



Warburg Pincus to Invest Over US\$370 Million into Techcombank

Singapore, March 12, 2018 – Vietnam Technological and Commercial Joint Stock Bank (“Techcombank” or “TCB” or the “Bank”), one of the largest private sector joint stock commercial banks (“JSBs”) in Vietnam, and one of the most profitable banks in Asia, today announced that two separate legal entities managed by Warburg Pincus, a leading global private equity firm focused on growth investing, will invest over US\$370 million into the Bank, subject to appropriate regulatory approvals. The investment is a part of Techcombank’s equity raising effort to provide growth capital to fund its expansion and enable TCB to further solidify its leading position in Vietnam. As the pre-eminent private equity investor in Vietnam, this transaction represents the largest ever private equity investment in Vietnam to date and brings Warburg Pincus’ total commitment in the country to over US\$1 billion.

Established in 1993, and celebrating its 25th anniversary this year, Techcombank is one of the largest private sector JSBs in Vietnam by total operating income and profit before tax as of 2017. Moody’s rated TCB one of the highest among Vietnamese private JSBs with a rating of B2/Positive; S&P awarded TCB a credit rating at the same level as the sovereign (according to ratings as at February 2018). TCB’s key financial and operating metrics are well ahead of local peers, and comparable to the best-in-class banks in the region on the back of its customer centric business model, operational excellence, and robust risk management practices.

A consumption driven economy with a large and growing middle and upper income population, Vietnam ranks as one of the fastest-growing economies in Southeast Asia with a GDP growth rate of approximately 6% in the past decade. The country benefits from a formidable young and dynamic workforce with over 60% of its nearly 100 million population under the age of 40 in 2017 according to World Bank figures. Foreign Direct and Indirect Investments in Vietnam is on a sharp rise and hit yet another record high in 2017 of US\$36 billion, which represents over a 40% increase from the previous year. In 2017, Vietnam also had a trade surplus of US\$2.7 billion buoyed by both high exports as well as reduced imports from increased local manufacturing.

Mr. Ho Hung Anh, Chairman of Techcombank said, “The Vietnamese economy and the banking sector are experiencing tremendous growth right now. This year we celebrate our 25th Anniversary, amidst a market where the demand for banking services is sharply accelerating with increasing spending power in our population. TCB is in an excellent position to serve this demand, and we look forward to working with Warburg Pincus to further consolidate and build upon our current financial strength.”

Mr. Nguyen Le Quoc Anh, CEO of Techcombank, said, “The Vietnamese market is at an inflection point. Techcombank, with its strong investment in technology and a resolute focus on customer centricity and commitment to people, operational and risk excellence, has established an unrivalled position in Vietnam that we believe will grow from strength to strength as the economy further evolves. We are delighted to

welcome Warburg Pincus as our partner and we look forward to working with them to pursue new high growth opportunities and further our aim to be the leading bank in the region within the next decade.”

The country’s banking penetration rate remains very low, at just over 30% according to 2017 figures, compared to other Southeast Asian countries including Indonesia (56%), Thailand (71%) and Malaysia (77%) which provides a strong headroom for growth. While nascent, the Vietnamese consumer lending sector is rapidly emerging and total consumer loans outstanding has tripled between 2013 to 2016 as the newly minted affluent and mass affluent class actively seek products such as mortgages, auto loans and credit cards.

Mr. Jeffrey Perlman, Managing Director and Head of Southeast Asia at Warburg Pincus, commented, “The investment into TCB marks our continued commitment and strong belief in the long-term prospects for Vietnam. Vietnam is one of the fastest growing banking markets in Southeast Asia and TCB is well positioned with its leading retail franchise and best-in-class management team with strong local and international banking experience. We expect TCB to further consolidate its dominant position in Vietnam and become one of the leading banks in Southeast Asia.”

Mr. Saurabh Agarwal, Managing Director of Warburg Pincus, commented, “The Vietnamese banking sector is highly under penetrated with strong potential for outsized growth. With a strong balance sheet and superior service offerings, TCB is well positioned to capitalize on this opportunity and gain a larger share of the market. We look forward to leveraging our deep expertise in the financial services sector to support TCB’s long term growth.”

Warburg Pincus started investing in Southeast Asia in 2013 with Vietnam as its maiden market. Since then, Warburg Pincus has invested in seven companies in the region, including Vincom Retail, Lodgis Hospitality, BW Industrial Development Joint Stock Company (“BWID”, a joint venture with Becamex IDC Corp), ARA Asset Management, Go-Jek, NWP Retail and Trax. Vincom Retail, a joint venture retail platform established between Vingroup and Warburg Pincus in 2013, has grown into the largest shopping mall developer and operator in Vietnam. Its highly successful US\$740 million listing on the Ho Chi Minh Stock Exchange last November was the largest-ever listing in Vietnam.

About Techcombank

Established in 1993, Techcombank is one of the largest JSBs in Vietnam, and one of the leading banks in Asia. It provides a broad range of banking products and services to more than 5.4 million customers in Vietnam with an extensive network of 315 branches across Vietnam. In 2017, TCB achieved total operating income of VND16.1 trillion and profit before tax of VND8.5 trillion (US\$708 million and US\$373 million respectively using VND/US\$ exchange rate of 22,698 as at 31 December 2017). TCB had industry leading profitability in 2017 with return on average equity of 28.0% and return on average assets of 2.7%¹.

TCB pursues a proven, differentiated customer-centric business model with demonstrated success in implementing their ecosystem approach of partnering with anchor corporate clients such as leading real estate developers, airlines, and utilities companies. The Bank’s unique value proposition, tailored products and

¹ *All financial data derived from TCBs audited consolidated financial statements, prepared in accordance with IFRS and audited by Ernst & Young Vietnam Limited in accordance with ISA.*

market leading quality of service allows them to capture a high-quality retail customer base of affluent and mass-affluent Vietnamese which delivers the highest risk-adjusted returns. Additionally, TCB's focus in generating a high-quality fee income stream from its exclusive bancassurance partnership, cards franchise and transaction banking allows the Bank to achieve the highest non-interest income ratio among other JSBs in 2017 of 45%². The Bank is also at the forefront of leveraging technology as a key enabler to deliver industry-leading services to its customers, and has seen tremendous growth in e-banking usage over the past few years with e-banking transaction value increasing by 5.3 times in the last two years.

About Warburg Pincus

Warburg Pincus LLC is a leading global private equity firm focused on growth investing. The firm has more than US\$44 billion in private equity assets under management. The firm's active portfolio of more than 150 companies is highly diversified by stage, sector and geography. Warburg Pincus is an experienced partner to management teams seeking to build durable companies with sustainable value. Founded in 1966, Warburg Pincus has raised 17 private equity funds which have invested more than US\$60 billion in over 800 companies in more than 40 countries.

Warburg Pincus is one of the first private equity firms to invest in financial services, beginning in 1971. Since that time, the firm has committed over US\$11 billion to more than 95 portfolio companies across the developed and emerging market economies and in a diverse range of sub sectors, including banks, specialty lenders, insurance, asset and wealth management, payments, core processing, and tech-enabled non-bank lending. In December 2017, the firm announced the close of Warburg Pincus Financial Sector, L.P. at US\$2.3 billion. Warburg Pincus Financial Sector is a companion fund focused on investing in financial services opportunities.

The firm is also a deeply entrenched and one of the largest private equity investors in financial services in Asia. Over the firm's history, Warburg Pincus has invested and helped build numerous emerging market banking and consumer financial services platforms in India, China, and Brazil. Some notable examples of the firm's experience in the sector include Capital First, ICICI Lombard, Kotak Mahindra Bank and AU Small Finance Bank in India, as well as China Huarong, Hwabao WP Fund (formerly Fortune SG), Cango and Wacai in China.

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² Based on VAS financials for purposes of comparison with other JSBs in Vietnam. Non-interest income based on IFRS financials in 2017 was 46.2%.