

BIDV Insurance Company (HSX – BIC)

May 05, 2015

COMPANY BRIEFS



Canadian Financial Group's Fairfax Financial Holdings has just announced today that, through its subsidiary Fairfax Asia, it will acquire 35% stake of BIDV Insurance Corporation (BIC) through the issuance of additional shares. Fairfax Financial Holdings is the parent company that invests in non-life insurance, reinsurance and investment management areas through its subsidiaries. Earlier, in the 2015 AGM of BIC, the company announced its plan to issue a maximum of 41 million shares to a foreign strategic investor but the name was not revealed. This transaction will be finalized upon Vietnam Authorities' approval and it is expected to be completed by Q3/2015. With expected new charter capital of VND1,000 billion (USD46.6 million) and capital premium post-transaction, BIC will join top four non-life insurance companies with largest owners' equity in Vietnam.

BIC is a leading non-life insurance company in Vietnam that has exclusive bancassurance agreement with its largest shareholder, Bank for Investment and Development of the Bank (BIDV). BIDV is a key player in Vietnam banking industry, with approximately 1,000 branches and seven million customers. In 2014, BIC achieved total net revenue from insurance business of about USD60 million, with impressive annual growth in revenue and profit. In Q1/2015, BIC recorded total net revenue from insurance business of VND314 billion (USD14.6 million), up 48.5 percent y-o-y, completed 24 percent of 2015's target. Of this, gross written premium grew 44 percent y-o-y and reinsurance premium increased 121.4 percent y-o-y. This was a fairly high result compared with the average growth rate of the non-life insurance market, 17 percent y-o-y in Q1/2015.

According to Mr. Prem Watsa, Chairman and CEO of Fairfax, BIDV Insurance has a strong presence in Vietnam, as well as in Cambodia and Laos. This is a great opportunity for Fairfax to expand in these areas with a partner who has a history of strong growth and profitability driven business strategy. Details of the deal as well as the price, however, have yet to be disclosed at this time.

CONTACT INFORMATION

For further information regarding this report, please contact the following members of the VPBS research department:

Barry David Weisblatt

Head of Research
barryw@vpbs.com.vn

Nguyen Thi Thuy Linh

Director – Macro and Financials
linhntt@vpbs.com.vn

Pham Lien Ha, CFA

Senior Analyst
hapl@vpbs.com.vn

Chu Le Anh Ngoc

Research Assistant
ngoccla@vpbs.com.vn

For any questions regarding your account, please contact the following:

Marc Djandji, CFA

Head of Institutional Sales and Brokerage
& Foreign Individuals
marcdjandji@vpbs.com.vn
+848 3823 8608 Ext: 158

Ly Dac Dung

Head of Retail Sales and Brokerage
dungld@vpbs.com.vn
+844 3974 3655 Ext: 335

Vo Van Phuong

Director of Retail Sales and Brokerage
Nguyen Chi Thanh 1 - Ho Chi Minh City
phuongvv@vpbs.com.vn
+848 6296 4210 Ext: 130

Domalux

Director of Retail Sales and Brokerage
Nguyen Chi Thanh 2 - Ho Chi Minh City
domalux@vpbs.com.vn
+848 6296 4210 Ext: 128

Tran Duc Vinh

Director of Retail Sales and Brokerage
Lang Ha - Ha Noi
vinhtd@vpbs.com.vn
+844 3835 6688 Ext: 369

Nguyen Danh Vinh

Associate Director of Retail Sales and Brokerage
Le Lai - Ho Chi Minh City
vinhnd@vpbs.com.vn
+848 3823 8608 Ext: 146



Hanoi Head Office

362 Hue Street,
Hai Ba Trung District, Hanoi
T - +84 (0) 4 3974 3655
F - +84 (0) 4 3974 3656

Ho Chi Minh City Branch

76 Le Lai Street,
District 1, Ho Chi Minh City
T - +84 (0) 8 3823 8608
F - +84 (0) 8 3823 8609

Danang Branch

112 Phan Chau Trinh Street,
Hai Chau District, Danang
T - +84 (0) 511 356 5419
F - +84 (0) 511 356 5418



DISCLAIMER

Research report is prepared and issued by VPBank Securities Co. Ltd. ("VPBS"). This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This document is not for public distribution and has been furnished to you solely for your information and must not be reproduced or redistributed to any other person. Persons into whose possession this document may come are required to observe restrictions.

Each research analyst involved in the preparation of a research report is required to certify that the views and recommendations expressed therein accurately reflect his/her personal views about any and all of the securities or issuers that are the subject matter of this research report, and no part of his/her compensation was, is and will be directly or indirectly related to specific recommendations or views expressed by the research analyst in the research report. The research analyst involved in the preparation of a research report does not have authority whatsoever (actual, implied or apparent) to act on behalf of any issuer mentioned in such research report.

Any research report is provided, for information purposes only, to institutional investor and retail clients of VPBS. A research report is not an offer to sell or the solicitation of an offer to buy any of the securities discussed herein.

The information contained in a research report is prepared from publicly available information, internally developed data and other sources believed to be reliable, but has not been independently verified by VPBS and VPBS makes no representations or warranties with respect to the accuracy, correctness or completeness of such information and they should not be relied upon as such. All estimates, opinions and recommendations expressed herein constitute judgment as of the date of a research report and are subject to change without notice. VPBS does not accept any obligation to update, modify or amend a research report or to otherwise notify a recipient of a research report in the event that any estimates, opinions and recommendations contained herein change or subsequently becomes inaccurate or if a research report is subsequently withdrawn.

Past performance is not a guarantee of future results, and no representation or warranty, express or implied, is made regarding future performance of any security mentioned in this research report. The price of the securities mentioned in a research report and the income they produce may fluctuate and/or be adversely affected by market factors or exchange rates, and investors may realize losses on investments in such securities, including the loss of investment principal. Furthermore, the securities discussed in a research report may not be liquid investments, may have a high level of volatility or may subject to additional and special risks associated with securities and investments in emerging markets and/or foreign countries that may give rise to substantial risk and are not suitable for all investors. VPBS accepts no liability whatsoever for any loss arising from any use or reliance on a research report or the information contained herein.

The securities in a research report may not be suitable for all types of investors and such reports do not take into account particular investment needs, objectives and financial circumstances of a particular investor. An investor should not rely solely on investment recommendations contained in this research report, if any, as a substitution for the exercise of their own independent judgment in making an investment decision and, prior to acting on any of contained in this research report, investors are advised to contact his/her investment adviser to discuss their particular circumstances.

VPBS and its affiliated, officers, directors and employees world-wide may, from time to time, have long or short position in, and buy or sell the securities thereof, of company (ies) mentioned herein or be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company (ies) discussed herein or act advisor or lender/borrower to such company (ies) or have other potential conflict of interest with respect to any recommendation and related information and opinions.

Any reproduction or distribution in whole or in part of a research report without permission of VPBS is prohibited.

If this research report has been distributed by electronic transmission, such as e-mail, then such transmission cannot be guaranteed to be secure or error-free as information could be intercepted, corrupted, lost, destroyed, arrive late, in complete, or contain viruses. Should a research report provide web addresses of, or contain hyperlinks to, third party web sites, VPBS has not reviewed the contents of such links and takes no responsibility whatsoever for the contents of such web site. Web addresses and/or hyperlinks are provided solely for the recipient's convenience and information, and the content of third party web sites is not in any way incorporated into this research report. Recipients who choose to access such web addresses or use such hyperlinks do so at their own risk.