

**VNDIRECT Securities Joint Stock Company**

Financial Safety Ratio Report  
as of 30 June 2017

**VNDIRECT Securities Joint Stock Company**  
**Corporate Information**

**Securities Operating  
Licence No.**

101/UBCK-GP	31 December 2007
11/GPDC-UBCK	6 February 2015
22/UBCK-GPHDKD	16 November 2006
14/GPDC-UBCK	1 June 2016

The initial Securities Operating Licence and its updates were issued by the State Securities Commission of Vietnam.

**Business Registration  
Certificate No.**

0103014521	7 November 2006
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The Business Registration Certificate was issued by Hanoi Department of Planning and Investment.

**Board of Directors**

Ms. Pham Minh Huong	Chairwoman
Mr. Vu Hien	Member
Mr. Nguyen Hoang Giang	Member
Mr. Pham Le Nhat Quang	Member
Mr. Christopher Bertram Brinkeborn Beselin	Member (from 29 May 2017)
Ms. Nguyen Ngoc Thanh	Member (until 29 May 2017)

**Board of Management**

Mr. Nguyen Hoang Giang	Chief Executive Officer
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**Registered Office**

No. 1 Nguyen Thuong Hien  
Hai Ba Trung District, Hanoi  
Vietnam

**Auditor**

KPMG Limited  
Vietnam

**VNDIRECT Securities Joint Stock  
Company**

Re: Financial Safety Ratio Report

**SOCIALIST REPUBLIC OF VIETNAM  
Independence - Freedom - Happiness**

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**To: State Securities Commission of Vietnam**

**FINANCIAL SAFETY RATIO REPORT**

As of 30 June 2017

We undertake as follows:

- (1) This report has been prepared on up-to-date data at the reporting date and in accordance with the requirements of Circular No. 226/2010/TT-BTC dated 31 December 2010 issued by the Ministry of Finance regulating financial safety ratios and measures for non-compliance applicable to securities business organisations and Circular No. 165/2012/TT-BTC dated 9 October 2012 issued by the Ministry of Finance amending and supplementing certain articles of Circular No. 226/2010/TT-BTC dated 31 December 2010 issued by the Ministry of Finance regulating financial safety ratios and measures for non-compliance applicable to securities business organisations;
- (2) The issues having impact on the Company's financial status that may arise after the reporting date will be updated in the next reporting period; and
- (3) We fully accept legal responsibilities for the accuracy and fairness of the contents of this report.

Prepared by

Reviewed by

Approved by

Nguyen Ha Ninh  
*Chief Accountant*

Tran Thi Thanh Huong  
*Head of Internal Control  
Department*

Nguyen Hoang Giang  
*Chief Executive Officer*

Hanoi, 14 August 2017

## **REVIEW REPORT ON FINANCIAL SAFETY RATIO REPORT**

### **To the Shareholders VNDIRECT Securities Joint Stock Company**

We have reviewed the accompanying Financial Safety Ratio Report of VNDIRECT Securities Joint Stock Company (“the Company”) as of 30 June 2017 including the explanatory notes thereto, which was authorised for issue by the Company’s Board of Management on 14 August 2017 as set out on pages 5 to 26.

#### **Management’s Responsibility**

The Company’s Board of Management is responsible for the preparation and presentation of the Financial Safety Ratio Report in accordance with the requirements of Circular No. 226/2010/TT-BTC dated 31 December 2010 (“Circular 226”) issued by the Ministry of Finance regulating financial safety ratios and measures for non-compliance applicable to securities business organisations and Circular No. 165/2012/TT-BTC dated 9 October 2012 (“Circular 165”) issued by the Ministry of Finance amending and supplementing certain articles of Circular 226, and for such internal control as the Board of Management determines is necessary to enable the preparation of Financial Safety Ratio Report that is free from material misstatement, whether due to fraud or error.

#### **Auditor’s Responsibility**

Our responsibility is to express a conclusion on the Financial Safety Ratio Report based on our review. We conducted our review in accordance with Vietnamese Standard on Review engagements 2410 - *Review of interim financial information performed by the independent auditor of the entity*.

A review of the Financial Safety Ratio Report consists of making inquiries, primarily of persons responsible for matters relevant to the Financial Safety Ratio Report, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Auditor's Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the Financial Safety Ratio Report as of 30 June 2017 of VNDIRECT Securities Joint Stock Company has not been prepared, in all material respects, in accordance with the requirements of Circular No. 226/2010/TT-BTC dated 31 December 2010 ("Circular 226") issued by the Ministry of Finance regulating financial safety ratios and measures for non-compliance applicable to securities business organisations and Circular No. 165/2012/TT-BTC dated 9 October 2012 ("Circular 165") issued by the Ministry of Finance amending and supplementing certain articles of Circular 226.

### **Basis of Preparation and Restriction on Use**

We draw attention to Note 2 to the Financial Safety Ratio Report, which describes the basis of preparation. The Financial Safety Ratio Report has been prepared to assist the Company to comply with the requirements of Circular 226 and Circular 165 issued by the Ministry of Finance regulating financial safety ratios and measures for non-compliance applicable to securities business organisations referred to above. As a result, the Financial Safety Ratio Report may not be suitable for another purpose. Our report is intended solely for the Company's submission to the State Securities Commission of Vietnam and disclosure of information as required by Circular 226 and Circular 165 and should not be used for any other purposes.

### **KPMG Limited**

Vietnam

Review Report No. 17-02-186/2

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Truong Vinh Phuc  
Practicing Auditor Registration  
Certificate No. 1901-2013-007-1  
*Deputy General Director*

Hanoi, 14 August 2017

**VNDIRECT Securities Joint Stock Company**  
**Financial Safety Ratio Report as of 30 June 2017**

<b>No.</b>	<b>Items</b>	<b>Note</b>	<b>30/6/2017</b>
1	Total market risk value (VND)	5(a)	247,453,164,123
2	Total settlement risk value (VND)	5(b)	235,660,836,051
3	Total operational risk value (VND)	5(c)	83,091,354,912
<b>4</b>	<b>Total risk values (4=1+2+3) (VND)</b>		<b>566,205,355,086</b>
<b>5</b>	<b>Liquid capital (VND)</b>	<b>4</b>	<b>2,057,602,711,907</b>
<b>6</b>	<b>Liquid capital ratio (6=5/4) (%)</b>		<b>363.4%</b>

14 August 2017

Prepared by

Reviewed by

Approved by

Nguyen Ha Ninh  
*Chief Accountant*

Tran Thi Thanh Huong  
*Head of Internal Control  
Department*

Nguyen Hoang Giang  
*Chief Executive Officer*

*The accompanying notes are an integral part of this Financial Safety Ratio Report*

## **VNDIRECT Securities Joint Stock Company**

### **Notes to Financial Safety Ratio Report as of 30 June 2017**

These notes form an integral part of and should be read in conjunction with the accompanying Financial Safety Ratio Report.

#### **1. Reporting entity**

##### **(a) Basis of establishment**

VNDIRECT Securities Joint Stock Company (“the Company”) is incorporated as a joint stock company in Vietnam under Business Registration Certificate No. 0103014521 dated 7 November 2006. The Company’s Securities Operating Licence No. 101/UBCK-GP dated 31 December 2007 was issued by the State Securities Commission of Vietnam.

The Company’s Head Office is located at No. 1 Nguyen Thuong Hien, Hai Ba Trung District, Hanoi, Vietnam

The Company’s charter was issued on 25 September 2006 and most recently amended on 29 May 2017.

##### **(b) Charter capital**

As at 30 June 2017, the Company’s charter capital is VND1,549,981,650,000.

##### **(c) Principal activities**

The principal activities of the Company are to carry out securities brokerage activities, securities trading activities, securities investment and financial advisory, margin trade, securities custody and securities underwriting.

##### **(d) Normal operating cycle**

The normal operating cycle of the Company is generally within 12 months.

##### **(e) The Company’s structure**

As at 30 June 2017, the Company had 664 employees (31/12/2016: 657 employees).

As at 30 June 2017, the Company had one (01) subsidiary (31/12/2016: nil).

#### **2. Basis of preparation**

##### **(a) Statement of compliance**

The Financial Safety Ratio Report has been prepared to assist the Company to comply with the requirements of Circular No. 226/2010/TT-BTC dated 31 December 2010 (“Circular 226”) issued by the Ministry of Finance regulating financial safety ratios and measures for non-compliance applicable to securities business organisations and Circular No. 165/2012/TT-BTC of the Ministry of Finance dated 9 October 2012 (“Circular 165”) amending and supplementing certain articles of Circular 226. Accordingly, the Financial Safety Ratio Report and its utilisation are not designed for those who are not informed about the principles and requirements of Circular 226 and Circular 165 on preparation and presentation of Financial Safety Ratio Report applicable to securities business organisations in Vietnam. As a result, the Financial Safety Ratio Report may not be suitable for another purpose.

**VNDIRECT Securities Joint Stock Company**  
**Notes to Financial Safety Ratio Report as of 30 June 2017 (continued)**

**(b) Underlying financial data**

The Financial Safety Ratio Report is prepared based on the Company's financial data as of 30 June 2017 and for the six-month period ended 30 June 2017. This report should be read in conjunction with the Company's interim financial statements for the six-month period ended 30 June 2017.

**(c) Accounting and presentation currency**

The Company's accounting currency is Vietnam Dong ("VND"), which is also the currency used for the Financial Safety Ratio Report presentation purpose.

**3. Summary of significant policies adopted in the preparation of the Financial Safety Ratio Report**

The following significant policies have been adopted by the Company in the preparation of this Financial Safety Ratio Report.

**(a) Liquid capital ratio**

The Company's liquid capital ratio is calculated in accordance with the requirements of Circular 226 as follows:

$$\text{Liquid capital ratio} = \frac{\text{Liquid capital}}{\text{Total risk value}} \times 100\%$$

in which, total risk value is the aggregate of market risk value (Note 3(c)), settlement risk value (Note 3(d)) and operational risk value (Note 3(e)).

**(b) Liquid capital**

Liquid capital is the capital which can be converted into cash within 90 days, in which allowances and provisions provided in accordance with the prevailing regulations as at the reporting date, are added back to retained profits/(accumulated losses).

Additions to the Company's liquid capital include the following items:

- 50% value of upward revaluations of fixed assets, if any, in accordance with the prevailing regulations (if any);
- All increases in the values of investments, excluding the securities issued by a related organisation of the Company and the securities with the remaining restricted trading period exceeding 90 days at the reporting date;
- Convertible bonds and preference shares issued by the Company with the original terms to maturity of at least five (5) years and registered with the State Securities Commission of Vietnam to supplement the liquid capital; and
- Other debt instruments issued by the Company with the original terms to maturity of more than ten (10) years and registered with the State Securities Commission of Vietnam to supplement the liquid capital.

**VNDIRECT Securities Joint Stock Company**  
**Notes to Financial Safety Ratio Report as of 30 June 2017 (continued)**

Value of items used to supplement the liquid capital is capped at 50% of the Company's equity. For debts convertible to equity and registered with the State Securities Commission of Vietnam to supplement the liquid capital, the Company deducts 20% of original value each year during the last five (5) years before maturity/conversion into ordinary shares and deducts 25% of the remaining value for each quarter in the last four (4) quarters before maturity/conversion into ordinary shares.

Deductions from the Company's liquid capital include the following items:

- Redeemable preference shares and treasury shares (if any);
- 100% value of the downward revaluations of fixed assets, if any, in accordance with the prevailing regulations;
- All decreases in the values of investments, excluding the securities issued by a related organisation of the Company and the securities with the remaining restricted trading period exceeding 90 days at the reporting date;
- Long-term assets and current assets with remaining term to maturity of more than 90 days
- Items subject to qualification in the audited financial statements (if any).

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

**(c) Market risk value**

Market risk value is the value corresponding to the level of loss which may occur if the market value of assets changes unfavorably. Market risk value is determined in accordance with the requirements of Circular 226 as follows:

$$\text{Market risk value} = \text{Net position} * \text{Asset value} * \text{Market risk coefficient}$$

In which, net position of any securities at a point of time is the quantity of securities currently held by the Company, after deducting the number of securities lent out and adding the number of securities borrowed in accordance with the prevailing regulations.

The market risk value is not determined for following securities and assets:

- Treasury shares;
- Securities issued by a related organisation of the Company;
- Securities with the remaining restricted trading period exceeding 90 days at the reporting date;
- Matured bonds, debt instruments and money market valuable papers.

**VNDIRECT Securities Joint Stock Company**  
**Notes to Financial Safety Ratio Report as of 30 June 2017 (continued)**

**(i) Asset value**

Asset value is determined in accordance with valuation principles in Circular 226 as follows:

No.	Type of asset	Principles for determining market value
<b>Cash and cash equivalents, money market instruments</b>		
1	Cash in VND	Account balance at the reporting date
2	Foreign currencies	Value converted into VND at the exchange rate of credit institutions authorised for trading foreign currencies at the reporting date
3	Term deposits	Deposit amount plus accrued interest at the reporting date
4	Treasury bills, bank drafts, commercial papers, transferable certificates of deposits, bonds and other discounted money market instruments	Purchase price plus accrued interest at the reporting date
<b>Bonds</b>		
5	Listed bonds	<ul style="list-style-type: none"> <li>➢ Closing price quoted from the Stock Exchanges at the latest trading date plus accrued interest;</li> <li>➢ If there was no trading in the two (02) weeks prior to the reporting date, then market value is the highest value of the followings:               <ul style="list-style-type: none"> <li>+ Purchase price plus accrued interest;</li> <li>+ Par value plus accrued interest; and</li> <li>+ Value determined in accordance with the Company's internal methodology plus accrued interest.</li> </ul> </li> </ul> <p><i>In other words:</i>            Max (Purchase price plus accrued interest; Par value plus accrued interest; Value determined in accordance with the Company's internal methodology plus accrued interest)</p>
6	Unlisted bonds	<p>The highest value of the followings:</p> <ul style="list-style-type: none"> <li>+ Quoted price, if any, from the quoting system selected by the Company plus accrued interest;</li> <li>+ Purchase price plus accrued interest;</li> <li>+ Par value plus accrued interest; and</li> <li>+ Value determined in accordance with the Company's internal methodology plus accrued interest.</li> </ul> <p><i>In other words:</i>            Max (Quoted price (if any); Purchase price plus accrued interest; Par value plus accrued interest; Value determined in accordance with the Company's internal methodology plus accrued interest)</p>

**VNDIRECT Securities Joint Stock Company**  
**Notes to Financial Safety Ratio Report as of 30 June 2017 (continued)**

No.	Type of asset	Principles for determining market value
<b>Shares</b>		
7	Shares listed on the Ho Chi Minh City Stock Exchange	<ul style="list-style-type: none"> <li>➤ Closing price at the latest trading date</li> <li>➤ If there was no trading in the two (02) weeks prior to the reporting date, then the market value is the highest value of the followings:               <ul style="list-style-type: none"> <li>+ Book value;</li> <li>+ Purchase price; and</li> <li>+ Value determined in accordance with the Company's internal methodology.</li> </ul> </li> </ul> <p><i>In other words:</i>            Max (Book value; Purchase price; Value determined in accordance with the Company's internal methodology)</p>
8	Shares listed on the Hanoi Stock Exchange	<ul style="list-style-type: none"> <li>➤ Closing price at the latest trading date</li> <li>➤ If there was no trading in the two (02) weeks prior to the reporting date, then the market value is the highest value of the followings:               <ul style="list-style-type: none"> <li>+ Book value;</li> <li>+ Purchase price; and</li> <li>+ Value determined in accordance with the Company's internal methodology.</li> </ul> </li> </ul> <p><i>In other words:</i>            Max (Book value; Purchase price; Value determined in accordance with the Company's internal methodology)</p>
9	Shares of public companies registered for UpCom trading	<ul style="list-style-type: none"> <li>➤ Closing price at the latest trading date.</li> <li>➤ If there was no trading in the two (02) weeks prior to the reporting date, then the market value is the highest value of the followings:               <ul style="list-style-type: none"> <li>+ Book value;</li> <li>+ Purchase price; and</li> <li>+ Value determined in accordance with the Company's internal methodology.</li> </ul> </li> </ul> <p><i>In other words:</i>            Max (Book value; Purchase price; Value determined in accordance with the Company's internal methodology)</p>

**VNDIRECT Securities Joint Stock Company**  
**Notes to Financial Safety Ratio Report as of 30 June 2017 (continued)**

No.	Type of asset	Principles for determining market value
10	Shares already custodied but not yet listed and not yet registered for trading	<p>➤ Average price from the quoted prices from at least three securities companies which are not related to the Company at the latest trading date before the reporting date but not more than one month prior to the reporting date.</p> <p>➤ If there were not sufficient quoted prices from three securities companies, then the market value is the highest value of the followings:  + Quoted prices from securities companies;  + Price of the latest period;  + Book value;  + Purchase price; and  + Value determined in accordance with the Company's internal methodology.</p> <p><i>In other words:</i>  Max (Quoted prices from securities companies; Price of the latest period; Book value; Purchase price; Value determined in accordance with the Company's internal methodology)</p>
11	Shares for which trading has been suspended or delisted shares or shares with trading cancellation	<p>The highest of the followings:  + Book value;  + Par value; and  + Value determined in accordance with the Company's internal methodology.</p> <p><i>In other words:</i>  Max (Book value; Par value; Value determined in accordance with the Company's internal methodology)</p>
12	Shares of organisations which are currently being dissolved or bankrupt	80% of the liquidation value of such shares at the latest balance sheet date, or value in accordance with the Company's internal methodology.
13	Other shares and capital contribution	<p>The highest of the followings:  + Book value;  + Purchase price/capital contribution amount; and  + Value determined in accordance with the Company's internal methodology.</p> <p><i>In other words:</i>  Max (Book value; Purchase price/capital contribution amount; Value determined in accordance with the Company's internal methodology)</p>

**VNDIRECT Securities Joint Stock Company**  
**Notes to Financial Safety Ratio Report as of 30 June 2017 (continued)**

<b>No.</b>	<b>Type of asset</b>	<b>Principles for determining market value</b>
<b>Funds/Shares of securities investment companies</b>		
14	Close-end public funds	<ul style="list-style-type: none"> <li>➤ Closing price at the latest trading date prior to the reporting date</li> <li>➤ If there was no trading in the two (02) weeks prior to the reporting date, then the market price is the latest NAV/fund unit prior to the reporting date</li> </ul>
15	Member funds/Open-end funds/Shares issued in private placement of securities investment companies	Latest Net asset value per one capital contribution unit/fund certificate/share prior to the reporting date
16	Other cases	Value determined in accordance with the Company's internal methodology
<b>Fixed assets</b>		
17	Land use rights	Value determined by an independent valuation organisation selected by the Company
18	Building and structures, including construction in progress	Value determined by an independent valuation organisation selected by the Company/ Accumulated costs of construction in progress
19	Machineries, equipment and motor vehicles, etc.	Net book value of the asset
20	Other fixed assets	Value determined by an independent valuation organisation selected by the Company

**VNDIRECT Securities Joint Stock Company**  
**Notes to Financial Safety Ratio Report as of 30 June 2017 (continued)**

**(ii) Market risk coefficient**

Market risk coefficient is determined for each type of asset in accordance with the provisions of Circular 226 as disclosed in Note 5(a).

**(iii) Increase in market risk value**

The market risk values of assets will be increased if the Company significantly invests in such assets, except for secured underwriting securities, government bonds and bonds guaranteed by the government. Market risk value is increased in accordance with the following principles:

- Increase by 10% if the value of any investment accounts for from 10% to 15% of the Company's equity;
- Increase by 20% if the value of any investment accounts for from 15% to 25% of the Company's equity;
- Increase by 30% if the value of any investment accounts for more than 25% of the Company's equity.

Dividends, coupons, value of privileged rights of securities (if any) or interest receivables from cash and cash equivalents, transferrable instruments and valuable papers are added to the asset values when determining the market risk value.

**(d) Settlement risk value**

Settlement risk value is the value corresponding to the level of loss which may occur if a counterparty is unable settle obligations or transfer assets on time as committed. Settlement risk value is determined at the end of transaction date or contract date as follows:

- Settlement risk value before the due date for payment/transfer of securities is determined in accordance with following principle:

*Settlement risk before due date:*

$$= \text{Settlement risk coefficient by counterparty} \times \text{Value of the asset with settlement risk}$$

The above principle to determine settlement risk value before due date is applicable for following contracts:

- Term deposits at credit institutions, loans to other organisations and individuals;
  - Securities lending contracts and securities borrowing contracts in compliance with laws;
  - Repurchase agreements in compliance with laws;
  - Reverse repurchase agreements in compliance with laws;
  - Margin loan contracts in compliance with laws; and
  - Accounts receivable, other receivables and other current assets with settlement risks.
- For underwriting contracts signed with other organisations in an underwriting syndicate in the form of a firm undertaking in which the Company is the lead underwriter, the settlement risk value shall be 30% of the residual value of an underwriting contract for which payment has not been made.

**VNDIRECT Securities Joint Stock Company**  
**Notes to Financial Safety Ratio Report as of 30 June 2017 (continued)**

- Overdue settlement risk value is determined in accordance with following principle:

*Overdue settlement risk:*

$$= \text{Settlement risk coefficient by overdue status} \times \text{Value of the asset with settlement risk}$$

**(i) Settlement risk coefficient**

In accordance with the provisions of Circular 226, settlement risk coefficient by counterparty is as follows:

<b>No.</b>	<b>Counterparty</b>	<b>Settlement risk coefficient</b>
1	The Government, issuing organisations guaranteed by the Government or the Ministry of Finance, the State Bank of Vietnam, governments and central banks of countries in the OECD, people's committee of provinces and cities under central authority	0%
2	The Stock Exchanges, Vietnam Securities Depository	0.8%
3	Credit institutions, financial institutions, and securities companies established in countries in the OECD and with a credit rating satisfying the internal rules of the Company	3.2%
4	Credit institutions, financial institutions, and securities companies established in countries outside the OECD; or established in countries in the OECD but with a credit rating not satisfying the internal rules of the Company	4.8%
5	Credit institutions, financial institutions and securities companies established and operating in Vietnam	6%
6	Other organisations and individuals	8%

**VNDIRECT Securities Joint Stock Company**  
**Notes to Financial Safety Ratio Report as of 30 June 2017 (continued)**

In accordance with the requirements of Circular 226, settlement risk coefficient by overdue status is as follows:

No.	Overdue status	Settlement risk coefficient
1	0 - 15 days after the due date for payment/transfer of securities	16%
2	16 - 30 days after the due date for payment/transfer of securities	32%
3	31 - 60 days after the due date for payment/transfer of securities	48%
4	Above 60 days after the due date for payment/transfer of securities	100%

Time for payment/transfer of securities is T+2 (for listed securities), T+1 (for listed bonds), or T+n (for transactions agreed outside the trading system).

**(ii) Value of assets with settlement risk**

➤ *Value of assets with settlement risk in securities borrowing activities, securities lending activities, margin trading activities, and repurchase/reverse repurchase agreements:*

No.	Type of transaction	Value of assets with settlement risks
1	Term deposits and unsecured loans	Total value of the deposits and loans
2	Securities lending	Max {(Market value of the contract – Value of collateral assets (if any)), 0}
3	Securities borrowings	Max {(Value of collateral assets – Market value of the contract), 0}
4	Reverse repurchase agreements	Max {(Contract value calculated in accordance with purchase price – Market value of the contract * (1 – Market risk coefficient)),0}
5	Repurchase agreements	Max {Market value of the contract * (1 – Market risk coefficient) – Contract value based on the selling price),0}
6	Margin loans (lending to customers to purchase securities)/ Other arrangements with similar nature	Max {(Outstanding loan balance – Value of collateral assets),0}

Outstanding balance comprises the principal, interest and related fees.

Value of collateral assets is based on the market value. When the market values of collateral assets are not available, market values are determined in accordance with Company's internal methodology.

**VNDIRECT Securities Joint Stock Company**  
**Notes to Financial Safety Ratio Report as of 30 June 2017 (continued)**

➤ *Value of assets with settlement risk in securities trading activities:*

No.	Time	Value of assets with settlement risks
<b>A. For the sale of securities transactions (seller is the Company or the Company's customers in brokerage activities)</b>		
1	Before the due date for payment	Nil
2	After the due date for payment	Market value of the contract (if the market value is lower than the transaction price)
		Nil (if the market value is higher than the transaction price)
<b>B. For the purchase of securities transactions (buyer is the Company or the Company's customers in brokerage activities)</b>		
1	Before the due date for securities transfer	Nil
2	After the due date for securities transfer	Market value of the contract (if the market value is higher than the transaction price)
		Nil (if the market value is lower than the transaction price)

➤ *Settlement risk values of overdue accounts receivable, matured bonds and debt instruments are the underlying amounts including par value plus accrued interest and fees, less actual cash previously received, if any.*

**(iii) Deductions from the value of assets with settlement risk**

The Company deducts the value of collateral asset received from counterparties or customers from the value of asset with settlement risk when determining the value of asset with settlement risk if the contracts and transactions meet the following criteria:

- The counterparties or customers have collateral assets to secure for their obligations including cash, cash equivalents, valuable papers, transferable money market instruments, listed securities on the Stock Exchanges, government bonds, or bonds underwritten by the Ministry of Finance;
- The Company has the right to control, manage, use or transfer the collateral assets if the counterparties or customers fail to settle the obligations according to the contractual schedules.

Value of collateral asset deducted from the value of asset with settlement risk is calculated as follows:

$$\text{Value of collateral asset} = \text{Asset quantity} * \text{Asset value per unit} * (1 - \text{Market risk coefficient})$$

Asset value is determined in accordance with the requirements of Circular 226 as described in Note 3c(i).

Market risk coefficient is determined in accordance with the requirements of Circular 226 as disclosed in Note 5(a).

**VNDIRECT Securities Joint Stock Company**  
**Notes to Financial Safety Ratio Report as of 30 June 2017 (continued)**

**(iv) Settlement risk value increase**

Settlement risk values are increased in the following cases:

- Increase by 10% if the value of loans to any organisation or individual and group of related organisations and individuals accounts for from 10% to 15% of the Company's equity;
- Increase by 20% if the value of loans to any organisation or individual and group of related organisations and individuals accounts from 15% to 25% of the Company's equity;
- Increase by 30% if the value of loans to any organisation or individual and group of related organisations and individuals, or to any individual and entities related to such individual, accounts for more than 25% of the Company's equity.

**(v) Netting off value of asset with settlement risk**

The value of asset with settlement risk is netted off if:

- The settlement risk is related to the same counter party;
- The settlement risk arises from the same type of transactions; and
- The netting off is agreed by the parties in writing.

**(e) Operational risk value**

Operational risk value is the value corresponding to the level of loss which may occur due to a technical or system error, human error during the operations, shortage of capital arising from expenses, losses from investment activities, or other reasons.

The operational risk value of the Company is calculated at the higher of 25% of the operating expenses in the latest 12 month period and 20% of its legal capital.

Operating expenses include all costs incurred during the period after deducting:

- Depreciation and amortisation expenses;
- Allowance for diminution in the value of short-term investments;
- Allowance for diminution in the value of long-term investments; and
- Allowance for doubtful debts.

**VNDIRECT Securities Joint Stock Company**  
**Notes to Financial Safety Ratio Report as of 30 June 2017 (continued)**

**4. Liquid capital**

No.	Items	Liquid capital as of 30/6/2017		
		Liquid capital (VND)	Deductions (VND)	Additions (VND)
<b>A.</b>	<b>Equity</b>			
1.	Share capital, excluding redeemable preference shares (if any)	1,549,981,650,000		
2.	Capital surplus, other capital, excluding preference shares (if any)	65,433,524,852		
3.	Treasury shares	(123,898,363,425)		
4.	Reserve to supplement share capital	48,820,054,976		
5.	Investment and development funds	-		
6.	Financial reserve	19,518,327,973		
7.	Other equity funds	-		
8.	Retained profits/(accumulated losses) excluding allowances and provisions in accordance with prevailing regulations (i)	700,524,713,083		
9.	Differences upon asset revaluations (50% of upward revaluation or 100% of downward revaluation)	-		
10.	Foreign exchange differences	-		
11.	Minority interest	-		
12.	Convertible debts			-
13.	Deductions or additions relating to investments (ii)		4,880,476,129	132,287,200,175
<b>1A.</b>	<b>Sub-total</b>			<b>2,387,786,631,505</b>
<b>B.</b>	<b>Current assets</b>			
<b>I.</b>	<b>Cash and cash equivalents</b>			
<b>II.</b>	<b>Short-term investments</b>			
1.	Short-term investments			
	<i>Securities with market risks as set out in Article 8.2</i>			
	<i>Securities deducted from the liquid capital as set out in Article 5.5</i>		-	
2.	Allowance for diminution in the value of short-term investments			

**VNDIRECT Securities Joint Stock Company**  
**Notes to Financial Safety Ratio Report as of 30 June 2017 (continued)**

No.	Items	Liquid capital as of 30/6/2017		
		Liquid capital (VND)	Deductions (VND)	Additions (VND)
<b>III</b>	<b>Accounts receivable - short-term including receivables from entrustment activity</b>			
1.	Accounts receivable from customers			
	Accounts receivable with remaining terms to maturity of 90 days or less			
	Accounts receivable with remaining terms to maturity of more than 90 days		-	
2.	Prepayments to suppliers		2,566,330,040	
3.	Intra-company receivables			
	Intra-company receivables with remaining terms to maturity of 90 days or less			
	Intra-company receivables with remaining terms to maturity of more than 90 days		-	
4.	Accounts receivable from securities trading activities			
	Accounts receivable from securities trading activities with remaining terms to maturity of 90 days or less			
	Accounts receivable from securities trading activities with remaining terms to maturity of more than 90 days		76,536,631,009	
5.	Other receivables			
	Other receivables with remaining terms to maturity of 90 days or less			
	Other receivables with remaining terms to maturity of more than 90 days		3,452,129,777	
6.	Allowance for doubtful debts			
<b>IV.</b>	<b>Inventories</b>		-	
<b>V.</b>	<b>Other current assets</b>			
1.	Short-term prepayments		5,449,840,528	
2.	Deductible value added tax			
3.	Taxes and other receivables from State Treasury			
4.	Other current assets			
4.1.	Advances			
	Advances with remaining terms of 90 days or less			
	Advances with remaining terms of more than 90 days		-	
4.2.	Other receivables, other current assets		1,672,896,845	
<b>1B.</b>	<b>Sub-total</b>			<b>89,677,828,199</b>

**VNDIRECT Securities Joint Stock Company**  
**Notes to Financial Safety Ratio Report as of 30 June 2017 (continued)**

No.	Items	Liquid capital as of 30/6/2017		
		Liquid capital (VND)	Deductions (VND)	Additions (VND)
<b>C.</b>	<b>Long-term assets</b>			
<b>I.</b>	<b>Long-term receivables, including receivables from entrustment activity</b>			
1.	Long-term accounts receivable from customers			
	Long-term accounts receivable with remaining terms to maturity of 90 days or less			
	Long-term accounts receivable with remaining terms to maturity of more than 90 days		-	
2.	Allocated capital at dependent units		-	
3.	Long-term intra-company receivables			
	Long-term intra-company receivables with remaining terms to maturity of 90 days or less			
	Long-term intra-company receivables with remaining terms to maturity of more than 90 days		-	
4.	Other long-term receivables			
	Other long-term receivables with remaining terms to maturity of 90 days or less			
	Other long-term receivables with remaining terms to maturity of more than 90 days		-	
5.	Allowance for doubtful debts			
<b>II</b>	<b>Fixed assets</b>		<b>57,929,632,422</b>	
<b>III.</b>	<b>Investment property</b>		-	
<b>IV.</b>	<b>Long-term investments</b>			
1.	Investments in subsidiaries		110,000,000,000	
2.	Investments in associates, joint-ventures		-	
3.	Investment securities			
	<i>Securities with market risks as set out in Article 8.2</i>			
	<i>Securities deducted from the liquid capital as set out in Article 5.5</i>		-	
4.	Other long-term investments		-	
5.	Allowance for diminution in the value of long-term investments			
<b>V.</b>	<b>Other long-term assets</b>		<b>72,576,458,977</b>	
	Assets subject to qualification in the audited annual financial statements but not yet included in the deductions pursuant to Article 5		-	
<b>1C.</b>	<b>Sub-total</b>			<b>240,506,091,399</b>
<b>LIQUID CAPITAL = 1A-1B-1C</b>				<b>2,057,602,711,907</b>

**VNDIRECT Securities Joint Stock Company**  
**Notes to Financial Safety Ratio Report as of 30 June 2017 (continued)**

**(i) Retained profits/(accumulated losses) excluding allowances and provisions in accordance with the prevailing regulations**

	<b>30/6/2017</b> <b>VND</b>
Retained profits	641,219,551,527
Adjustments to allowances and differences upon revaluation	
1. Allowance for diminution in the value of short-term investments	92,533,477,968
2. Allowance for loans receivable	94,878,366,890
3. Allowance for doubtful debts	4,072,302,429
4. Revaluation gain of financial assets at fair value through profit or loss	(132,178,985,731)
	700,524,713,083
	700,524,713,083

**(ii) Deductions and additions relating to financial investments**

Details of additions and deductions relating to financial investments which were added back/deducted from the liquid capital as of 30 June 2017 are as follows:

	<b>Cost</b> <b>(VND)</b>	<b>Market value</b> <b>(VND)</b>	<b>Difference</b> <b>(VND)</b>
<b>Additions</b>			
<i>Financial assets at fair value through profit or loss</i>			
Listed shares	579,957,430,475	712,136,416,206	132,178,985,731
<i>Available-for-sale financial assets</i>			
Listed bonds	4,713,705,610	4,821,920,054	108,214,444
	584,671,136,085	716,958,336,260	132,287,200,175
<b>Deductions</b>			
<i>Financial assets at fair value through profit or loss</i>			
Listed shares	77,134,134,779	72,253,658,650	(4,880,476,129)
	77,134,134,779	72,253,658,650	(4,880,476,129)

**VNDIRECT Securities Joint Stock Company**  
**Notes to Financial Safety Ratio Report as of 30 June 2017 (continued)**

**5. Risk values**

**(a) Market risk value**

Investment portfolio as of 30 June 2017		Risk coefficient	Risk exposure (VND)	Risk value (VND)
		(1)	(2)	(3)=(1)*(2)
<b>I.</b>	<b>Cash and cash equivalents, money market instruments</b>		<b>3,219,020,264,093</b>	<b>-</b>
1.	Cash	0%	-	-
2.	Cash equivalents	0%	3,219,020,264,093	-
3.	Valuable papers and transferable money market instruments, deposit certificate	0%	-	-
<b>II.</b>	<b>Government bonds</b>		<b>825,652,000,000</b>	<b>24,769,560,000</b>
4.	Zero-coupon Government bonds	0%	-	-
5.	Government coupon bonds		825,652,000,000	24,769,560,000
5.1	Government bonds, bonds issued by governments of countries in the OECD or bonds guaranteed by the government or central bank of countries in the OECD, and bonds issued by IBRD, ADB, IADB, AFDB, EIB and EBRD	3%	825,652,000,000	24,769,560,000
5.2	Project bonds guaranteed by the Government or the Ministry of Finance with remaining terms to maturity of less than 1 year;	3%	-	-
	Project bonds guaranteed by the Government or the Ministry of Finance with remaining terms to maturity of 1 year up to 5 years;	4%	-	-
	Project bonds guaranteed by the Government or the Ministry of Finance with remaining terms to maturity of 5 years or more	5%	-	-
<b>III.</b>	<b>Corporate bonds</b>		<b>7,474,068,443</b>	<b>2,001,124,531</b>
6.	Listed bonds with remaining terms to maturity of less than 1 year, including convertible bonds	8%	-	-
	Listed bonds with remaining terms to maturity of 1 year up to 5 years, including convertible bonds	15%	-	-
	Listed bonds with remaining terms to maturity of more than 5 years, including convertible bonds	20%	-	-
7.	Unlisted bonds with remaining term to maturity of less than 1 year, including convertible bonds	25%	4,821,920,054	1,205,480,014
	Unlisted bonds with remaining terms to maturity of 1 year up to 5 years, including convertible bonds	30%	2,652,148,389	795,644,517
	Unlisted bonds with remaining terms to maturity of more than 5 years, including convertible bonds	40%	-	-

**VNDIRECT Securities Joint Stock Company**  
**Notes to Financial Safety Ratio Report as of 30 June 2017 (continued)**

Investment portfolio as of 30 June 2017		Risk coefficient	Risk exposure (VND)	Risk value (VND)	
		(1)	(2)	(3)=(1)*(2)	
<b>IV.</b>	<b>Shares</b>		<b>1,000,753,618,356</b>	<b>206,465,395,366</b>	
8.	Ordinary shares and preference shares of companies listed on the Ho Chi Minh City Stock Exchange; shares of open-end funds	10%	258,624,281,580	25,862,428,158	
9.	Ordinary shares and preference shares of companies listed on the Hanoi Stock Exchange	15%	480,637,214,800	72,095,582,220	
10.	Ordinary shares and preference shares of unlisted public companies registered for UpCom trading	20%	45,128,920,000	9,025,784,000	
11.	Ordinary shares and preference shares of public companies which have been registered for depository, but have not been listed or not yet registered for trading; shares of Initial Public Offerings (IPO)	30%	43,500,000,000	13,050,000,000	
12.	Shares of other public companies	50%	172,863,201,976	86,431,600,988	
<b>V.</b>	<b>Securities investment fund certificates</b>		<b>919,700,000</b>	<b>91,970,000</b>	
13.	Public funds, including public securities investment companies	10%	919,700,000	91,970,000	
14.	Member funds, individual securities investment companies	30%	-	-	
<b>VI.</b>	<b>Securities restricted for trading</b>		<b>8,369,855</b>	<b>4,178,876</b>	
15.	Temporary non-trading securities	40%	60,520	24,208	
16.	Securities with delisting or trading cancellation	50%	8,309,335	4,154,668	
<b>VII.</b>	<b>Other securities</b>		-	-	
17.	Shares, capital contribution and other securities	80%	-	-	
18.	Other investments		-	-	
<b>VIII.</b>	<b>Increased risks (if any)</b>				
	<b>Securities code</b>	<b>Increase rate</b>	<b>Risk coefficient</b>	<b>Risk exposure</b>	<b>Risk value</b>
1.	PTI share	20%	15%	388,132,645,000	11,643,979,350
2.	Government bond	10%	3%	825,652,000,000	2,476,956,000
<b>TOTAL MARKET RISK (I+II+III+IV+V+VI+VII+VIII)</b>				<b>247,453,164,123</b>	

**VNDIRECT Securities Joint Stock Company**  
**Notes to Financial Safety Ratio Report as of 30 June 2017 (continued)**

**(b) Settlement risk value**

	Type of transaction	Risk value (VND)						Total risk value (VND)
		(1)	(2)	(3)	(4)	(5)	(6)	
	<b>Settlement risk coefficient</b>	<b>0%</b>	<b>0.8%</b>	<b>3.2%</b>	<b>4.8%</b>	<b>6.0%</b>	<b>8.0%</b>	
<b>I.</b>	<b>Settlement risk before due date as of 30 June 2017</b>							
1.	Term deposits, unsecured loans and receivables from securities business activities	-	122,519,395,330	-	-	3,077,917,479,793	44,428,768,021	189,209,505,392
2.	Securities lending/Other arrangements with similar nature	-	-	-	-	-	-	-
3.	Securities borrowings/Other arrangements with similar nature	-	-	-	-	-	-	-
4.	Reverse repurchase agreements/Other arrangements with similar nature	-	-	-	-	-	-	-
5.	Repurchase agreements/Other arrangements with similar nature	-	-	-	-	-	-	-
6.	Margin loans (lending to customers to purchase securities)/Other arrangements with similar nature	-	-	-	-	-	-	-
	<b>Sub-total</b>							<b>189,209,505,392</b>
<b>II.</b>	<b>Overdue settlement risk as of 30 June 2017</b>							
	<b>Overdue status</b>					<b>Risk coefficient (%)</b>	<b>Risk exposure (VND)</b>	<b>Risk value (VND)</b>
1.	0 - 15 days after the due date for payment/transfer of securities					16%	-	-
2.	16 - 30 days after the due date for payment/transfer of securities					32%	-	-
3.	31 - 60 days after the due date for payment/transfer of securities					48%	-	-
4.	Above 60 days after the due date for payment/transfer of securities					100%	-	-
	<b>Sub-total</b>							-

**VNDIRECT Securities Joint Stock Company**  
**Notes to Financial Safety Ratio Report as of 30 June 2017 (continued)**

<b>III. Other increased risks (if any) as of 30 June 2017</b>					
	<b>Details by loan/counterparty</b>	<b>Increase rate</b>	<b>Risk coefficient (%)</b>	<b>Risk exposure (VND)</b>	<b>Risk value (VND)</b>
	Term deposits at and interest receivable from Joint Stock Commercial Bank for Investment and Development of Vietnam	30%	6%	1,616,535,503,889	29,097,639,070
	Term deposits at and interest receivable from Vietnam Joint Stock Commercial Bank for Industry and Trade	20%	6%	330,597,916,667	3,967,175,000
	Term deposits at and interest receivable from VPBank Finance Company Limited	30%	6%	743,695,366,042	13,386,516,589
	<b>Total</b>				<b>46,451,330,659</b>
<b>TOTAL SETTLEMENT RISK (I+II+III)</b>					<b>235,660,836,051</b>

- (1) Settlement risk value applicable to the Government, issuing organisations guaranteed by the Government or the Ministry of Finance, the State Bank of Vietnam, governments and central banks of OECD countries, people's committees of provinces and cities under central authority;
- (2) Settlement risk value applicable to the Stock Exchanges, Vietnam Securities Depository;
- (3) Settlement risk value applicable to credit institutions, financial institutions, and securities companies established in the OECD countries;
- (4) Settlement risk value applicable to credit institutions, financial institutions, and securities companies established outside the OECD;
- (5) Settlement risk value applicable to credit institutions, financial institutions, and securities companies established and operating in Vietnam;
- (6) Settlement risk value applicable to other organisations and individuals.

**VNDIRECT Securities Joint Stock Company**  
**Notes to Financial Safety Ratio Report as of 30 June 2017 (continued)**

**(c) Operational risk value**

<b>No.</b>	<b>Items</b>	<b>Period from 1/6/2016 to 31/5/2017 VND</b>
<b>I.</b>	<b>Total operating expenses from 1 June 2016 to 31 May 2017</b>	<b>413,878,483,631</b>
<b>II.</b>	<b>Deductions from total operating expenses</b>	<b>81,513,063,982</b>
1.	Depreciation and amortisation	18,737,754,303
2.	Allowance for diminution in the value of short-term investments	44,966,936,807
3.	Allowance for diminution in the value of long-term investments	-
4.	Reversal of allowance for doubtful debts	17,808,372,872
<b>III.</b>	<b>Total operating expenses after deductions (III = I – II)</b>	<b>332,365,419,649</b>
<b>IV.</b>	<b>25% of total operating expenses after deductions (IV = 25% III)</b>	<b>83,091,354,912</b>
<b>V.</b>	<b>20% of legal capital of the Company</b>	<b>60,000,000,000</b>
<b>TOTAL OPERATIONAL RISK (=Max {IV, V})</b>		<b>83,091,354,912</b>

14 August 2017

Prepared by

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