

Saigon Securities Incorporation

Financial Safety Ratio Report
(Liquid Capital Ratio Report)

31 December 2015



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 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/ resignation date</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. Tetsuo Akuzawa	Member	Elected on 25 April 2013 Resigned on 23 April 2015
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 year 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 28 April 2011
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 year and at the date of this report are:

<i>Name</i>	<i>Title</i>	<i>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 year 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.

Saigon Securities Incorporation

REPORT OF MANAGEMENT

Management of Saigon Securities Incorporation ("the Company") is pleased to present its report and the Financial Safety Ratio Report (Liquid Capital Ratio Report) of the Company as at 31 December 2015.

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

Management confirmed that it has complied with the requirements of Circular No. 226/2010/TT-BTC dated 31 December 2010 issued by the Ministry of Finance on financial safety ratios and remedies applicable to securities companies that fail to meet the stipulated financial safety ratios and Circular No. 165/2012/TT-BTC dated 09 October 2012, amending and supplementing a number of articles of Circular No. 226/2010/TT-BTC in the preparation and presentation of the financial safety ratio report (liquid capital ratio report) as at 31 December 2015.

STATEMENT BY THE MANAGEMENT

Management does hereby state that, in its opinion, the accompanying financial safety ratio report (the Liquid capital ratio report) is prepared in accordance with the requirements of Circular No. 226/2010/TT-BTC dated 31 December 2010 issued by the Ministry of Finance on financial safety ratios and remedies applicable to securities companies that fail to meet the stipulated financial safety ratios and Circular No. 165/2012/TT-BTC dated 09 October 2012, amending and supplementing a certain of articles of Circular No. 226/2010/TT-BTC.

For and on behalf of management:




Mr Nguyễn Duy Hưng
Chief Executive Officer

Ho Chi Minh City, Vietnam

28 March 2016



**Building a better
working world**

Ernst & Young Vietnam Limited
28th Floor, Bitexco Financial Tower
2 Hai Trieu Street, District 1
Ho Chi Minh City, S.R. of Vietnam

Tel: +84 8 3824 5252
Fax: +84 8 3824 5250
ey.com

Reference: 60755007/17932043-ATTC

INDEPENDENT AUDITORS' REPORT

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

We have audited the financial safety ratio report (liquid capital ratio report) as at 31 December 2015 of Saigon Securities Incorporation ("the Company"), which was prepared on 28 March 2016 and set out on pages 6 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 (liquid capital ratio report).

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial safety ratio report (liquid capital ratio report) as at 31 December 2015, in all material respects, is prepared and presented in accordance with Circular No. 226/2010/TT-BTC dated 31 December 2010 issued by the Ministry of Finance on financial safety ratios and remedies applicable to securities companies that fail to meet the stipulated financial safety ratios and Circular No. 165/2012/TT-BTC 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 (liquid capital ratio report).



Nguyễn Xuân Đại
Partner
Audit Practising Registration
Certificate No. 0452-2013-004-1



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

Ho Chi Minh City, Vietnam

28 March 2016

About: financial safety ratio report

Ho Chi Minh, 28 March 2016

FINANCIAL SAFETY RATIO REPORT
(LIQUID CAPITAL RATIO REPORT)

As at: 31 December 2015

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 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

28 March 2016

Saigon Securities Incorporation

FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT) as at 31 December 2015

Unit: VND

No	Items	Note	Exposures to risk/ Liquid capital
1	Total exposures to market risk	4	374,540,491,234
2	Total exposures to settlement risk	5	350,923,028,373
3	Total exposures to operational risk	6	154,613,184,569
4	Total exposures to risks (4=1+2+3)		880,076,704,176
5	Liquid capital	7	6,033,771,874,515
6	Liquid capital ratio (6=5/4) (%)		686%



Hoang Thi Minh Thuy
Chief Accountant



Nguyen Kim Long
Head of Internal Control



Nguyen Duy Hung
Chief Executive Officer

Ho Chi Minh City, Vietnam

28 March 2016

Saigon Securities Incorporation

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT)
as at 31 December 2015

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 31 December 2015, 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 31 December 2015, the Company had one (01) Head Office, one (01) branch and one (01) transaction office in Ho Chi Minh City, two (02) branches and one (01) transaction office in Hanoi, one (01) branch in Hai Phong, one (01) branch in Vung Tau, and one (01) branch in Nha Trang.

Subsidiaries

As at 31 December 2015, 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 31 December 2015, the Company had one (01) indirectly owned subsidiary via SSI Investment Member Fund.

Associates

As at 31 December 2015, the Company has three (03) indirectly controlled associates.

Employees

Total number of employees of the Company at 31 December 2015 is 579 (at 31 December 2014: 486).

Saigon Securities Incorporation

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT) (continued)
as at 31 December 2015

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 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: <ul style="list-style-type: none">- Retained earnings;- Undistributed profit after tax as at 31 December 2015;- Closing balance of provisions as at 31 December 2015. 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 31 December 2015 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 31 December 2015

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 legal regulations (in case of positive revaluation), or minus total the 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 Commission, 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 31 December 2015

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

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 31 December 2015

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 31 December 2015

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

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

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 can not 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 31 December 2015

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 31 December 2015

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 31 December 2015

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 31 December 2015

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 31 December 2015

4. EXPOSURES TO MARKET RISK

Investment items		Risk coefficient %	Scale of risk VND	Exposures to risk VND
		(1)	(2)	(3) = (1) x (2)
I. Cash and cash equivalent, monetary market instruments				
1.	Cash (VND)	0	580,870,230	-
2.	Cash equivalents	0	531,595,764,500	-
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	-	-
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	231,166,558,218	18,493,324,657
	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	11,592,141,603	2,898,035,401
	Unlisted bonds having maturity of 1 to 5 years, including convertible bonds	30	11,592,349,831	3,477,704,949
	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 31 December 2015

4. EXPOSURES TO MARKET RISK (continued)

<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)
IV. Shares				
8.	Ordinary shares, preferred shares of entities listed in Ho Chi Minh Stock Exchange; open-end fund certificates	10	1,812,507,772,900	181,250,777,290
9.	Ordinary shares, preferred shares of entities listed in Hanoi Stock Exchange	15	436,700,746,900	65,505,112,035
10.	Ordinary shares, preferred shares of unlisted public entities registered for trading through UPCoM system	20	165,754,991,500	33,150,998,300
11.	Ordinary shares, preferred shares of public entities registered for depository, but not yet listed or registered for trading; shares under IPO	30	59,688,000,000	17,906,400,000
12.	Shares of other public companies	50	11,067,711,000	5,533,855,500
V. Certificates of investment securities fund				
13.	Public funds, including public securities investment companies	10	8,582,157,916	858,215,792
14.	Private funds, including private securities investment companies	30	-	-
VI. Restricted securities trading				
15.	Securities suspended temporarily from trading	40	-	-
16.	Delisted, cancelled securities	50	13,386,158,258	6,693,079,129
VII. Other securities				
17.	Shares, contributed capital and other securities	80	48,466,235,226	38,772,988,181
18.	Other investment assets		-	-
TOTAL EXPOSURES TO MARKET RISK (I+II+III+IV+V+VI+VII+VIII)				374,540,491,234

Saigon Securities Incorporation

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT) (continued)
as at 31 December 2015

5. EXPOSURES TO SETTLEMENT RISK

	<i>Exposures to settlement risk VND</i>
Risks before payment terms (<i>Note 5.1</i>)	280,068,149,800
Risks of overdue items (<i>Note 5.2</i>)	6,691,096,555
Supplemental exposures to settlement risk (<i>Note 5.3</i>)	64,163,782,018
Total exposures to settlement risk	350,923,028,373

5.1 Risks before payment term

Type of transactions		Risk coefficient (%)		Exposures to settlement risk (VND)						Total exposures to settlement risk VND
		0%	0.8%	3.2%	4.8%	6%	8%			
		(1)	(2)	(3)	(4)	(5)	(6)			
1.	Term deposits and loans without collaterals and receivables from transaction activities and securities trading operations and other items (*)	-	747,661,887	-	-	275,565,323,066	1,160,029,833	277,473,014,786		
2.	Securities lendings / agreements with similar nature	-	-	-	-	-	-	-		
3.	Securities borrowings / agreements with similar nature	-	-	-	-	-	-	-		
4.	Reverse repurchase agreements / agreements with similar nature	-	-	-	-	1,930,370,014	-	1,930,370,014		
5.	Repurchase agreements / agreements with similar nature	-	-	-	-	-	-	-		
6.	Margin trading contracts (loans to customers to purchase securities)/ agreements with similar nature	-	-	-	-	-	664,765,000	664,765,000		
TOTAL EXPOSURES TO SETTLEMENT RISK BEFORE PAYMENT TERM								280,068,149,800		

Saigon Securities Incorporation

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT) (continued)
as at 31 December 2015

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	4,592,755,384,425	-	4,592,755,384,425	6%	275,565,323,066
Receivables from the State Securities Commission and Vietnamese Securities Depository	93,457,735,870	-	93,457,735,870	0.8%	747,661,887
Other receivables	14,500,372,918	-	14,500,372,918	8%	1,160,029,833
	4,700,713,493,213	-	4,700,713,493,213		277,473,014,786

Saigon Securities Incorporation

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT) (continued)
as at 31 December 2015

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	11,578,300,810	1,852,528,130
2.	16 – 30 days after payment due date or date of transferring securities	32	571,857,872	182,994,519
3.	31 – 60 days after payment due date or date of transferring securities	48	1,028,809,852	493,828,729
4.	From 60 days and above	100	4,161,745,177	4,161,745,177
TOTAL EXPOSURES TO SETTLEMENT RISK OF OVERDUE PAYMENTS				6,691,096,555

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 is over 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	101,859,726,667	30,557,918,000
2.	Bank for Investment and Development of Vietnam Jsc.	30	112,019,546,725	33,605,864,018
TOTAL SUPPLEMENTAL EXPOSURES TO SETTLEMENT RISK				64,163,782,018

Saigon Securities Incorporation

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT) (continued)
as at 31 December 2015

6. EXPOSURES TO OPERATIONAL RISK

	<i>Items</i>	<i>Amount VND</i>
I.	Total operating expenses incurring during the 12 months period up to November 2015	395,417,822,608
II.	Deductions from total expenses (<i>Note 6, 1</i>)	(223,034,915,668)
III.	Total expenses after deductions (III = I – II)	618,452,738,276
IV.	25% of total expense after deductions (IV = 25% III)	154,613,184,569
V.	20% legal capital of the Company	60,000,000,000
	TOTAL EXPOSURES TO OPERATIONAL RISK (Max {IV, V})	154,613,184,569

6.1 *Deductions from total expenses*

	<i>Value VND</i>
Depreciation expenses	12,206,848,169
Provision for impairment of short-term securities investments	21,367,800,193
Provision for impairment of long-term securities investment	(258,489,707,265)
Allowance for doubtful debts	1,880,143,235
	<u>(223,034,915,668)</u>

Saigon Securities Incorporation

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT) (continued)
as at 31 December 2015

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	(170,482,400)		
4	Supplementary capital reserve	265,965,319,999		
5	Investment and development fund	-		
6	Financial reserve	181,457,725,315		
7	Other reserves belonging to owners' equity	-		
8	Retained earnings and undistributed profit after tax before making legal reserves	1,424,803,155,978		
	- Retained earnings and undistributed profits	1,232,057,922,291		
	Add back:			
	- Closing balance of provisions	192,745,233,687		
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)		188,625,384,325	773,969,593,113
1A	Total			7,287,322,627,680

Saigon Securities Incorporation

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT) (continued)
as at 31 December 2015

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		66,516,704,557	
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		284,272,786,185	
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		3,298,190,873	
6.	Allowance for doubtful short-term debts			
IV	Inventories			
V	Other short-term assets			
1.	Short-term prepaid expenses		7,885,053,704	
2.	Deductible VAT			
3.	Tax and other receivables from the State			
4.	Other short-term assets		232,922,607,166	
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		3,206,708,337	
4.2	Other receivables, short-term assets		229,715,698,829	
1B	Total			595,519,434,485

Saigon Securities Incorporation

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT) (continued)
as at 31 December 2015

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		55,025,138,810	
III	Investment properties		-	
IV	Long-term financial investments			
1.	Investments in subsidiaries		342,000,000,000	
2.	Investments in associates and joint-venture		-	
3.	Investments in securities			
	Securities exposed to market risk			
	Securities deducted from liquid capital		176,416,231,055	
4.	Other long-term investments		-	
5.	Provision for impairment of long-term financial investments			
V	Other long-term assets		84,589,948,815	
	Assets qualified in audited financial statements that are not deducted according to Circular 226		-	
1C	Total			658,031,318,680
LIQUID CAPITAL = 1A-1B-1C				6,033,771,874,515

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 31 December 2015

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	1,154,220,000,676	1,881,105,915,100	726,885,914,424
Unlisted shares	22,522,437,877	43,388,369,971	20,865,932,094
Listed bonds	193,782,253,405	220,000,000,000	26,217,746,595
	1,370,524,691,958	2,144,494,285,071	773,969,593,113
Decreases			
Listed shares	662,874,935,215	528,824,981,300	(134,049,953,915)
Unlisted shares	106,338,336,525	51,762,906,115	(54,575,430,410)
	769,213,271,740	580,587,887,415	(188,625,384,325)
	2,139,737,963,698	2,725,082,172,486	585,344,208,788

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 Nguyen Kim Long Nguyen Duy Hung
 Chief Accountant Head of Internal Control Chief Executive Officer

Ho Chi Minh City, Vietnam

28 March 2016