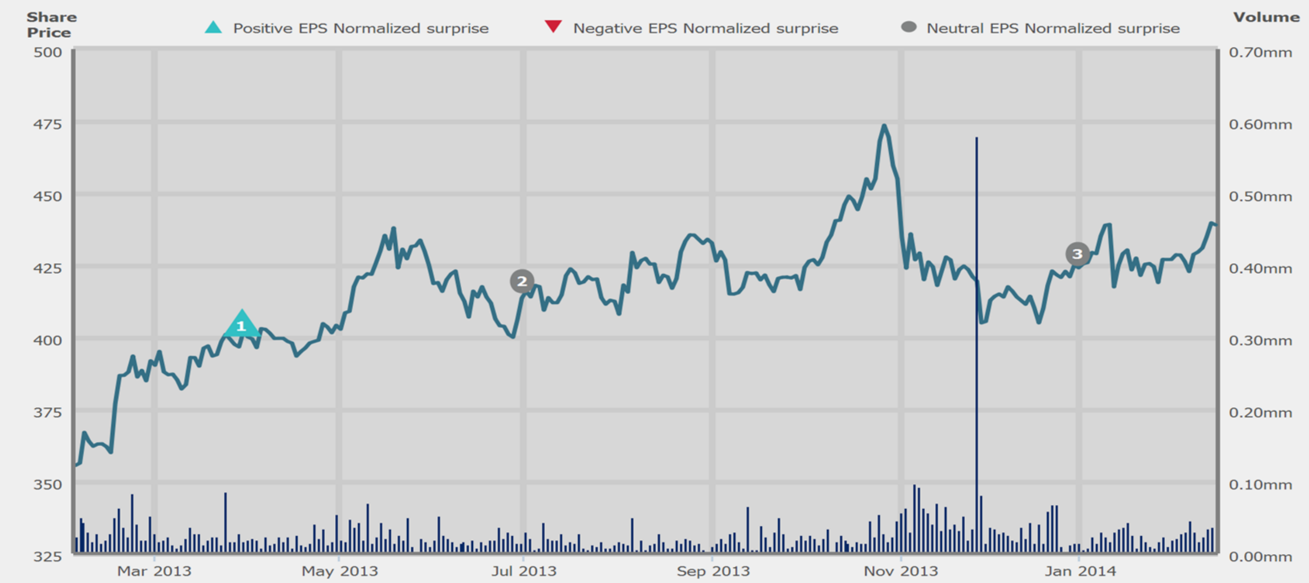
FQ1 2014 Earnings Call Transcripts

Friday, May 02, 2014 12:30 PM GMT

S&P Capital IQ Estimates

	-FQ1 2014-			-FQ2 2014-	-FY 2014-	-FY 2015-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	3.06	3.73	▲21.90	3.75	13.87	12.71
Revenue (mm)	2363.75	2882.50	▲21.95	1844.23	7638.83	7547.77

Currency: USD
Consensus as of May-02-2014 1:00 AM GMT



	- EPS NORMALIZED -		
	CONSENSUS	ACTUAL	SURPRISE
FQ1 2013	4.11	7.12	▲73.24 %
FQ2 2013	(11.75)	(8.55)	NM
FQ3 2013	-	(29.02)	NM
FQ4 2013	4.82	(0.98)	NM

Call Participants

EXECUTIVES

David J. Bonham
Chief Financial Officer and Vice President

Eric P. Salsberg
Vice President of Corporate Affairs and Corporate Secretary

V. Prem Watsa
Founder, Chairman and Chief Executive Officer

ANALYSTS

Arthur D. Charpentier
Merritt Research Corporation

Daniel Baldini

Mikel Abasolo

Paul David Holden
CIBC World Markets Inc., Research Division

Tom MacKinnon
BMO Capital Markets Equity Research

Presentation

Operator

Good morning, and welcome to Fairfax's 2014 First Quarter Results Conference Call. [Operator Instructions] Today's conference is being recorded. If you have any objections, you may disconnect at this time. Your host for today's call is Prem Watsa, with opening remarks from Rick Salsberg. Mr. Salsberg, please begin.

Eric P. Salsberg
Vice President of Corporate Affairs and Corporate Secretary

Thank you. Good morning, and welcome to our call to discuss Fairfax's 2014 first quarter results. This call may include forward-looking statements. Actual results may differ, perhaps materially, from those contained in such forward-looking statements as a result of a variety of uncertainties and risk factors, the most foreseeable of which are cited under Risk Factors in our base shelf prospectus, which has been filed with the Canadian securities regulators, and is available on SEDAR. I'll now turn the call over to our Chairman and CEO, Prem Watsa.

V. Prem Watsa
Founder, Chairman and Chief Executive Officer

Thank you, Rick. Good morning, ladies and gentlemen. Welcome to Fairfax's first quarter conference call. I plan to give you some of the highlights and then pass it on to Dave Bonham, our CFO, for additional financial details.

In the first quarter of 2014, book value per share increased 11.7%. Adjusted for the $10 per share common dividend paid in the first quarter of 2014. Our insurance company has had an excellent first quarter with a combined ratio of 93%, with excellent reserving and significant underwriting profits of $99 million. OdysseyRe again had an excellent combined ratio of 85.6%, while Zenith had a combined ratio of 90.6%.

As shown on Page 28 of our quarterly report, we realized gains on our investment portfolio of $380 million. Excluding all hedging losses and before mark-to-market fluctuations in our investment portfolio, we earned $493 million in pretax income. Including all hedging losses and mark-to-market fluctuations in our investment portfolio, we reported after-tax income of $0.8 billion in the first quarter of 2014, in excess of our $0.6 billion loss for the full year 2013.

As I mentioned to you in the past, prior to last year, we had 2 years, 1990 and 1999, that we had a negative total return on our investments. In both cases, we rebounded significantly in the following year. With our loss in 2013, our first quarter in 2014 has rebounded significantly again. You will note, our investment portfolios went up by $1 billion in the first quarter of 2014 in spite of being fully hedged, 30% in cash and little exposure to corporate bonds. How did this happen? U.S. Treasury rates dropped by approximately 50 basis points and our common stocks, like the Bank of Ireland, did much better than the Russell Index. We have yet to financially benefit from our hedges and our approximately $100 billion in deflation swaps, and of course, our cash position gives us great optionality.

At our annual meeting, we made the point that while we were protecting our capital on the downside, our investment portfolios could also do very well. The first quarter of 2014 was the case in point. Our common stock portfolios continue to be hedged at approximately 90%, we did not add to our hedges. We continue to be soundly financed with year-end cash and marketable securities in the holding company of $1.1 billion.

On insurance and reinsurance businesses. Premium volume remained flat in the first quarter of 2014 after a number of years of growth. The combined ratio for our insurance and reinsurance operations, as I said before, was 93%. At the subsidiary level, the increase in net premiums written in 2013 and 2014, and combined ratios, were as follows: so OdysseyRe had a 5% approximately decline in premium, combined ratio in the first quarter -- combined ratio of 85.6%; Crum & Forster was up 16%, combined ratio of

99.8%; Northbridge, in Canadian dollars was up about 1%, with a 99.8% combined ratio; Zenith was up about 1.2%, with a 90.6% combined ratio; and Fairfax Asia was up about 35.6%, with a combined ratio of 93.8%.

As we have said before, very low interest rates and reduced reserve redundancies means there will be no place to hide for the industry. Combined ratios would have to drop well below 100% for the industry to make a single-digit return on equity with these low interest rates. For the short term, it's always tough to predict, the fundamentals will eventually play out.

Net investment gains of $1.006 billion in the first quarter consisted of the following, please refer to Page 2 of our press release. Net gains on equity and equity-related investments of $562 million resulted from net gains of $63.7 million (sic) [$633.7 million] from common stocks and a $71.5 million net loss on our equity hedge, reflecting the outperformance of our common stock portfolio versus the Russell Index.

We realized gains of $393 million in our equity and equity-related holdings in the first quarter of 2014. Also, we had unrealized gains of $474 million, primarily on our municipal and Treasury bond portfolio because of the impact of dropping interest rates. As we've mentioned many times in our annual meetings, annual reports and quarterly calls, with IFRS accounting, where stocks and bonds are recorded at market and subject to mark-to-market gains or losses, quarterly and annual income will fluctuate widely, and investment results will only make sense over the long term.

Core inflation continues to be at or below 1% in the United States and Europe, levels not seen since the 1950s, in spite of QE1, QE2 and QE3. Our CPI-linked derivatives, with a nominal value of approximately $100 billion, are down 72% from our cost and are carried on our balance sheet at $164 million at the end of the first quarter. Even though they have 7.7 years -- almost 8 years to run.

Please remember that it took 5 years, as we mentioned in our annual meeting, took 5 years in Japan before deflation set in for the next 18 years. When you review our statements, you will note that when we own more than 20% of a company, we equity account; and when we own more than 30%, we consolidate, so that mark-to-market gains in these companies are not reflected in our results.

As you see on Page 11 of our quarterly report, the fair values of our investments in associates is $2.5 billion, versus a carrying value of $2 billion and unrealized gain of approximately $0.5 billion that's not on our balance sheet.

We continue to be concerned about the prospects for the financial markets and the economies of North America and Western Europe, accentuated, as we have said many times before, by the potential weakness in China and emerging markets. We have said -- as we have now for some time, we believe there continues to be a big disconnect between the financial markets and the underlying economic fundamentals.

As of March 31, 2014, we have $7.7 billion in cash and short-term investments in our portfolios, which is approximately 30% of our total investment portfolio to take advantage of opportunities that may come our way. As a result, in the short term, our investment income will be reduced.

Now I would like to turn it over to Dave Bonham, our CFO, so he can give you some more information on the underlying financials. Dave?

David J. Bonham
Chief Financial Officer and Vice President

Thank you, Prem. First, I'll focus on Fairfax's consolidated results for the first quarter of 2014, then I'll move on to the operating company results, and we'll finish with the consolidated financial position.

For the first quarter of 2014, Fairfax reported net earnings of $785 million, or $35.72 per share on a fully diluted basis, and that compares to the first quarter of 2013 when we reported net earnings of $162 million, or $7.12 per share on a fully diluted basis. Fairfax showed improved underwriting results in 2014, with our insurance and reinsurance operations reporting an underwriting profit of $99 million and a combined ratio of 93%. That compares to the first quarter of 2013 when we reported an underwriting profit of $86 million and a combined ratio of 94%, that's a year-over-year increase of $13 million in our underwriting profit.

In terms of reserve development, we experienced $56 million of net favorable prior year reserve development, and that benefited the combined ratio by 4 points in the first quarter of 2014. In the same quarter last year, we reported $36 million of favorable reserve development, representing 2.5 combined ratio points.

Current period catastrophe losses totaled $31 million, or 2.2 combined ratio points in the first quarter of 2014, and that was essentially unchanged on a year-over-year basis. As Prem mentioned already, net premiums written by our insurance and reinsurance operations increased slightly in the first quarter of 2014 by 0.4%.

Now turning to our operating company results, starting with OdysseyRe. In the first quarter of 2014, Odyssey reported an underwriting profit of $75 million and a combined ratio of 85.6%. That compared with an underwriting profit of $95 million and a combined ratio of 83% in the first quarter of 2013. Catastrophe losses were $22 million, and that translated into 4.3 combined ratio points, and those are principally comprised of flooding in parts of the U.K. and other attritional losses. That compared with current period catastrophe losses, all primarily which were attritional, of $32 million, or 5.8 combined ratio points, in the first quarter of 2013.

OdysseyRe's combined ratio benefited from $22 million, or 4.2 combined ratio points, of net favorable prior year reserve development, and that was principally favorable emergence on prior year's non-catastrophe loss reserves. Odyssey wrote $573 million of net premiums in the first quarter, a decrease of approximately 5% from net premiums of $604 million in the first quarter of 2013. And that principally reflected lower writings of property business and, most notably, a year-over-year decrease in participation on a Florida property quota share reinsurance contract. And that was partially offset by growth across most lines of the U.S. insurance division and the growth there is inclusive of renewals related to the surety business of American Safety.

Moving on to Crum & Forster. Crum & Forster's underwriting results were relatively unchanged in the first quarter of 2014, compared to last year, with combined ratios of 99.8% compared to 99.7%, respectively. Similarly, underwriting profit of $0.6 million in the first quarter of 2014 was comparable to the underwriting profit of $0.8 million in the first quarter of 2013. Current period catastrophe losses of $7.5 million had a 2.4 percentage point impact on Crum & Forster's combined ratio in 2014, and were the result of severe winter rather in the U.S. Northeast. The first quarter of 2013 was not impacted at all by catastrophe losses.

Net premiums written by Crum & Forster increased by 16.1% in the first quarter of 2014, and that primarily reflected renewals of the American Safety business in environmental casualty and the cover X [ph] specialty lines of business; the positive impact of the acquisition of Hartville in pet insurance; and the growth in the Fairmont accident and health business.

Zenith reported significant improvements in its combined ratio, which decreased from 110% in the first quarter of 2013 to 91% in the first quarter of 2014. That improvement reflected the following: A year-over-year decrease of 7.2 percentage points in the accident year loss ratio in the first quarter of 2014, and that was related to earned price increases exceeding estimates of loss trends. Secondly, Zenith had increased in net favorable development of prior year's reserves, representing 10.2 percentage points on the first quarter of 2014 combined ratio, and that development was primarily related to the 2013 and 2012 accident years. And finally, decreases in the underwriting expense ratio of 2.2 percentage points, and that was the result from a -- was a result of a 10% increase in net premiums earned on a year-over-year basis. Net premiums written by Zenith of $290 million in the first quarter of 2014, increased by 1% year-over-year, and that reflected premium rate increases.

Northbridge reported a combined ratio of 99.8% in the first quarter, an improvement relative to its combined ratio of 100.5% in the first quarter of 2013. Northbridge's combined ratio included the benefit of net favorable prior reserve development, across most accident years and lines of business, of $15 million or 6.7 combined ratio points. And that compared to net favorable development of $9 million, or 3.5 combined ratio points, in the first quarter of 2013.

There were no catastrophe events in the first quarters of 2014 or 2013, but Northbridge's accident year combined ratio was adversely affected by severe Canadian winter weather and the impact it had on Northbridge's transportation, logistics and direct personal lines of business.

Adjusting for the onetime impact of the intercompany unearned premium portfolio transfer between Northbridge and Group Re in 2013, and excluding the unfavorable impact of translating Northbridge's premiums from Canadian dollars to U.S. dollars, net premiums written by Northbridge increased by 1.1% in the first quarter of 2014 in Canadian dollar terms, and that reflected modest improvements in rate, retention and new business, partially offset by the strategic nonrenewal of 1 portfolio of business.

Fairfax Asia's combined ratio increased from 91% in the first quarter of 2013 to 94% in the first quarter of 2014, and that was primarily the result of net adverse prior period reserve development of 4.6 points, compared to net favorable prior period reserve development of 6.5 points in the prior year. Unfavorable emergence in 2014 was principally related to health and marine hull loss reserves at First Capital, and the impact of the mandatory participation by Pacific Insurance in the Malaysian motor vehicle insurance pool.

On a year-over-year basis, net premiums written by Fairfax Asia increased by 36% in the first quarter of 2014, principally reflecting increased writings in the accident and health, engineering, commercial auto and property lines of business.

The combined ratio of the insurance and reinsurance other division improved from 98.4% in the first quarter of 2013 to 97.7% in the first quarter of 2014. Net premiums written decreased by 17.3% in the first quarter, after excluding initial onetime impact of that unearned premium portfolio transferred to Northbridge that we mentioned, which suppressed the net premiums written in the insurance and reinsurance other segment by $39 million in 2013. So after that adjustment, the decrease of 17.3% principally reflected the nonrenewal of certain classes of business where terms and conditions were considered to be inadequate at Polish Re and Advent.

Runoff reported an operating loss of $21 million in the first quarter of 2014, compared to an operating loss of $34 million in the same period in 2013. The year-over-year improvement in operating profit at [indiscernible] primarily reflected lower net adverse development at TIG Insurance. Our consolidated interest and dividend income decreased from $100 million in the first quarter of 2013 to $91 million in the first quarter of 2014. The decrease reflected lower dividends earned on common stocks as a result of the sale of dividend-paying equities in 2013.

The company recorded an income tax provision of $334 million in the first quarter of 2014, at an effective tax rate of 29.9%. The effective tax rate was higher than our Canadian statutory income tax rate of 26.5%, reflecting a significant income earned in the U.S., which is taxed at the U.S. statutory income tax rate of 35%.

Turning to our financial position. Our total debt-to-total-capital ratio decreased to 25.1% at March 31, 2014, from 26.1% at December 31, 2013, and that was primarily as a result of the increase in our common shareholders' equity reflecting the net earnings in the quarter.

And now I'll pass it back over to you, Prem.

V. Prem Watsa
Founder, Chairman and Chief Executive Officer
Thank you, Dave. Now, Wendy, we are happy to answer our shareholders' questions. [Operator Instructions]. So Wendy, we are ready for the questions.

Question and Answer

Operator

[Operator Instructions] The first question is from Paul Holden with CIBC.

Paul David Holden
CIBC World Markets Inc., Research Division

I wanted to ask you a question about your appetite to underwrite more business. If I look at your underwriting leverage, still a little bit on the low side at the 0.8x equity. Didn't see much premium growth this quarter, but yet, your underwriting margins are quite healthy. So just kind of square off the healthy margins versus lack of organic growth.

V. Prem Watsa
Founder, Chairman and Chief Executive Officer

Yes, Paul, that's a good question. We haven't -- we are not -- as you said, we're writing 0.8x capital. We've got lots of capital. And at the moment, we are -- the prices across the industry are coming down, some more on the cat-related business and less on other businesses. We've got a very well diversified worldwide business. But -- and you see some of them are expanding. You've seen in Fairfax Asia, for example, we've got significant growth, and Crum & Forster because of the acquisition of Hartville and the environmental business. We are -- we've expanded. But broadly speaking, we are -- when -- it's not a hard market by any stretch of the imagination. And we've got the capital. We've got the management. We've got the ability to expand at the right time. And at the moment, we're holding steady.

Operator

The next question is from Tom MacKinnon with BMO Capital.

Tom MacKinnon
BMO Capital Markets Equity Research

Prem, when I look at the holdco cash position, it's just a little over $1 billion. And it's actually a little bit lower than it was in the third quarter of last year. And then like about 45 days after the third quarter of last year, you raised equity. And the primary purpose of it, mentioned in the press release, was to augment your cash position at the holding company. So you got $1 billion at the holding company now, and you had $1 billion at the holding company in the third quarter, and you wanted more then. So can you help us understand why you might have needed the money then, and you don't need it now, with the same kind of holdco cash levels?

V. Prem Watsa
Founder, Chairman and Chief Executive Officer

Yes, Tom, that's a good question. And at the end of the third quarter when we looked at it, we went through results in the third quarter and for the 9 months reflected significant unrealized losses. And we just have said before, we are just focused on having a rock-solid balance sheet, under any circumstances. So our thinking was at that time that if those conditions continue for some time, then our financial position perhaps will be less strong. We took the opportunity to raise the equity and just keep it really, really strong. Well, today, it's the opposite, Tom. You've got -- you saw our first quarter's earnings, you saw the cash position. We realized, as you know, the Bank of Ireland went up more than 3x, and we sold 1/3 of our position, and we got our capital back. We're big fans of the Bank of Ireland and Richie Boucher who runs the company. And I said in our annual meeting that that's the first company that we have $1 billion, approximately, depending on the stock price on a day-to-day basis of unrealized gains. So we are in a very sound financial position. And we have no intention of raising any common equity. We're very, very careful. But financial position will always -- if we have any doubts about financial strength, we'll raise some equity. And today, we think we are in a very strong position and getting stronger after the first quarter.

Tom MacKinnon

BMO Capital Markets Equity Research

But do you anticipate some -- to augment that $1 billion more or moving it up higher, what would be the potential flows out of the subsidiaries as a result of the Bank of Ireland gains?

V. Prem Watsa
Founder, Chairman and Chief Executive Officer

Yes. So, Tom, like we have -- we've said that dividend capability normalizes between $0.5 billion to $1 billion from our insurance companies, like OdysseyRe and Crum and Zenith, and we don't need to take those dividends there in the companies. As Paul, in the previous question said, we got 0.8x operating leverage, so we really have excess capital in our companies. We can take that up at any time if we need to, in terms of augmenting that $1 billion that we have at the holding company. So we like the fact that our insurance companies are well capitalized, and not significant operating leverage there. We can, literally, as I've said before, we can double our premium when the opportunity comes. And of course, we can take dividends if we wanted.

Operator

The next question is from Mikel Abasolo with Solo Capital Management.

Mikel Abasolo

This question comes from someone who fully shares your concerns about the economies, developed economies, and the market, in general. But my question to you is, under which circumstances or under which scenario did you conceive changing substantially your investment stance? One that you have maintained, if I'm correct, since mid-2010.

V. Prem Watsa
Founder, Chairman and Chief Executive Officer

Repeat that last part again, if you don't mind.

Mikel Abasolo

Yes. Yes. The question is, you've been -- you've had your equity investment portfolio hedged essentially since 2010 based on your diagnosis of the dreadful economic situation underlying the apparently better numbers that economists throw out. And I guess, that also in terms of your concerns about valuations. Now my question is, what would change your mind about those equity hedges? What would make you feel more constructive about investing in equities or about hedging your equity portfolio? And what would be the scenario, what would be those circumstances?

V. Prem Watsa
Founder, Chairman and Chief Executive Officer

Yes. No, that's a very good question, and it's one that we, of course, review all the time and answer that at our annual meeting. And we might, as time goes by, just muddle through, so that the United States grows on 2% or 1.5%, 2.5%, something like that. Europe muddles through. And China also, you know all the problems in China, we talked about it at our annual meeting, will muddle through. So in that case, we won't have any problems, any unintended consequences. And our hedge will slowly come off. Right now, we haven't increased our hedge, we haven't reduced it either. Our stock positions went up, our hedges were the same amount, so it's down to 90% right now. So that's certainly one possibility. On the other side, you saw the first quarter GNP growth in the United States, very minimal. You saw inflation in Europe, about 0.5%. And in the United States, in the 1% area. China, there's lots of things happening in China. You can monitor them in terms of their capital markets, what's the fault on the trust area and the wealth management products and corporate bonds, a lot of changes. And in the midst of all this, as the Fed tapers, meaning they're no longer buying government bonds, the loan treasuries went down, as you know, in the last few days, at 3.42%, below 3.5%. So we look at all of this and wonder if we are going to muddle through, and we might well do that. But there is a possibility, of course, of unintended consequences. They might originate from China. They might originate in the United States. We've got very low economic growth, almost no growth in the first quarter. It's about -- many people say it's because of the winter. What if the second quarter comes in a similar way, I'm just -- I'm not saying it will, I'm just saying it might. And we might all wonder what the effects of QE1, QE2 and QE3 are. So we take all of this into account and all of us have -- we've got an investment committee and we watch it very carefully. But today, we're very happy with the position that we've got. So thank you for your question.

Operator

The next question is from Daniel Baldini with Oberon Asset Management.

Daniel Baldini

And it's a little bit long, so please bear with me. Over the past couple of years, you've committed a fair amount of capital to the runoff business. And I was wondering if you could explain a little bit what you're operating philosophy is there. And maybe by way of comparison, if I look at the results in 2013 and 2012, there was a small underwriting profit in '13 and a small underwriting loss in 2012. And when there's been pretax income, it's come really from the gains on investments, and that happened again in the first quarter of this year. The only other business that I'm familiar with -- the company that I'm familiar with is Emstar [ph]. And my sense is that they're roughly the same scale as your runoff business. And they seem to have operating income of $100-plus million every year, or in the past couple of years, but not really not so much in terms of investment income or realized gains. Now I'm assuming both companies are capably managed. And I'm wondering if you could sort of outline your philosophy and how it leads to these different results?

V. Prem Watsa
Founder, Chairman and Chief Executive Officer

Yes, so in the business of runoff. First of all, you've got to have an exceptional runoff team. And we do have an exceptional runoff team located in the United States and in the U.K. And they've been doing this for the better part of 20 years. They're among the best in the United States and in the world. There's only a few runoff companies. In the last 5 or 6 years, we might have made, Daniel, about 7 acquisitions, something like that. And our rates of return, we watch this very carefully, our rates of return are in excess of 30% for the whole book of business. We look at each one of them and we see what the rates of return are. And the rates of return are exceptional. The 2 components as you well know, one is on the underwriting, or making sure that the claims are well reserved and are paying off with their expenses, below what we've set them up; and the second is the investment side. So the advantage of the runoff is we have noticed over the years, as you know the claims, you can see every claim, if you like. Before you buy something, you can check every claim and make sure they're appropriate -- appropriately reserved. You can add a margin on top of that, which we do. While in the ongoing business, you take risk in the ongoing business, and you never know what can happen and -- whenever you underwrite. So the runoff business has a lot of attributes to it that provide downside protection as long as you know what you're doing. And we have a separate runoff company, it's not mixed with our ongoing operations. It's separate, they're focused on it, and we think it will be -- it will continue to be a great opportunity for us. But there's no pressure to buy a company, just like there's no pressure to Fairfax to buy a company, an insurance company. There's no pressure to add to runoff. It has to meet our requirements, which is to make a 15% return on our capital. And if it does that, then we make the acquisition. In the past, as I've said, 5, 6 years, the runoff book has done really well.

Operator

The next question is from Art Charpentier from Merritt Research.

Arthur D. Charpentier
Merritt Research Corporation

You showed a very nice unrealized gain in your bond portfolio in the first quarter. And in your opening remarks attributed -- you seem to attribute that to the, I think, 30 basis point rally in the U.S. Treasury. And I guess my question is, and I understand it's not necessarily your position that rates would be improving, but my question -- or rising, I should say. My question is, should we see a reversal of that? And the next several months or quarters or whatever show rates moving 30, 40, 50 basis points in the other direction, would we -- would this kind of result -- would we see the mirror image of this? Or do you, in fact, have, I don't know, mechanisms, protections, whatever, to mitigate the harm that, that could cause?

V. Prem Watsa
Founder, Chairman and Chief Executive Officer

Yes, Art, that's a good question. Of course, if interest rates go up, you'd see some reversal of our positions, as long as we haven't sold them and sold the bonds. If stock prices have come down for Bank of Ireland or stock position that we have, you'll see some reversal. Yes, so that's the reason, Art, I make the point that the only way to measure results with mark-to-market fluctuations is to take the long-term view and wait until they're realized. And so that's just been our view for a long time. And -- but your point is well taken. These things can change, it can reverse and that can certainly happen.

Arthur D. Charpentier
Merritt Research Corporation

May I ask you, do you have any appetite to realize some of these gains?

V. Prem Watsa
Founder, Chairman and Chief Executive Officer

Just repeat that again, I'm sorry.

Arthur D. Charpentier
Merritt Research Corporation

I said, may ask if you have any appetite at this time to realize some of those bond gains?

V. Prem Watsa
Founder, Chairman and Chief Executive Officer

Yes. I mean, obviously, I'm not going to tell you when we're going to realize it or not. But, yes -- no, Bank of Ireland, it went up 3x. We've sold 1/3 of our position. So we realized it. Yes, you might say that position was like $1.2 billion, $1.3 billion in our books. And you might say, how are they going to realize that they own almost 10% of the company? Well, the environment changed and there was a ton of demand, and [indiscernible] ourselves, sold 1/3 of our position. So, yes, we are in the marketplace. We look at opportunities. We look at prices fluctuating every day. And we don't react to them, but when we want to, we can. We have and we will -- and we can.

Operator

The next question is from Tom MacKinnon with BMO Capital.

Tom MacKinnon
BMO Capital Markets Equity Research

Prem, just looking on the Bloomberg on the Bank of Ireland holdings, some is listed under Fairfax, and some is listed under Prem Watsa. Now are those amalgamated? Are those supposed to be the Fairfax holdings? Is that the way we should be looking at that?

V. Prem Watsa
Founder, Chairman and Chief Executive Officer

That's a good question, Tom. Whenever -- because I'm the controlling shareholder of Fairfax, so any position that Fairfax owns comes to me. I wish that whole position was mine, but it's not. So it's only -- I think I might have, Tom, and I think it's disclosed, something like 100,000 shares of Bank of Ireland, and the rest is all Fairfax. But any time we disclose a position that we have -- that Fairfax has from a reporting standpoint, it comes up to me because of a control position. And then, of course, since I'm a director that you have reporting obligations because of being a director also. But so -- but I think I have to -- I'm sure I report separately my own position and Fairfax's position.

Operator

I'm showing no further questions.

V. Prem Watsa
Founder, Chairman and Chief Executive Officer

Thank you, Wendy. Well, if there are no more questions, thank you, all, for joining us on this call. And we look forward to presenting to you again after the next quarter. Thank you, Wendy.

Operator
Thank you. This does conclude today's conference. Thank you for joining. You may disconnect at this time.