BIDV Securities Joint Stock Company

Financial safety ratio report (liquid capital ratio report)

30 June 2016

BIDV Securities Joint Stock Company

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BIDV Securities Joint Stock Company

GENERAL INFORMATION

COMPANY

BIDV Securities Joint Stock Company ("the Company") was established in accordance with Operating Licence No. 111/GP-UBCK issued by the State Securities Commission of Vietnam on 31 December 2010.

The Company was privatized from BIDV Securities Company Limited. Its principal activities are to provide brokerage services, securities trading, underwriting for share issues and securities investment advisory services.

The Company is officially listed on Ho Chi Minh Stock Exchange (HOSE) on 13 July 2011.

The Company's Head Office is located at Floor 1, 10 and 11 – BIDV Tower – 35 Hang Voi Street, Ha Noi. The Company's branch is located at Floor 9, 146 Nguyen Cong Tru Street, District 1, Ho Chi Minh City.

BOARD OF DIRECTORS

Members of the Board of Directors during the period and at the date of this report are:

Name	*Position*	*Date of appointment/reappointment*
Mr. Doan Anh Sang	Chairman	Reappointed on 28 April 2016
Mr. Do Huy Hoai	Vice-chairman	Reappointed on 28 April 2016
Mr. Nguyen Thieu Son	Member	Appointed on 18 November 2015
Mr. Le Ngoc Lam	Member	Appointed on 14 November 2014

BOARD OF SUPERVISION

Members of the Board of Supervision during the period and at the date of this report are:

Name	***Position***	*Date of reappointment*
Ms. Pham Thanh Thuy	Head of the Board	Reappointed on 28 April 2016
Ms. Hoang Thi Huong	Member	Reappointed on 28 April 2016
Mr. Tran Minh Hai	Member	Reappointed on 28 April 2016

BOARD OF MANAGEMENT

Members of Board of Management during the period and at the date of this report are:

Name	*Position*	*Date of appointment/reappointment*
Mr. Do Huy Hoai	General Director	Reappointed on 17 December 2015
Ms. Tran Thi Thu Thanh	Deputy General Director	Reappointed on 01 January 2016
Mr. Le Quang Huy	Deputy General Director	Reappointed on 15 May 2015
Ms. Ngo Thi Phong Lan	Deputy General Director	Appointed on 27 October 2014

LEGAL REPRESENTATIVE

The legal representative of the Company for the period and at the date of this report is Mr. Do Huy Hoai – General Director.

AUDITORS

The auditors of the Company are Ernst & Young Vietnam Limited.

BIDV Securities Joint Stock Company

REPORT OF THE BOARD OF MANAGEMENT

The Board of Management of Bao Viet Securities Company ("the Company") is pleased to present its report and the financial safety ratio report (the liquid capital ratio report) of the Company as at 30 June 2016.

THE BOARD OF MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL SAFETY RATIO REPORT (THE LIQUID CAPITAL REPORT)

The Board of Management confirmed that it has complied with the requirements of Circular No. 226/2010/TT-BTC dated 31 December 2010 issued by the Ministry of Finance on financial safety ratios and remedies applicable to securities companies that fail to meet the stipulated financial safety ratios and Circular No. 165/2012/TT-BTC dated 9 October 2012 amending and supplementing a number of articles of Circular No. 226/2010/TT-BTC for the preparation and presentation of the financial safety ratio report (the Liquid capital ratio report) as at 30 June 2016.

STATEMENT BY THE BOARD OF MANAGEMENT

The Board of Management does hereby state that, in its opinion, the accompanying financial safety ratio report (the liquid capital ratio report) is prepared in accordance with the requirements of Circular No. 226/2010/TT-BTC dated 31 December 2010 issued by the Ministry of Finance on financial safety ratios and remedies applicable to securities companies that fail to meet the stipulated financial safety ratios and Circular No. 165/2012/TT-BTC dated 9 October 2012 amending and supplementing a number of articles of Circular No. 226/2010/TT-BTC.

For and on behalf of the Board of Management:

CÔNG TY CỔ PHẦN CHỨNG KHOÁN NGÂN HÀNG ĐẦU TƯ VÀ PHÁT TRIỂN VIỆT NAM

Mr. Do Huy Hoai
General Director

Hanoi, Vietnam

8 August 2016

Ernst & Young Vietnam Limited
8th Floor, CornerStone Building
16 Phan Chu Trinh Street
Hoan Kiem District
Hanoi, S.R. of Vietnam

Tel : + 84 4 3831 5100
Fax: + 84 4 3831 5090
ey.com

Reference: 60758150/18718723 - ATTC

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of
BIDV Securities Joint Stock Company

We have audited the accompanying financial safety ratio report (liquid capital ratio report) as at 30 June 2016 of BIDV Securities Joint Stock Company (the "Company") as prepared on 8 August 2016 and set out on pages 6 to 28.

Management's responsibility

The Company's Board of Management is responsible for the preparation and fair presentation of the financial safety ratio report (liquid capital ratio report) in accordance with Circular No. 226/2010/TT-BTC dated 31 December 2010 issued by the Ministry of Finance on financial safety ratios and remedies applicable to securities companies that fail to meet the stipulated financial safety ratios and Circular No. 165/2012/TT-BTC amending and supplementing a number of articles of Circular No. 226/2010/TT-BTC, Note 2.1 of the accompanying financial safety ratio report (liquid capital ratio report) and comply with statutory requirements relevant to preparation and presentation of the financial safety ratio report (liquid capital ratio report).

Auditors' responsibility

Our responsibility is to express an opinion on the financial safety ratio report (liquid capital ratio report) based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about the financial safety ratio report (liquid capital ratio report) is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial safety ratio report (liquid capital ratio report). The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial safety ratio report (liquid capital ratio report), whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provides a basis for our audit opinion.

Building a better working world

Opinion

In our opinion, the financial safety ratio report (liquid capital ratio report) as at 30 June 2016 of BIDV Securities Joint Stock Company is prepared and presented in accordance with Circular No. 226/2010/TT-BTC dated 31 December 2010 issued by the Ministry of Finance on financial safety ratios and remedies applicable to securities companies that fail to meet the stipulated financial safety ratios, Circular No. 165/2012/TT-BTC amending and supplementing a number of articles of Circular No. 226/2010/TT-BTC and Note 2.1 of the financial safety ratio report (liquid capital ratio report).

Ernst & Young Vietnam Limited

Saman Bandara
Deputy General Director
Audit Practising Registration
Certificate No. 2036-2013-004-1

Tran Mai Thao
Auditor
Audit Practising Registration
Certificate No. 2466-2013-004-1

Hanoi, Vietnam

8 August 2016

Company's name: BIDV Securities Joint Stock Company
Official Letter No: /2016/BSC-TCKT
--------oOo--------
Re: Financial safety ratio report

SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom - Happiness

--------oOo--------

Hanoi, 8 August 2016

To: State Securities Commission

FINANCIAL SAFETY RATIO REPORT

(LIQUID CAPITAL RATIO REPORT)

As at: 30 June 2016

We hereby confirm that:

(1) The report is prepared on the basis of updated data at the reporting date and in accordance with Circular No. 226/2010/TT-BTC dated 31 December 2010 issued by the Ministry of Finance on financial safety ratios and remedies applicable to securities companies that fail to meet the stipulated financial safety ratios and Circular No. 165/2012/TT-BTC dated 9 October 2012 amending and supplementing the Circular No. 226/2010/TT-BTC;

(2) Subsequent events after the date of this report that can have effects on the financial position of the Company will be updated in the next reporting period.

(3) We bear full legal responsibility for the accuracy and truthfulness of the contents of our report.

CÔNG TY CỔ PHẦN CHỨNG KHOÁN NGÂN HÀNG ĐẦU TƯ VÀ PHÁT TRIỂN VIỆT NAM
Q. HOÀN KIẾM - TP. HÀ NỘI

Ms. Tran Thi Nang Tinh	Ms. Tran Ngoc Diep	Mr. Do Huy Hoai
In charge of Internal Control Department	Chief Accountant	General Director

Hanoi, Vietnam

8 August 2016

BIDV Securities Joint Stock Company

FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT) (continued)
as at 30 June 2016

Unit: VND

No	*Items*	*Note*	*Exposures to risk/ Liquid Capital*
1	Total exposures to market risk	4	108,509,395,714
2	Total exposures to settlement risk	5	28,742,847,394
3	Total exposures to operational risk	6	77,412,497,384
4	**Total exposures to risk (4=1+2+3)**		**214,664,740,492**
5	**Liquid capital**	**7**	**902,722,419,058**
6	**Liquid capital ratio (6=5/4) (%)**		**421%**

CÔNG TY CỔ PHẦN CHỨNG KHOÁN NGÂN HÀNG ĐẦU TƯ VÀ PHÁT TRIỂN VIỆT NAM

Ms. Tran Thi Nang Tinh	Ms. Tran Ngoc Diep	Mr. Do Huy Hoai
In charge of Internal Control Department	Chief Accountant	General Director

Hanoi, Vietnam

8 August 2016

1. THE COMPANY

BIDV Securities Joint Stock Company (herein referred to as "the Company"), known as "BSC", is a joint stock company incorporated in the Socialist Republic of Vietnam.

Establishment and Operation

BIDV Securities Joint Stock Company was established on 1 January 2011 in accordance with Operating Licence No.111/GP-UBCK issued by the State Securities Commission of Vietnam on 31 December 2010.

BIDV Securities Joint Stock Company was privatized from BIDV Securities Company Limited.

The Company's principal activities are to provide brokerage services, securities trading, underwriting for share issues and finance and securities investment advisory services.

The Company is officially listed on Ho Chi Minh Stock Exchange (HOSE) on 13 July 2011

Charter capital

As at 30 June 2016, the Company's charter capital was VND 865,000,000,000.

For the six-month period ended 30 June 2016, the Company has no additional capital contribution.

Operation network

The Company's Head Office is located at Floor 1, 10 and 11 – BIDV Tower – 35 Hang Voi Street, Ha Noi. The Company's branch is located at Floor 9, 146 Nguyen Cong Tru Street, District 1, Ho Chi Minh City.

Employees

The number of the Company's employees as at 30 June 2016 was 183 people (31 December 2015: 190 people).

2. BASIS OF PRESENTATION

2.1 *The applicable regulations*

The financial safety ratio report (liquid capital ratio report) of the Company is prepared and presented in accordance with Circular No. 226/2010/TT-BTC dated 31 December 2010 issued by the Ministry of Finance on financial safety ratios and remedies applicable to securities companies that fail to meet the stipulated financial safety ratios and Circular No. 165/2012/TT-BTC amending and supplementing a number of articles of Circular No. 226/2010/TT-BTC.

The financial safety ratio report (liquid capital ratio report) of the Company is prepared on the basis of the financial statements of the Company at the reporting date.

Interpretations internally applied for certain cases for which there is no specific guidance in Circular No. 226/2010/TT-BTC and Circular No. 165/2012/TT-BTC amending and supplementing Circular No. 226/2010/TT-BTC and other legislative documents.

In the preparation and presentation of this report, the Company has applied the following interpretations for certain cases for which no specific guidance is available in Circular No. 226/2010/TT-BTC and Circular No. 165/2-12/TT-BTC based on the Company's understanding and own assessment as follows:

No.	*Items*	*The Company's interpretation*
1	The item "**Retained earnings and undistributed profit after tax before establishing statutory provisions**" (Item g, Clause 1, Article 4 – Liquid Capital, Circular No. 226/2010/TT-BTC)	This item is determined by the sum of: - Retained earnings; - Undistributed profit after tax as at 30 June 2016; - Closing balance of provisions as at 30 June 2016. The closing balance of provision in the balance sheet is a none-monetary item that reflects the a specific portion of resources that has been set aside for risk resolution, thus the total provision balance should be added to the retained earnings and undistributed profit after tax as at 30 June 2016 in order to determine the Company's liquid capital.
2	The item "***Receivables***" (Item g, Clause 1, Article 9 - The exposures to settlement risk, Circular No. 226/2010/TT-BTC)	"Receivables" include other receivables and other assets exposed to settlement risk and the exposures to settlement risk for these receivables are calculated using the formula specified in Circular No. 226/2010/TT-BTC.
3	The Item "***Suplemental exposures to market risk***" (Clause 5, Article 8 – Exposures to market risk)	Suplemental exposures to market risk is calculated by Market risk coefficient x Scale of Market risk x Surplus risk coefficient.

2.2 *Reporting currency*

The Company prepares this report in Vietnam dong ("VND").

3. SUMMARY OF SIGNIFICANT POLICIES FOR THE PREPARATION OF FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT)

3.1 Liquid capital ratio

Liquid capital ratio is a measure of financial safety of the Company, reflecting the Company's ability to quickly settle its financial obligations and its ability to absorb the risks arising in the course of business operations.

Liquid capital ratio of the Company is determined using the formula specified in Circular No. 226/2010/TT-BTC and Circular 165/2012/TT-BTC as follows:

$$\text{Liquid Capital ratio} = \frac{\text{Liquid Capital x 100\%}}{\text{Total exposures to risks}}$$

In particular, total exposures to risks are the sum of exposures to market risk, exposures to settlement risk, and exposures to operational risk.

3.2 Liquid Capital

As stipulated in No. Circular 226/2010/TT-BTC, the Company's liquid capital is the total equity that can be converted into cash within ninety (90) days. In particular:

- Owners' equity, excluding redeemable preferred shares (if any);
- Share premium;
- Supplementary capital reserve;
- Investment and development fund;
- Financial reserve;
- Other reserves belonging to owners' equity;
- Retained earnings and undistributed profit after tax before making statutory provisions;
- Asset revaluation reserve when fixed assets are revalued in accordance with prevailing laws and regulations (50% of the reserve in the case assets are revalued upwards or 100% in the case assets are revalued downwards)
- Foreign exchange difference reserve;
- Minorities' interests.

The Company's liquid capital is adjusted (i.e.increased/decreased) for the following items:

3.2.1 Increases to liquid capital

- Convertible debts of the Company with original maturity of 5 years;
- Debts with original maturity of more than 10 years which have been registered to supplement the Company's liquid capital with the State Securities Commission; and
- Total surplus value of investments, excluding the securities issued by the Company's related parties as well as securities restricted to transfer with the remaining restriction period of more than 90 days as from the date of the financial safety ratio report (liquid capital ratio report).

The total value of debt items used to supplement liquid capital is in maximum 50% of the Company's owners' equity. Regarding convertible debts and debts registered to supplement the Company's liquid capital with the State Securities Committee, the Company deducts 20% of their original value each year during the last five (05) years prior to maturity/conversion into common shares and deducts 25% of residual value quarterly during the last four (04) quarters prior to maturity/conversion into common shares.

3. SUMMARY OF SIGNIFICANT POLICIES FOR THE PREPARATION OF FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT) (continued)

3.2 Liquid Capital (continued)

3.2.2 Decreases to liquid capital

- Redeemable preferred shares and treasury shares (if any);
- 50% of the increase in the value of fixed assets which are revaluated in accordance with prevailing regulations;
- Total decreased value of investments, excluding the securities issued by the Company's related parties as well as the securities restricted to transfer with the remaining restriction period of more than 90 days as from the date of financial safety ratio report (liquid capital ratio report);
- Long-term assets and short-term assets with the remaining recovery period or settlement period of more than 90 days; and
- The qualified items on the audited financial statements (if any).

When determining the adjustments to decrease from the liquid capital, the Company reduces the value adjusted by an amount equal to the minimum value of the market value of the assets, the book value and the residual value of the obligations (for assets used as collaterals for the obligations of the Company or third parties) and the minimum value of the market value and the book value of assets (for assets secured by the customers' assets).

3.3 Exposures to market risk

Exposures to market risk are the potential losses which may occur when the market value of the Company's assets fluctuates in a negative trend and are determined by the Company at the end of the transaction day using the following formula:

Exposures to market risk = Net position x Asset value x Market risk coefficient

In particular, net position is the net volume of securities held by the Company at the reporting date, after being deducted by the number of securities lent and increased by the number of securities borrowed in accordance with prevailing regulations.

Assets which are excluded in determining exposures to market risk include:

- Treasury stocks;
- Securities issued by related parties of the Company in the following cases:
  - The parent company, subsidiaries, joint ventures, associates of the Company;
  - Subsidiaries, joint ventures, associates of the Company's parent company.
- Securities restricted to transfer with the remaining restricted period of more than 90 days as from the calculation date.
- Bonds, debt instruments and valuable papers in the money market which have been matured.

3.3.1 Market risk coefficient

Market risk coefficient is determined for each item of assets as specified in Circular No. 226/2010/TT-BTC.

3. SUMMARY OF SIGNIFICANT POLICIES FOR THE PREPARATION OF FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT) (continued)

3.3 Exposures to market risk (continued)

3.3.2 Asset price

a. Cash and cash equivalents, money market instruments

Value of cash in VND is the balance of cash at the calculation date.

Value of cash in foreign currencies is the equivalent value in VND using the exchange rate published by credit institutions which are allowed to conduct foreign currencies trading at the calculation date.

Value of term deposits and money market instruments is the amount deposited or acquisition cost plus accrued interest as at the calculation date.

b. Bonds

Value of listed bonds is the average price quoted on the trading system of Securities Stock Exchange on the latest trading day plus accrued interest. In case there is no transaction for such bonds during more than two (2) weeks prior to the date of calculation, the value of bonds is the highest of the following values: acquisition cost; face value and price determined by the internal valuation methods, including accrued interest.

Value of unlisted bonds is the highest of the following values: quoted price on the quotation system selected by the Company (if any); acquisition cost plus accrued interest; price determined by the internal valuation methods, including accrued interest.

c. Shares

Value of listed shares are determined based on the quoted closing prices on the Ho Chi Minh Stock Exchange and the Hanoi Stock Exchange.

Value of unlisted shares which have been registered on the unlisted public companies market (UPCoM) is the quoted average prices of the latest trading day prior to the date of calculation.

In case there is no transaction of the shares listed or registered on UPCoM during more than two (2) weeks prior to the date of calculation, value of these shares is the highest of the following values: book value; acquisition cost and price determined by internal valuation methods of the Company.

Value of shares which are registered or custody but has not been listed or registered for trading is the average price of quotations from at least three (03) securities companies which are not related to the Company on the latest trading day prior to the date of calculation. If there are no sufficient quotation from at least three (03) securities companies, the value of shares is the highest of the following values: quoted price; value determined in the latest reporting period; book value; acquisition cost; price determined by internal valuation methods of the Company.

Value of shares of organizations in term of dissolution, or of bankruptcy is 80% liquidated value of the shares at the date of preparation of the latest balance sheet, or price determined by internal methods of the Company.

The value of other shares or capital contributions is the maximum of book value; acquisition cost/value of capital contribution; price determined by internal methods of the Company.

3. SUMMARY OF SIGNIFICANT POLICIES FOR THE PREPARATION OF FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT) (continued)

3.3 Exposures to market risk (continued)

3.3.3 Adjustment to increase the exposures to market risk

Except for the securities under firm commitment issuance underwriting contract, Government bonds and bonds guaranteed by the Government, exposures to market risk of an asset will be adjusted to increase if the Company makes significant investment in such asset. The exposures to market risk will be adjusted in accordance with following principles:

- An increase of 10% if the value of this investment accounts for 10% to 15% of the owners' equity of the Company.
- An increase of 20% if the value of this investment accounts for 15% to 25% of the owners' equity of the Company.
- An increase of 30% if the value of this investment accounts for more than 25% of the owners' equity of the Company.

Dividends, coupons, preference right of shares (if any) or interest of deposits, cash equivalents, negotiable instruments and valuable papers shall be added to the value of asset for the purpose of determining the exposures to market risk.

3.4 Exposures to settlement risk

Exposures to settlement risk are the potential losses which may occur when a partner fails to fulfill its settlement obligation or transfer assets on time as committed. Exposures to settlement risk are determined at the transaction date as follows:

- For term deposits at credit institutions; loans to organizations and individuals; securities borrowing contracts in accordance with legal regulations; repurchase agreements and reversed repurchase agreements in accordance with prevailing regulations; margin loans in accordance with prevailing regulations; receivables, other receivables and other assets exposed to settlement risk, exposures to settlement risk before the date of securities transfer / cash settlement / contract liquidation shall be determined using the following formula:

  Exposures to settlement risk = Settlement risk coefficient of partner x Value of assets exposed to settlement risk;

- For overdue receivables, other receivables and other assets, securities which have not been received on time, including securities and cash which have not been received from term deposits at credit institutions; loans to organizations and individuals; securities borrowing contracts in accordance with prevailing regulations; repurchase and reverse repurchase agreements in accordance with prevailing regulations; matured margin loans in accordance with prevailing regulations, exposures to settlement risk is determined as follows:

  Exposures to settlement risk = Settlement risk coefficient by time x Value of assets exposed to settlement risk.

3. SUMMARY OF SIGNIFICANT POLICIES FOR THE PREPARATION OF FINANCIAL PRUDENT RATIO REPORT (LIQUID CAPITAL RATIO REPORT) (continued)

3.4 Exposures to settlement risk (continued)

3.4.1 Settlement risk coefficient

Settlement risk coefficient is determined based on the type of counterparties and the overdue period as stipulated in Circular No. 226/2010/TT-BTC.

Settlement/transfer period of securities is T+3 (for listed securities), T+1 (for listed bonds); or T+n (for transactions outside the official trading system within n days under agreement of both parties).

3.4.2 Value of assets exposed to settlement risk

a. Purchase or sale of securities for customers or the Company

Value of assets exposed to settlement risk is the market value of the contract determined as follows:

- Value of assets exposed to settlement risk in securities borrowing and lending contracts, margin trading, repurchase transactions, loans for margin trading, repurchase or reverse repurchase agreements:

No.	*Type of transaction*	*Value of assets exposed to settlement risk*
1.	Term deposits and loans without collaterals	Total loan value
2.	Securities lending	Max{(Market value of the contract – Collateral value (if any)),0}
3.	Securities borrowing	Max{(Collateral value – Market value of the contract),0}
4.	Reverse repurchase agreements	Max{(Contract value based on purchase price – Market value of the contract x (1 - Market risk coefficient)),0}
5.	Repurchase agreements	Max{(Market value of the contract x (1 – Market risk coefficient) - Contract value based on selling price),0}
6.	Margin contracts (loans to customers to purchase securities)/other economic agreements with the similar nature	Max{(Margin balance - Collateral value),0}

Margin balance includes outstanding loan principal, interest and other fees.

Collateral value is the market value of collaterals. In case the value of collaterals has no reference in the market, its value is determined by the internal methods of the Company.

Value of assets is determined in accordance with Item 3.3.2.

3. SUMMARY OF SIGNIFICANT POLICIES FOR THE PREPARATION OF FINANCIAL PRUDENT RATIO REPORT (LIQUID CAPITAL RATIO REPORT) (continued)

3.4 Exposures to settlement risk (continued)

3.4.2 Value of assets exposed to settlement risk (continued)

- *Value of assets exposed to settlement risk in securities trading*

No.	*Period*	*Value of assets exposed to settlement risk*
A – For the selling transactions (the seller is the Company or its customers under the securities brokerage activities)		
1.	Before the settlement date/period	0
2.	After the settlement date/period	Market value of the contract (if market value is less than trading value)
		0 (if market value is greater than trading value)
B – For the buying transactions (the buyer is the Company or the Company's customer)		
1.	Before the securities transfer date/period	0
2.	After the securities transfer date/period	Market value of the contract (if market value is less than trading value)
		0 (if market value is greater than trading value)

b. Receivables, matured bonds, matured debt instruments

Value of assets exposed to settlement risk is the value of receivables calculated based on par value, plus accrued interest, related costs and less cash received previously (if any).

3.4.3 Deduction to value of assets exposed to settlement risk

The value of collaterals shall be deducted from the Company's value of assets exposed to settlement risk if the related contracts and transactions satisfy the following conditions:

- Partners or customers use collaterals to ensure their fulfillment of obligations and their collaterals are cash, cash equivalents, valuable papers, negotiable instruments on the money market, securities listed and registered on the Securities Stock Exchange, Government bonds, bonds guaranteed by the Ministry of Finance;
- The Company has rights to control, manage, use, and transfer collaterals if partners fail to make payment fully and timely as agreed in the contracts.

Value of asset subjected to deduction is determined as follows:

Collateral value = Volume of assets x Asset price x (1 – Market risk coefficient)

3 SUMMARY OF SIGNIFICANT POLICIES FOR THE PREPARATION OF FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT) (continued)

3.4 Exposures to settlement risk (continued)

3.4.4 Increase in exposures to settlement risk

Exposures to settlement risk are adjusted to increase in the following cases:

- An increase of 10% if the value of loans to an organization, an individual and a group of related organizations/individuals (if any) accounts for from 10% to 15% of the owners' equity of the Company;
- An increase of 20% if the value of loan to an organization, an individual and a group of related organizations/individuals (if any) accounts for from 15% to 25% of the owners' equity of the Company;
- An increase of 30% if the value of loan to an organization, an individual and a group of related organizations/individuals (if any), or an individual and related parties of that individual (if any), accounts for more than 25% of the owners' equity of the Company.

3.5 Exposures to operational risk

Exposures to operational risk are the potential losses which may occur due to technical errors, system errors and business processes, human errors during performing their work, or due to the lack of capital resulting from expenses, losses arising from investment activities, or other objective reasons.

Exposures to operational risk of the Company is determined at the higher of 25% of the Company's operating expenses within twelve (12) consecutive months up to the latest month and 20% of the Company's legal capital.

The Company's operating expenses are determined from total expenses incurred in the period less: depreciation expense; provision expense for the impairment of short-term and long-term investments; and allowance for doubtful debts.

4. EXPOSURES TO MARKET RISK

Investment items		*Risk coefficient %*	*Scale of risk VND*	*Exposures to risk VND*
		(1)	*(2)*	*(3) = (1) x (2)*
I.	**Cash and cash equivalents, money market instruments**		**231,649,726,703**	-
1.	Cash (VND)	0	5,372,550,988	-
2.	Cash equivalents	0	195,000,000,000	-
3.	Valuable papers and negotiable instruments in the money market	0	31,277,175,715	-
II.	**Government bonds**		**1,314,541,936,315**	**39,436,258,089**
4.	Zero-coupon Government bonds	0	-	-
5.	Coupon Government bonds		1,314,541,936,315	39,436,258,089
5.1.	Government bonds, Government bonds of OECD countries or guaranteed by the Government or the Central Bank of the OECD countries, Bonds issued by international institutions such as IBRD, ADB, IADB, ADB, EIB and EBRD	3	1,314,541,936,315	39,436,258,089
5.2.	Project bonds guaranteed by the Government or Ministry of Finance having remaining maturity of less than 1 year;	3	-	-
	Project bonds guaranteed by the Government, Ministry of Finance having remaining maturity of 1 to 5 years;	4	-	-
	Project bonds guaranteed by the Government, Ministry of Finance having remaining maturity of more than 5 years;	5	-	-
III.	**Corporate bonds**		**47,115,491,813**	**3,769,239,345**
6.	Listed bonds having remaining maturity of less than 1 year, including convertible bonds	8	47,115,491,813	3,769,239,345
	Listed bonds having maturity of 1 to 5 years, including convertible bonds	15	-	-
	Listed bonds having maturity of more than 5 years, including convertible bonds	20	-	-
7.	Unlisted bonds having remaining maturity of less than 1 year, including convertible bonds	25	-	-
	Unlisted bonds having maturity of 1 to 5 years, including convertible bonds	30	-	-
	Unlisted bonds having maturity of more than 5 years, including convertible bonds	40	-	-

4. EXPOSURES TO MARKET RISK (continued)

Investment items		*Risk coefficient %*	*Scale of risk VND*	*Exposures to risk VND*
		(1)	*(2)*	*(3) = (1) x (2)*
IV.	**Shares**		**166,885,508,500**	**54,018,952,055**
8.	Ordinary shares, preferred shares of entities listed in Ho Chi Minh Stock Exchange; open-ended fund certificates	10	60,702,278,300	6,070,227,830
9.	Ordinary shares, preferred shares of entities listed in Hanoi Stock Exchange	15	14,657,732,300	2,198,659,845
10.	Ordinary shares, preferred shares of unlisted public entities registered for trading through UPCom system	20	42,281,900	8,456,380
11.	Ordinary shares, preferred shares of public entities registered for depository, but not yet listed or registered for trading; shares under IPO	30	-	-
12.	Shares of other public companies	50	91,483,216,000	45,741,608,000
V.	**Certificates of investment securities funds**		**-**	**-**
13.	Public funds, including public securities investment companies	10	-	-
14.	Private funds, including private securities investment companies	30	-	-
VI.	**Securities under trading restriction**		**70,192,449**	**35,096,225**
15.	Securities suspended temporarily from trading	40	-	-
16.	Delisted, cancelled securities	50	70,192,449	35,096,225
VII.	**Other securities**		**-**	**-**
17.	Shares, contributed capital and other securities	80	-	-
18.	Other investments	80	-	-
VIII.	**Adjustment to increase the exposures to market risk (if any) (*)**		**74,999,000,000**	**11,249,850,000**
	Securities code			
1.	THC	15	74,999,000,000	11,249,850,000
Total exposures to market risk (I+II+III+IV+V+VI+VII+VIII)				**108,509,395,714**

5. EXPOSURES TO SETTLEMENT RISK

	Exposures to settlement risk VND
Risks before payment terms *(Note 5.1)*	25,765,622,649
Risks of overdue payments *(Note 5.2)*	2,977,224,745
Additional exposures	-
Total exposures to settlement risk	**28,742,847,394**

5. EXPOSURES TO SETTLEMENT RISK (continued)

5.1 Risks before payment terms

The exposures to settlement risk of not-yet-due items are determined as follows:

	Type of transactions / *Risk coefficient*	*Exposures to settlement risk (VND)*						*Total VND*
		0%	*0.8%*	*3.2%*	*4.8%*	*6%*	*8%*	
		(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	
1.	Term deposits and loans without collaterals (*Note 5.1*)	-	-	-	-	24,969,606,667	-	24,969,606,667
2.	Securities lendings	-	-	-	-	-	-	-
3.	Securities borrowings	-	-	-	-	-	-	-
4.	Reverse repurchase agreements	-	-	-	-	-	-	-
5.	Repurchase agreements	-	-	-	-	-	-	-
6.	Margin trading contracts (loans to customers to purchase securities)/other agreements with similar nature	-	-	-	-	-	796,015,982	796,015,982
TOTAL EXPOSURES TO SETTLEMENT RISK BEFORE PAYMENT TERMS								**25,765,622,649**

5. EXPOSURES TO SETTLEMENT RISK (continued)

5.1 Risks before payment term (continued)

Details of settlement risk coefficients by counterparties are determined as follows:

No.	Counterparties of the Company	Settlement risk coefficient
(1)	Government, issuers guaranteed by the Government, Ministry of Finance, State Bank, Government and Central Banks of OECD countries; People's committees of provinces and centrally-controlled municipalities	0%
(2)	Securities Stock Exchanges and Vietnam Securities Depository	0.8%
(3)	Credit institutions, financial institutions, and securities trading institutions which are established in OECD countries and have credit ratings in accordance with the internal policies of securities trading institutions	3.2%
(4)	Credit institutions, financial institutions, and securities trading institutions which are established in OECD countries and do not meet the requirements specified in the internal policies of securities trading institutions or which are not established in OECD countries	4.8%
(5)	Credit institutions, financial institutions, and securities trading institutions being established and operating in Vietnam	6%
(6)	Other entities and individuals	8%

5. EXPOSURES TO SETTLEMENT RISK (continued)

5.1 *Risks before payment term* (continued)

a. Term deposit:

	Book value VND	*Value of collaterals (*) VND*	*Uncollaterised value VND*	*Coefficient %*	*Exposures to settlement risk VND*
Term deposits	416,160,111,111	-	416,160,111,111	6	24,969,606,667
	416,160,111,111	**-**	**416,160,111,111**	**6**	**24,969,606,667**

(*) Collaterals include cash and cash equivalents, valuable papers, money market instruments, listed shares, Government bonds and bonds guaranteed by the Ministry of Finance.

b. Receivables:

	Book value VND	*Value of collaterals (*) VND*	*Uncollaterised value VND*	*Coefficient %*	*Exposures to settlement risk VND*
Margin contracts	30,648,350,969	20,698,151,200	9,950,199,769	8	796,015,982

(*) Collaterals include cash and cash equivalents, valuable papers, money market instruments, listed shares, Government bonds and bonds guaranteed by the Ministry of Finance.

5.2 *Risks of overdue payments*

The total exposures to settlement risk of overdue items are as follows:

No.	*Overdue period*	*Settlement risk coefficient (%)*	*Scale of risk (VND)*	*Exposures to settlement risk (VND)*
1.	0 – 15 days after payment due date or date of transferring securities	16	-	-
2.	16 – 30 days after payment due date or date of transferring securities	32	-	-
3.	31 – 60 days after payment due date or date of transferring securities	48	-	-
4.	From 60 days and above	100	2,977,224,745	2,977,224,745
TOTAL EXPOSURES TO SETTLEMENT RISK OF OVERDUE PAYMENTS				**2,977,224,745**

6. EXPOSURES TO OPERATIONAL RISK

	Items	*Amount VND*
I.	Total operating expenses incurring during the last 12 months	351,547,372,507
II.	Deductions from total expenses *(Note 6.1)*	41,897,382,972
III.	Total expenses after deductions (III = I – II)	309,649,989,535
IV.	25% of total expense after deductions (IV = 25% III)	77,412,497,384
V.	20% legal capital of the Company	60,000,000,000
TOTAL EXPOSURES TO OPERATIONAL RISK (Max {IV, V})		**77,412,497,384**

6.1 Deductions from total expenses

	Amount VND
Depreciation expenses	1,120,958,785
Provision expensesfor impairment of short-term securities investments	37,726,725,372
General provision expenses for margin	3,224,895,659
Allowance for doubtful debts	(175,196,844)
	41,897,382,972

7. LIQUID CAPITAL

NO.	*CONTENTS*	*Liquid capital*		
		Liquid capital VND	*Deductions VND*	*Increases VND*
A	**Equity**	**(1)**	**(2)**	**(3)**
1	Owners' equity, excluding of redeemable preferred shares	865,000,000,000		
2	Share premium	241,713,457		
3	Treasury shares			
4	Supplementary capital reserve			
5	Investment and development fund	207,782,726		
6	Financial reserve	207,782,726		
7	Other reserves belonging to owners' equity			
8	Retained earnings and undistributed profit after tax before making statutory provisions	334,767,868,145		
	- *Retained earnings and undistributed profit*	*47,321,576,339*		
	Add back: - *Balance of provisions*	*287,446,291,806*		
9	Differences in asset revaluation (increasing 50% or decreasing 100%)			
10	Differences in foreign exchange			
11	Minorities' interests			
12	Convertible debts			-
13	Total increase or decrease of securities in financial investments *(Note 7.1)*		(268,923,984,178)	1,562,878,385
1A	**Total**			**933,064,041,261**

7. LIQUID CAPITAL (continued)

NO.	CONTENTS	Liquid capital		
		Liquid capital VND	Deductions VND	Increases VND
B	**Short-term assets**			
I	***Cash and cash equivalents***			
II	***Short-term financial investments***			
1.	Short-term financial investments			
	Securities exposed to market risks			
	Securities deducted from Liquid Capital *(Note 7.2)*		49,838,000	
2.	Provision for impairment of short-term investments			
III	***Short-term receivables***			
1.	Trade receivables			
	Receivables from customers due in 90 days or less			
	Receivables from customers due in more than 90 days		-	
2.	Advances to suppliers		173,084,217	
3.	Short-term internal receivables			
	Internal receivables due in 90 days or less			
	Internal receivables due in more than 90 days		-	
4.	Receivables from securities trading			
	Receivables from securities trading due in 90 days or less			
	Receivables from securities trading due in more than 90 days		-	
5.	Other receivables			
	Other receivables due in 90 days or less			
	Other receivables due in more than 90 days		-	

7. LIQUID CAPITAL (continued)

NO.	CONTENTS	Liquid capital		
		Liquid capital VND	Deductions VND	Increases VND
B	**Short-term assets**			
6.	Allowance for doubtful short-term debts			
IV	***Inventories***		***23,764,835***	
V	***Other short-term assets***			
1.	Short-term prepaid expenses		-	
2.	Deductible VAT			
3.	Tax and other receivables from the State			
4.	Other short-term assets			
4.1	Advances			
	Advances to be cleared in 90 days or less			
	Advances to be cleared in more than 90 days		-	
4.2	Other receivables, short-term assets		-	
1B	**Total**			**246,687,052**

7. LIQUID CAPITAL (continued)

NO.	CONTENTS	Liquid capital		
		Liquid capital VND	Deductions VND	Increases VND
C	**Long-term assets**			
I	***Long-term receivables***			
1.	Long-term internal receivables			
	Long-term internal receivables due in 90 days or less			
	Long-term internal receivables due in more than 90 days		-	
2.	Other long-term receivables		-	
3.	Other long-term receivables due in 90 days or less			
	Other long-term receivables due in more than 90 days			
	Provisions for long-term doubtful debts		-	
4.	Fixed assets			
	Investment properties			
	Long-term internal receivables		-	
5	Long-term internal receivables due in 90 days or less			
II	***Long-term internal receivables due in more than 90 days***		***5,961,334,259***	
III	***Other long-term receivables***		-	

7. LIQUID CAPITAL (continued)

NO.	CONTENTS	Liquid capital		
		Liquid capital VND	*Deductions VND*	*Increases VND*
C	**Long-term assets**			
IV	***Long-term financial investments***			
1.	Investments in subsidiaries		-	
2.	Investments in associates and joint-venture		-	
3.	Long-term investments in securities	-		
	Securities exposed to market risk			
	Securities deducted from Liquid Capital		-	
4.	Other long-term investments		-	
5.	Provision for impairment of long-term financial investments			
V	***Other long-term assets***		***24,133,600,892***	
	Assets qualified in audited financial statements that are not deducted in accordance with Article 5-Circular 226		-	
1C	**Total**			**30,094,935,151**
TOTAL LIQUID CAPITAL = 1A-1B-1C				**902,722,419,058**

Not applicable

7. LIQUID CAPITAL (continued)

7.1 *Increases and decreases in value of securities*

Details of the increases and decreases in value of securities in financial investments which are adjusted to liquid capital as at 30 June 2016 are as follows:

	Cost VND	*Market value VND*	*Difference VND*
Increases			
Listed shares	70,357,009,169	71,504,798,600	1,147,789,431
Unlisted shares	3,790,739	12,810,000	9,019,261
Listed bonds	47,048,000,057	47,454,069,750	406,069,693
	117,408,799,965	**118,971,678,350**	**1,562,878,385**
Decreases			
Listed shares	4,041,839,378	3,894,254,700	(147,584,678)
Unlisted bonds	360,259,615,500	91,483,216,000	(268,776,399,500)
	364,301,454,878	**95,377,470,700**	**(268,923,984,178)**
	481,710,254,843	**214,349,149,050**	**(267,361,105,793)**

7.2 *Short term securities deducted from liquid capital*

Detail of short term securities deducted from Liquid Capital are as follow:

	Amount VND
Shares issued by fellow subsidiaries	49,838,000
	49,838,000

8. EVENTS AFTER 30 JUNE 2016

There has been no matter or circumstance that has arisen since the interim balance date that has affected or may significantly affect the operations of the Company, the results of the Company's financial safety ratio report (liquid capital ratio report) which is required to be disclosed in the financial safety ratio report (liquid capital ratio report).

Ms. Tran Thi Nang Tinh	Ms. Tran Ngoc Diep	Mr. Do Huy Hoai
In charge of Internal Control Department	Chief Accountant	General Director

Hanoi, Vietnam

8 August 2016