

Saigon Securities Incorporation

Financial Safety Ratio Report
(Liquid Capital Ratio Report)

30 June 2016



Saigon Securities Incorporation

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Saigon Securities Incorporation

GENERAL INFORMATION

THE COMPANY

Saigon Securities Incorporation ("the Company" or "SSI") is a joint stock company established under the Corporate Law of Vietnam and Operation License No. 3041/GP-UB dated 27 December 1999 issued by Ho Chi Minh City People's Committee and the first Business Registration No. 056679 dated 30 December 1999 issued by Ho Chi Minh City Department of Planning and Investment. The Company then received Securities Trading License No. 03/GPHDKD issued by the State Securities Commission on 5 April 2000 and subsequently amended licenses.

The primary businesses of the Company are brokerage service, securities trading, finance and investment advisory service, custodian service and underwriting for securities issues.

The Company's shares were officially listed on Hanoi Securities Trading Center (now Hanoi Stock Exchange) from 15 December 2006. On 29 October 2007, the listing was switched to Ho Chi Minh Stock Exchange.

The Company's Head Office is located at 72 Nguyen Hue Street, District 1, Ho Chi Minh City. The Company also has branches and transaction offices based in Ho Chi Minh City, Hanoi, Vung Tau, Hai Phong and Nha Trang.

BOARD OF DIRECTORS

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

<i>Name</i>	<i>Title</i>	<i>Election</i>
Mr. Nguyen Duy Hung	Chairman	Re-elected on 23 April 2015
Mr. Nguyen Hong Nam	Member	Re-elected on 25 April 2014
Mr. Ngo Van Diem	Member	Re-elected on 20 April 2012
Mr. Bui Quang Nghiem	Member	Re-elected on 25 April 2014
Mr. Nguyen Duy Khanh	Member	Elected on 23 April 2015
Mr. Hironoki Oka	Member	Elected on 23 April 2015

BOARD OF SUPERVISION

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

<i>Name</i>	<i>Title</i>	<i>Election</i>
Mr. Nguyen Van Khai	Head of the Board of Supervision	Re-elected on 25 April 2016
Mr. Dang Phong Luu	Member	Re-elected on 23 April 2015
Ms. Ho Thi Huong Tra	Member	Re-elected on 20 April 2012

MANAGEMENT

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

<i>Name</i>	<i>Title</i>	<i>Appointment/Re-appointment</i>
Mr. Nguyen Duy Hung	Chief Executive Officer	Appointed on 05 March 2007
Mr. Nguyen Hong Nam	Deputy Chief Executive Officer	Re-appointed on 05 September 2003

Saigon Securities Incorporation

GENERAL INFORMATION (continued)

LEGAL REPRESENTATIVE

The legal representative of the Company during the period and at the date of this report is Mr. Nguyen Duy Hung, Chairman of the Board of Directors cum Chief Executive Officer.

AUDITORS

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

REPORT OF MANAGEMENT

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

STATEMENT BY THE MANAGEMENT

For and on behalf of management:

Ho Chi Minh City, Vietnam

12 August 2016

Reference: 60755007/18665513-LR/ATTC

REPORT ON REVIEW OF FINANCIAL SAFETY REPORT (LIQUID CAPITAL RATIO REPORT)

**To: The Shareholders of
Saigon Securities Incorporation**

We have reviewed the financial safety ratio report (liquid capital ratio report) as at 30 June 2016 of Saigon Securities Incorporation ("the Company"), which was prepared on 12 August 2016 and set out on pages 7 to 27.

Management's Responsibility

Management of the Company 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 dated 09 October 2012 amending and supplementing a number of articles of Circular No. 226/2010/TT-BTC and Note 2.1 in Notes to the financial safety ratio report, and for such internal control as management determines is necessary to enable the preparation and presentation of the financial safety ratio report that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial safety ratio report (liquid capital ratio report) based on our review. We conducted our review in accordance with Vietnamese Standards on Review Engagements 2410 - Review of interim financial information performed by the independent auditor of the entity.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Vietnamese Accounting Standards 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 audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial safety ratio report (liquid capital ratio report), in all material respects, is not 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 dated 09 October 2012 amending and supplementing a number of articles of Circular No. 226/2010/TT-BTC and Note 2.1 in Notes to the financial safety ratio report.



Nguyễn Thủy Dương
Deputy General Director
Audit Practising Registration
Certificate No. 0893-2013-004-1

Ho Chi Minh City, Vietnam

12 August 2016

SAIGON SECURITIES INCORPORATION
Official letter No. .../2016/CV-SSIHO
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About: financial safety ratio report

SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom - Happiness
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Ho Chi Minh, 12 August 2016

FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT)

As at: 30 June 2016

To: **State Securities Committee**

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 a number of articles of 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 year;
- (3) We bear full legal responsibility for the accuracy and truthfulness of the contents of our report.



Hoang Thi Minh Thuy
Chief Accountant



Nguyen Kim Long
Head of Internal Control



Nguyen Duy Hung
Chief Executive Officer

Ho Chi Minh City, Vietnam

12 August 2016

Saigon Securities Incorporation

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

Unit: VND

No	Items	Note	Exposures to risk/ Liquid capital
1	Total exposures to market risk	4	298,720,808,541
2	Total exposures to settlement risk	5	412,427,632,440
3	Total exposures to operational risk	6	186,638,924,071
4	Total exposures to risks (4=1+2+3)		897,787,365,052
5	Liquid capital	7	6,085,742,373,292
6	Liquid capital ratio (6=5/4) (%)		677.86%



Hoang Thi Minh Thuy
Chief Accountant



Nguyen Kim Long
Head of Internal Control




Nguyen Duy Hung
Chief Executive Officer

Ho Chi Minh City, Vietnam

12 August 2016

Saigon Securities Incorporation

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT) as at 30 June 2016

1. THE COMPANY

Saigon Securities Incorporation ("the Company" or "SSI") is a joint stock company established under the Corporate Law of Vietnam and Operation License No. 3041/GP-UB dated 27 December 1999 issued by Ho Chi Minh City People's Committee and first Business Registration No. 056679 dated 30 December 1999 issued by Ho Chi Minh City Department of Planning and Investment. The Company then received Securities Trading License No. 03/GPHDKD issued by the State Securities Commission on 5 April 2000 and subsequent amended licenses.

The primary businesses of the Company are brokerage service, securities trading, finance and investment advisory service, custodian service, and underwriting for securities issues.

The Company's shares were officially listed on Hanoi Securities Trading Center (now Hanoi Stock Exchange) from 15 December 2006. On 29 October 2007, the listing was switched to the Ho Chi Minh Stock Exchange.

Charter capital

According to Business Registration No. 056679 dated 30 December 1999 issued by Ho Chi Minh City Department of Planning and Investment, the Company's charter capital was initially VND6,000,000,000. The charter capital has been supplemented over time in accordance with amended licenses. As at 30 June 2016, in accordance with latest Amended License No. 55/GPDC-UBCK signed by the Chairman of State Securities Commission, which has been effective since 26 November 2015, the Company's total charter capital amounted to VND4,800,636,840,000.

Location and network

The Company's Head Office is located at 72 Nguyen Hue Street, District 1, Ho Chi Minh City, Vietnam. As at 30 June 2016, the Company had one (01) Head Office, one (01) branch and one (01) transaction office in Ho Chi Minh City, two (02) branches and two (02) transaction offices in Hanoi, one (01) branch in Hai Phong, one (01) branch in Vung Tau, and one (01) branch in Nha Trang.

Subsidiaries

As at 30 June 2016, the Company had two (02) directly owned subsidiaries as follows:

<i>Company Name</i>	<i>Established under</i>	<i>Business sector</i>	<i>Charter capital</i>	<i>% holding</i>
SSI Asset Management Company Ltd. (SSIAM)	Operating License No.19/UBCK- GP dated 03 August 2007	Investment fund management and investment portfolio management	VND30 billion	100%
SSI Investment Member Fund (SSI IMF)	Approval Letter of Member Fund Foundation No.130/TB-UBCK dated 27 July 2010	Investments in securities and other investible assets, inclusive of real estates	VND390 billion	80%

Besides, as at 30 June 2016, the Company had one (01) subsidiary named SSI International Corporation, which is indirectly owned via SSI Investment Member Fund.

Associates

As at 30 June 2016, the Company has three (03) indirectly controlled associates.

Employees

Total number of employees of the Company at 30 June 2016 is 626 (at 31 December 2015: 579).

Saigon Securities Incorporation

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

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 and Circular No. 165/2012/TT-BTC amending and supplementing a number of articles of Circular No. 226/2010/TT-BTC on financial safety ratios and remedies applicable to securities companies that fail to meet the stipulated financial safety ratios. 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. 165/2012/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 statutory provisions " (Item g, Clause 1, Article 4 – Liquid capital, Circular 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 specific portion of resources that has been set aside for risk resolution, thus the total provision balance will 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 value of settlement risk, Circular 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 " Supplemental exposures to market risk " (Clause 5, Article 8 – Exposures to market risk)	Supplemental exposures to market risk is calculated by Market risk coefficient x Scale of Market risk x Surplus risk coefficient.
4	The item " Supplemental exposures to settlement risk " (Clause 8, Article 9 – Exposures to settlement risk)	Supplemental exposures to settlement risk is calculated by: Scale of settlement risk x Surplus risk coefficient. Term deposits used as collateral for the Company's loans are included in the calculation of exposures and supplemental exposures to settlement risk as receivables (if any). These term deposits are not subjects to deduct from usable capital as stated in Clause 5 Article 5.

2.2 Reporting currency

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

Saigon Securities Incorporation

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

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 of the Company is determined using the formula specified in Circular No. 226/2010/TT-BTC as follows:

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

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

3.2 *Liquid Capital*

In accordance with Circular No. 226/2010/TT-BTC, the Company's liquid capital is the total equity that can be converted into cash within ninety (90) days, details as follows:

- ▶ Owners' equity, excluded redeemable preferred share (if any);
- ▶ Share premium;
- ▶ Charter capital reserves;
- ▶ Development fund;
- ▶ Financial reserves;
- ▶ Other capital in accordance with legal regulations;
- ▶ Accumulated earnings and undistributed earnings before provisions under legal regulations;
- ▶ Fifty percent (50%) of fixed assets' increased value revaluated in accordance with prevailing regulations (in case of positive revaluation), or minus the total decreased value (in case of negative revaluation);
- ▶ Foreign exchange gap; and
- ▶ Non-controlling interest.

3.2.1 *Increases to liquid capital*

The Company's liquid capital is increased due to the following items:

- ▶ Convertible debt of the Company with original duration 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.

Saigon Securities Incorporation

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

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*

The Company's liquid capital is increased due to the following items:

- ▶ Redeemable preferred stocks and treasury stocks (if any);
- ▶ 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 ninety (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 ninety (90) days;
- ▶ The qualified items on the audited financial statements (if any).
- ▶ Securities issued by the Company's related parties in the following cases:
 - The parent company, subsidiaries, joint ventures, associates of the Company;
 - Subsidiaries, joint ventures, associates of the Company's parent company.

When determining the adjustments to decrease 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).

The Company does not calculate risk exposure of asset items that are deducted from liquid capital.

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 account of assets as specified in Circular No. 226/2010/TT-BTC.

Saigon Securities Incorporation

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

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 cash balance at the calculation date.

Value of cash in foreign currencies is the equivalent 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; face value; 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 suspended from trading, delisted or cancelled is the highest of the following values: book value, par value, 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.

Saigon Securities Incorporation

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

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 (continued)

d. Funds/shares of securities investment companies

Value of public close-end fund is the closing price of the latest trade date prior to the date of calculation. In case public close-end fund has no transactions in more than two (02) weeks prior to the date of calculation, the value is calculated by net asset value ("NAV") per fund certificate at the latest reporting period prior to the calculation date.

Value of member/open-end fund/shares of securities investment companies in private issues is the NAV per unit of contributed capital/fund certificate unit/shares at the latest reporting period prior to the date of calculation.

Value of other funds/shares is price determined by the internal methods of the Company.

e. Undistributed securities from underwriting contracts in form of commitment

- Exposures to market risk of these securities are determined as the following formula:

Exposures to market risk

$$\begin{aligned} &= \{ \text{Quantity of undistributed securities, or distributed but not yet paid} \\ &\times \text{Issuance underwriting price} - \text{Value of collaterals (if any)} \} \times \text{Issuance risk coefficient} \\ &\times \left\{ \text{Market risk coefficient} + \frac{(\text{Issuance underwriting price} - \text{Trading price (if positive)})}{\text{Issuance underwriting price}} \right\} \end{aligned}$$

In case of Initial Public Offering (IPO), including initial equitization auction, bonds auction, trading price is equal to book value per share of issuer at the latest period, or initial price (if unable to determine book value), or par value (in case of bonds).

- Market risk coefficient is determined in Note 3.3.1
- Issuance risk coefficient is determined based on remaining duration to the ending date of the distribution period according to the contract, but not exceed the allowed distribution period in accordance with legislative regulations, as follows:
 - Until the last day of the distribution period, if the remaining time is more than sixty (60) days: the issuance risk coefficient is 20%;
 - Until the last day of the distribution period, if the remaining time is from sixty (60) to thirty (30) days: the issuance risk coefficient is 40%;
 - Until the last day of the distribution period, if the remaining time is less than thirty (30) days: the issuance risk coefficient is 60%;
 - In the period from the last day of the distribution period to the settlement day to issuer: the issuance risk coefficient is 80%.
 - After the last settlement day to issuer, the Company has to determine exposures to market risk for securities that cannot be distributed according to regulation in clause 4 Article 8 - Circular No. 226/2010/TT-BTC.
 - Value of customers' collaterals is determined as follows:
Value of collaterals = Asset volume x Asset price x (1 – Market risk coefficient).

Saigon Securities Incorporation

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

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 Increase of exposures to market risk

Exposures to market risk of assets are increasingly adjusted in case that the Company over invests in these assets, except for the securities under firm commitment issuance underwriting contract, Government bonds and bonds guaranteed by the Government. 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 underwriting contracts in the form of firm commitment signed with other organizations in a syndicated underwriting contract in which the Company is the lead underwriter, the exposures to settlement risk value equals 30% of the remaining value of unpaid underwriting contracts.
- ▶ 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

Saigon Securities Incorporation

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

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)

3.4.1 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:

► Exposures to settlement risk is as follows:

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

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.

Saigon Securities Incorporation

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

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)

3.4.2 Value of assets exposed to settlement risk (continued)

Value of assets is determined in accordance with Item 3.3.2.

► Value of assets exposed to settlement risk in securities trading

No.	Period	Value of assets exposed to settlement risk
A – For the selling transactions (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 (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 Collateral

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)

Saigon Securities Incorporation

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

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.

3.4.5 *Bilateral clearing value of assets exposed to settlement risk*

Value of assets exposed to settlement risk in cases:

- ▶ Settlement risk relating to the same partner;
- ▶ Settlement risk occurred to the same type of transaction;
- ▶ The bilateral clearing is agreed in prior by related parties by documents.

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 or 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.

Saigon Securities Incorporation

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

4. EXPOSURES TO MARKET RISK

<i>Investment items</i>		<i>Risk coefficient %</i>	<i>Scale of risk VND</i>	<i>Exposures to risk VND</i>
		(1)	(2)	(3) = (1) x (2)
I. Cash and cash equivalent, monetary market instruments				
1.	Cash (VND)	0	260,744,022	-
2.	Cash equivalents	0	431,090,248,358	-
3.	Valuable papers and negotiable instruments in the money market	0	-	-
II. Government bonds				
4.	Zero-coupon Government bonds	0	-	-
5.	Coupon Government bonds		-	-
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	51,959,500,000	1,558,785,000
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				
6.	Listed bonds having remaining maturity of less than 1 year, including convertible bonds	8	-	-
	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	11,209,352,148	2,802,338,037
	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	-	-

Saigon Securities Incorporation

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

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				
8.	Ordinary shares, preferred shares of entities listed in Ho Chi Minh Stock Exchange; open-end fund certificates	10	1,190,185,625,800	119,018,562,580
9.	Ordinary shares, preferred shares of entities listed in Hanoi Stock Exchange	15	328,087,131,200	49,213,069,680
10.	Ordinary shares, preferred shares of unlisted public entities registered for trading through UPCoM system	20	265,264,658,200	53,052,931,640
11.	Ordinary shares, preferred shares of public entities registered for depository, but not yet listed or registered for trading; shares under IPO	30	44,488,000,000	13,346,400,000
12.	Shares of other public companies	50	26,267,711,000	13,133,855,500
V. Certificates of investment securities fund				
13.	Public funds, including public securities investment companies	10	9,858,590,642	985,859,064
14.	Private funds, including private securities investment companies	30	-	-
VI. Restricted securities trading				
15.	Securities temporarily suspended from trading	40	-	-
16.	Delisted, cancelled securities	50	11,963,930,058	5,981,965,029
VII. Other securities				
17.	Shares, contributed capital and other securities	80	49,533,802,514	39,627,042,011
18.	Other investment assets		-	-
TOTAL EXPOSURES TO MARKET RISK (I+II+III+IV+V+VI+VII+VIII)				298,720,808,541

Saigon Securities Incorporation

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

5. EXPOSURES TO SETTLEMENT RISK

Exposures to
settlement risk
VND

324,372,753,980
24,216,195,350
63,838,683,110
412,427,632,440

Risks before payment terms (Note 5.1)

Risks of overdue items (Note 5.2)

Supplemental exposures to settlement risk (Note 5.3)

Total exposures to settlement risk

5.1 Risks before payment term

Type of transactions	Risk coefficient (%)	Exposures to settlement risk (VND)						Total exposures to settlement risk VND
		0% (1)	0.8% (2)	3.2% (3)	4.8% (4)	6% (5)	8% (6)	
1. Term deposits and loans without collaterals and receivables from transaction activities and securities trading operations and other items exposed to settlement risk(*)		-	1,952,774,877			318,932,890,200	1,154,617,039	322,040,282,116
2. Securities lendings / agreements with similar nature		-	-	-	-	-	-	-
3. Securities borrowings / agreements with similar nature		-	-	-	-	-	-	-
4. Reverse repurchase agreements / agreements with similar nature		-	-	-	-	-	-	-
5. Repurchase agreements / agreements with similar nature		-	-	-	-	-	-	-
6. Margin trading contracts (loans to customers to purchase securities)/ agreements with similar nature		-	-	-	-	-	2,332,471,864	2,332,471,864
TOTAL EXPOSURES TO SETTLEMENT RISK BEFORE PAYMENT TERM								324,372,753,980

Saigon Securities Incorporation

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

5. EXPOSURES TO SETTLEMENT RISK (continued)

5.1 Risks before payment term (continued)

The details of settlement risk coefficient 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%

(*) Details:

	Carrying value VND	Value of collaterals VND	Carrying amount without collaterals VND	Settlement risk coefficient by counterparties VND	Exposures to settlement risk VND
Term deposits	5,315,548,170,002	-	5,315,548,170,002	6%	318,932,890,200
Receivables from the State Securities Commission and Vietnamese Securities Depository	244,096,859,672	-	244,096,859,672	0.8%	1,952,774,877
Other receivables	14,432,712,988	-	14,432,712,988	8%	1,154,617,039
	5,574,077,742,662	-	5,574,077,742,662		322,040,282,116

Saigon Securities Incorporation

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

5. EXPOSURES TO SETTLEMENT RISK (continued)

5.2 Risks of overdue items

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	19,095,691,010	3,055,310,561
2.	16 – 30 days after payment due date or date of transferring securities	32	3,022,063,180	967,060,218
3.	31 – 60 days after payment due date or date of transferring securities	48	1,137,967,870	546,224,578
4.	From 60 days and above	100	19,647,599,993	19,647,599,993
TOTAL EXPOSURES TO SETTLEMENT RISK OF OVERDUE PAYMENTS				24,216,195,350

5.3 Supplemental exposures to settlement risk

Exposures to settlement risk is supplemented for deposit contracts with financial institutions of which the total deposit amount accounts for 15% - 25% of the Company's Owners' equity.

No	Detail	Settlement risk coefficient (%)	Scale of risk (VND)	Exposures to settlement risk (VND)
1.	Vietnam Joint Stock Commercial Bank For Industry and Trade	30	83,825,569,500	16,765,113,900
2.	Bank for Investment and Development of Vietnam Jsc.	30	156,911,897,367	47,073,569,210
TOTAL SUPPLEMENTAL EXPOSURES TO SETTLEMENT RISK				63,838,683,110

Saigon Securities Incorporation

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

6. EXPOSURES TO OPERATIONAL RISK

	Items	Amount VND
I.	Total operating expenses incurring during the 12 months period up to November 2015	449,762,317,103
II.	Deductions from total expenses (Note 6, 1)	(296,793,379,180)
III.	Total expenses after deductions (III = I – II)	746,555,696,283
IV.	25% of total expense after deductions (IV = 25% III)	186,638,924,071
V.	20% legal capital of the Company	60,000,000,000
TOTAL EXPOSURES TO OPERATIONAL RISK (Max {IV, V})		186,638,924,071

6.1 Deductions from total expenses

	Value VND
Depreciation expenses	10,890,348,870
Provision for impairment of short-term securities investments	28,820,506,744
Reversal of provision for impairment of long-term securities investment	(337,153,703,519)
Allowance for doubtful debts	649,468,725
	(296,793,379,180)

Saigon Securities Incorporation

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

7. LIQUID CAPITAL

NO.	CONTENTS	Liquid capital		
		Liquid capital VND	Deductions VND	Increases VND
		(1)	(2)	(3)
A	Equity			
1	Owners' equity, excluding of redeemable preferred shares (if any)	4,800,636,840,000		
2	Share premium, other equity excluding redeemable preferred shares (if any)	29,285,860,000		
3	Treasury shares	(411,437,900)		
4	Supplementary capital reserve	308,560,605,893		
5	Investment and development fund	-		
6	Financial reserve	224,053,011,209		
7	Other reserves belonging to owners' equity	-		
8	Retained earnings and undistributed profit after tax before making legal reserves	1,718,137,309,504		
	- Retained earnings and undistributed profits	1,505,672,943,141		
	Add back:			
	- Closing balance of provisions	212,464,366,363		
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 section (Note 7.1)		168,742,302,605	499,028,798,742
1A	Total			7,410,548,684,843

Saigon Securities Incorporation

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

7. LIQUID CAPITAL (continued)

NO.	CONTENTS	Liquid capital		
		Liquid capital VND	Deductions VND	Increases VND
		(1)	(2)	(3)
B	Short term assets			
I	Short-term assets			
II	Cash and cash equivalents			
1.	Short-term financial investments			
	Short-term financial investments			
	Securities exposed to market risks		60,927,358,145	
2.	Provision for impairment of short-term investments			
III	Short-term receivables			
	Trade receivables			
	Receivables from customers due in 90 days or less			
	Receivables from customers due in more than 90 days		231,710,292,589	
2.	Advances to suppliers		624,092,000	
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		1,365,606,139	
6.	Allowance for doubtful short-term debts			
IV	Inventories		-	
V	Other short-term assets			
1.	Short-term prepaid expenses		6,775,212,629	
2.	Deductible VAT			
3.	Tax and other receivables from the State			
4.	Other short-term assets		239,093,054,699	
4.1	Advances			
	Advances with the remaining repayment term of 90 days or less			
	Advances with the remaining repayment term of more than 90 days		8,698,498,716	
4.2	Other receivables, short-term assets		230,394,555,983	
1B	Total			540,495,616,201

Saigon Securities Incorporation

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

7. LIQUID CAPITAL (continued)

NO.	CONTENTS	Liquid capital		
		Liquid capital VND	Deductions VND	Increases VND
		(1)	(2)	(3)
C	Long-term assets			
I	Long-term receivables, including receivables from trust activities			
1.	Long-term trade receivables			
	Long-term receivables from customers due in 90 days or less			
	Long-term receivables from customers due in more than 90 days		-	
2.	Capital investments in subsidiaries		-	
3.	Long-term internal receivables			
	Long-term internal receivables due in 90 days or less			
	Long-term internal receivables due in 90 days		-	
4.	Other long-term receivables			
	Other long-term receivables due in 90 days or less			
	Other long-term receivables due in more than 90 days		-	
5.	Provisions for long-term doubtful debts			
II	Fixed assets		58,100,266,205	
III	Investment properties		-	
IV	Long-term financial investments			
1.	Investments in subsidiaries		342,000,000,000	
2.	Investments in associates and joint-venture		177,685,196,347	
3.	Investments in securities			
	Securities exposed to market risk			
	Securities deducted from liquid capital		106,080,178,704	
4.	Other long-term investments		-	
5.	Provision for impairment of long-term financial investments			
V	Other long-term assets		100,445,054,094	
	Assets qualified in audited financial statements that are not deducted according to Circular 226		-	
1C	Total			784,310,695,350
LIQUID CAPITAL = 1A-1B-1C				6,085,742,373,292

Notes:

Non-applicable for the preparation of Financial safety ratio report (Liquid capital ratio report)

Saigon Securities Incorporation

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

7. LIQUID CAPITAL (continued)

7.1 Increases and decreases in value of securities

Details of the increase and decrease in value of securities in financial investments which are adjusted to liquid capital as at 31 December 2015 is as follows:

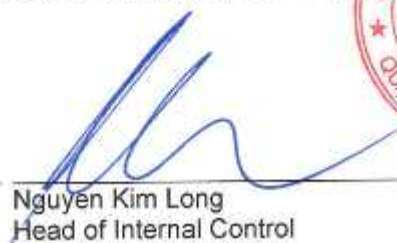
	Cost VND	Market value VND	Difference VND
Increase			
Listed shares	808,712,820,844	1,284,214,501,100	475,501,680,256
Unlisted shares	22,522,389,806	45,732,270,119	23,209,880,313
Listed bonds	19,229,761,827	19,547,000,000	317,238,173
	850,464,972,477	1,349,493,771,219	499,028,798,742
Decreases			
Listed shares	565,676,033,257	463,627,161,600	(102,048,871,657)
Unlisted shares	104,916,208,325	38,222,777,377	(66,693,430,948)
	670,592,241,582	501,849,938,977	(168,742,302,605)
	1,521,057,214,059	1,851,343,710,196	330,286,496,137

8. EVENTS AFTER BALANCE SHEET DATE

There has been no matter or circumstance that has arisen since the balance date that has affected or may significantly affect the operations of the Company and the result of its Financial Safety Ratio Report (Liquid Capital Ratio Report) in subsequent periods.



Hoang Thi Minh Thuy
Chief Accountant



Nguyen Kim Long
Head of Internal Control



Nguyen Duy Hung
Chief Executive Officer

Ho Chi Minh City, Vietnam

12 August 2016