

IB Securities Joint Stock Company

Financial Safety Ratio Report

31 December 2017



IB Securities Joint Stock Company

GENERAL INFORMATION

THE COMPANY

IB Securities Joint Stock Company ("the Company") is a joint stock company established under Vietnam's Law on Enterprises, Establishment and Operation Licence No. 70/UBCK-GP issued by the State Securities Commission dated 10 December 2007. The Company was initially named as Vincom Securities Joint Stock Company and officially renamed to IB Securities Joint Stock Company under Licence No. 09/GPDC-UBCK issued by the State Securities Commission dated 21 May 2014.

The Company's initial charter capital was VND300,000,000,000 and supplemented subsequently under amended licences. As at 31 December 2017, charter capital of the Company was VND736,045,800,000.

The Company's Head Office is located at Floor 8, No. 52 Le Dai Hanh Street, Hai Ba Trung District, Hanoi, Vietnam. As at 31 December 2017, the Company has one (01) head office in Hanoi and one (01) branch in Ho Chi Minh city.

The current principal activities of the Company are to provide brokerage service, securities trading, underwriting for securities issues and financial advisory and investment advisory services.

BOARD OF DIRECTORS

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

<u>Name</u>	<u>Title</u>	<u>Appointment/Re-appointment/Resignation</u>
Ms. Nguyen Thi Tuyet	Chairman Member	Appointed on 5 July 2017 Appointed 25 May 2016
Mr. Le Kha Tuyen	Chairman Member	Appointed on 26 April 2016 Resigned on 5 July 2017 Re-appointed on 25 April 2016 Resigned on 5 July 2017
Ms. Cao Thi Hong	Member	Re-appointed on 25 April 2017
Ms. Truong Thi Hoang Lan	Member	Appointed on 25 April 2016 Resigned on 5 April 2017
Mr. Nguyen Van Hanh	Member	Appointed on 25 April 2016
Ms. Tran Thi Hong Ha	Member	Appointed on 24 April 2017
Mr. Nguyen Tuan Dung	Member	Appointed on 17 July 2017

BOARD OF SUPERVISION

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

<u>Name</u>	<u>Title</u>	<u>Appointment/Re-appointment</u>
Ms. Trinh Thi My Le	Head of the Board	Appointed on 25 April 2016
Ms. Duong Thi Kim Oanh	Member	Re-appointed on 25 April 2016
Ms. Do Thi Sam	Member	Appointed on 25 April 2016

IB Securities Joint Stock Company

GENERAL INFORMATION (continued)

MANAGEMENT AND CHIEF ACCOUNTANT

Members of Management and Chief Accountant during the year and at the date of this report are:

<u>Name</u>	<u>Title</u>	<u>Appointment/Resignation</u>
Ms. Nguyen Thi Tuyet	Chief Executive Officer	Appointed on 29 September 2017
	Deputy CEO	Appointed on 17 October 2016
		Resigned on 5 July 2017
Mr. Nguyen Van Hanh	Chief Executive Officer	Appointed on 23 June 2016
		Resigned on 29 September 2017
Mr. Do Ngoc Dinh	Deputy CEO	Appointed on 17 July 2017
Mr. Nguyen Tuan Anh	Deputy CEO	Appointed on 18 August 2016
		Resigned on 6 January 2017
Ms. Nguyen Thi Thu Hang	Acting Chief Accountant	Appointed on 19 May 2017
Ms. Tran Thi Hong Ha	Acting Chief Accountant	Resigned on 19 May 2017

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Ms. Nguyen Thi Tuyet, Chairman of the Board of Directors-cum-Chief Executive Officer.

AUDITORS

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

SIGNIFICANT EVENTS DURING THE YEAR

As at 24 March 2017, the Company sold its investment in fund certificates issued by VietinBank Value Discovery Investment Fund (VVDIF). Total number of fund certificates transferred was 5,000,000 equivalent to 50% of VVDIF's charter capital.

As at 31 May 2017, the Company transferred its ownership in IB Fund Management Joint Stock Company (IBFM), which was its subsidiary, under Resolution No. 07/2017/IBSC/NQ-HDQT on transferring of shares of IB Fund Management Joint Stock Company dated 22 March 2017. Total number of shares transferred was 4,450,000, equivalent to 77.73% of IBFM's charter capital.

As at 21 June 2017, the Board of Directors approved Resolution No. 18/2017/IBSC/NQ-HDQT on issuance of shares to pay dividend for the year 2016. According to the issuance result, number of additional shares issued is 3,504,415, and total number of outstanding shares is 73,604,580.

As at 5 July 2017, the Company issued the Decision on the resignation of Mr. Le Kha Tuyen, Chairman of Board of Directors, and the appointment of Ms. Nguyen Thi Tuyet, member of Board of Directors to take on Chairman of Board of Directors of the Company.

As at 6 July 2017, State Securities Commission issued amended license No. 25/GPDC-UBCK, approved the increase of charter capital of the Company to VND736,045,800,000.

As at 29 September 2017, the Company issued the Decision on the resignation of Mr. Nguyen Van Hanh, Chief Executive Officer, and the appointment of Ms. Nguyen Thi Tuyet, Chairman of Board of Directors-cum-Chief Executive Officer.

IB Securities Joint Stock Company

REPORT OF MANAGEMENT

Management of IB Securities Joint Stock Company ("the Company") is pleased to present this report and the Financial Safety Ratio Report of the Company as at 31 December 2017.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL SAFETY RATIO REPORT

Management confirmed that it has complied with the requirements of Circular No. 87/2017/TT-BTC dated 15 August 2017 issued by the Ministry of Finance on financial safety ratios and remedies applicable to securities companies that fail to meet the stipulated financial safety in the preparation and presentation of the financial safety ratio report as at 31 December 2017.

STATEMENT BY THE MANAGEMENT

Management does hereby state that, in its opinion, the accompanying financial safety ratio report is prepared in accordance with the requirements of Circular No. 87/2017/TT-BTC dated 15 August 2017 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.



Ms. Nguyen Thi Tuyet
Chief Executive Officer

Hanoi, Vietnam

22 March 2018

Reference: 60933477/19521628/ATTC

INDEPENDENT AUDITORS' REPORT

To: **The Shareholders of
IB Securities Joint Stock Company**

We have audited the accompanying financial safety ratio report as at 31 December 2017 of IB Securities Joint Stock Company ("the Company"), which was prepared on 22 March 2018 and set out on pages 6 to 31. The financial safety ratio report has been prepared by the Company's Management in accordance with regulations of Circular No. 87/2017/TT-BTC dated 15 August 2017 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 (collectively referred to as "the regulations on preparation of the financial safety ratio report") and Note 2.1 to the financial safety ratio report.

Management's responsibility

Management of the Company is responsible for the preparation and fair presentation of the financial safety ratio report in accordance with regulations of preparation of financial safety ratio report and regulations presented in 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 based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about the financial safety ratio report 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. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial safety ratio report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial safety ratio report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of policies used as well as evaluating the overall presentation of the financial safety ratio report.

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



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Auditors' Opinion

In our opinion, the financial safety ratio report as at 31 December 2017 is prepared and presented, in all material respects, in accordance with the regulations on preparation of the financial safety ratio report and Note 2.1 to the financial safety ratio report.

Policy of preparation of report and restriction on use of review report.

Without modifying our conclusion, we draw attention to Note 2.1 and Note 3 to the financial safety ratio report, which describes the applicable regulations, interpretations and policies to preparation of the financial safety ratio report. Also as describes in Note 2.2 the financial safety ratio report is prepared to comply with the regulations on preparation and disclosure of the financial safety ratio report. As a result, this report may not be suitable for other purposes.

Ernst & Young Vietnam Limited



Dang Phuong Ha
Deputy General Director
Audit Practising Registration
Certificate No. 2400-2018-004-1

Hoang Thi Hong Minh
Auditor
Audit Practising Registration
Certificate No. 0761-2018-004-1

Hanoi, Vietnam

22 March 2018

IB SECURITIES JOINT STOCK
COMPANY

SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom - Happiness

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About: financial safety ratio report

Hanoi, 22 March 2018

FINANCIAL SAFETY RATIO REPORT

As at: 31 December 2017

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. 87/2017/TT-BTC dated 15 August 2017 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;
- (2) Subsequent events after the date of this report that can have effects on the financial position of the Company will be updated in the next reporting period;
- (3) We bear full legal responsibility for the accuracy and truthfulness of the contents of our report.



Ms. Nguyen Thi Thu Hang
Acting Chief Accountant



Mr. Nguyen Anh Tuan
Head of Internal Control



Ms. Nguyen Thi Tuyet
Chief Executive Officer

Hanoi, Vietnam

22 March 2018

IB Securities Joint Stock Company

SUMMARIZED TABLE OF RISK AND LIQUID CAPITAL INDICATORS as at 31 December 2017

Unit: VND

No	Items	Note	Exposures to risk/ Liquid capital
1	Total exposures to market risk	4	228,037,954,763
2	Total exposures to settlement risk	5	15,563,822,990
3	Total exposures to operational risk	6	60,000,000,000
4	Total exposures to risks (4=1+2+3)		303,601,777,753
5	Liquid capital	7	919,253,230,297
6	Liquid capital safety ratio (6=5/4) (%)		302.78%



Ms. Nguyen Thi Thu Hang
Acting Chief Accountant



Mr. Nguyen Anh Tuan
Head of Internal Control



Ms. Nguyen Thi Tuyet
Chief Executive Officer

Hanoi, Vietnam

22 March 2018

IB Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT
as at 31 December 2017

1. THE COMPANY

IB Securities Joint Stock Company ("the Company") is a joint stock company established under Vietnam's Law on Enterprises, Establishment and Operation Licence No. 70/UBCK-GP issued by the State Securities Commission dated 10 December 2007. The Company was initially named as Vincom Securities Joint Stock Company and officially renamed to IB Securities Joint Stock Company under Licence No. 09/GPDC-UBCK issued by the State Securities Commission dated 21 May 2014.

The current principal activities of the Company are to provide brokerage service, securities trading, underwriting for securities issues and financial advisory and investment advisory service.

Charter capital

Initial charter capital of the Company was VND300,000,000,000 and supplemented subsequently under amended licences. As at 31 December 2017, charter capital of the Company is VND736,045,800,000.

Operation network

The Company's Head Office is located at Floor 8, No. 52 Le Dai Hanh Street, Hai Ba Trung District, Hanoi, Vietnam. As at 31 December 2017, the Company has one (01) head office in Hanoi and one (01) branch in Ho Chi Minh city.

Employee

The total number of employees of the Company as at 31 December 2017 is 65 (as at 31 December 2016, total number of employees was 71).

IB Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2017

2. BASIS OF PRESENTATION

2.1 *The applicable regulations*

The financial safety ratio report of the Company is prepared and presented in accordance with Circular No. 87/2017/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 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. 87/2017/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. 87/2017/TT-BTC based on the Company's understanding and own assessment as follows:

No	Items	The Company's interpretation
1	The item " <i>Deductions from total expenses</i> " (Clause 2, Article 8 – Exposures to operational risk, Circular 87/2017/TT-BTC)	To accurately determine the Company's actual operating expenses within twelve (12) consecutive months up to the reporting date, non-monetary expenses incurred during the period shall be deducted from total expense. Accordingly, total deductions from total expenses includes: <ul style="list-style-type: none">▶ Depreciation expenses;▶ Expense or reversal of provision for the impairment of short-term financial asset and mortgage assets;▶ Expense or reversal of provision for the impairment of receivables;▶ Expense or reversal of provision for the impairment of other short term asset;▶ Loss from revaluation of financial assets at FVTPL.
2	The item " <i>Supplemental exposures to market risk</i> " (Clause 5, Article 9 – Exposures to market risk, Circular 87/2017/TT-BTC)	Supplemental exposures to market risk are calculated by Scale of market risk (excluded the supplemental exposures) x Surplus risk coefficient.
3	The item " <i>Supplemental exposures to settlement risk</i> " (Clause 8, Article 10 – Exposures to settlement risk, Circular 87/2017/TT-BTC)	Supplemental exposures to settlement risk are calculated by Scale of settlement risk (excluded the supplemental exposures) x Surplus risk coefficient.

2.2 *Purpose of preparation*

The financial safety ratio report is prepared to comply with the regulations on preparation and disclosure of the financial safety ratio report and may not be suitable for other purposes.

2.3 *Reporting currency*

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

IB Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2017

3. SUMMARY OF SIGNIFICANT POLICIES FOR THE PREPARATION OF FINANCIAL SAFETY RATIO REPORT

3.1 *Changes in policies for preparation of the financial safety ratio report*

On 15 August 2017, the Ministry of Finance issued Circular No. 87/2017/TT-BTC on financial safety ratio and remedies applicable to securities companies that fail to meet the stipulated financial safety ratio ("Circular 87").

Circular 87 has taken effective since 10 October 2017 and superseded Circular No. 226/2010/TT-BTC dated 31 December 2010 by the Ministry of Finance on financial safety ratio and remedies applicable to securities companies that fail to meet the stipulated financial safety ratio 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.

Circular 87 comprises the following changes in comparison with the previous regulations:

- ▶ Supplementing guidance on the calculation of exposures to market risk for derivatives and covered warrant.
- ▶ Amending and clarifying the method for determining value of certain items presented in the Exposures to market risk, Exposures to settlement risk and Liquid capital tables.

3.2 *Liquid capital ratio*

Liquid capital ratio of the Company is determined using the formula specified in Circular No. 87/2017/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.

IB Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2017

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

3.3 *Liquid Capital*

In accordance with Circular No. 87/2017/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, excluded redeemable preferred share (if any);
- ▶ Convertible bonds – Equity component (applicable to securities company that is convertible bonds issuer)
- ▶ Other owners' equity;
- ▶ Differences from revaluation of assets at fair value;
- ▶ Foreign exchange rate differences;
- ▶ Charter capital supplementary reserve;
- ▶ Operational risk and financial reserve;
- ▶ Other reserves in accordance with prevailing regulations;
- ▶ Undistributed retained earnings;
- ▶ Balance of provision for impairment of assets;
- ▶ 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);
- ▶ Decreases to liquid capital (*Note 3.3.1*);
- ▶ Increases to liquid capital (*Note 3.3.2*); and
- ▶ Other capital (if any).

IB Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2017

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

3.3 *Liquid capital* (continued)

3.3.1 *Decreases to liquid capital*

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

- ▶ Treasury shares (if any);
- ▶ Total decreases in value of financial assets recognised at cost equivalent to the difference between fair value and carrying value of the assets, 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;
- ▶ The escrow value, in case the Company places collateral assets to the banks for banks' guarantee upon the Company's issuance of cover warrant, is determined as the minimal value of the followings: the value of banks' guarantee and the value of collateral assets (equivalent to volume of assets * asset price * (1 – Market risk coefficient);
- ▶ The value of the Company's assets used as collaterals for the Company's liabilities with other institutions and individuals, of which the remaining terms are of more than ninety (90) days, is determined as the minimal value of the followings: market value, book value of collaterals and residual value of obligations;
- ▶ Short-term assets include prepaid items, receivables and advances of which the remaining recovery period or settlement period is of more than ninety (90) days, and other short-term assets, except for cases that are regulated at Clause 5, Article 5, Circular 87;
- ▶ Long-term assets;
- ▶ The qualified, adverse or disclaimed items on the audited, reviewed 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.
- ▶ Securities restricted to transfer with the remaining restricted period of more than 90 days as from the calculation date;
- ▶ Irrecoverable items from other counter parties which are assessed as completely insolvent, are determined at the contract value.

For assets secured by other entities and individuals' assets, the decrease value shall be deducted by the minimal value of the followings:

- ▶ Book value of the deduction item;
- ▶ Value of collaterals is determined by volume of assets * asset price * (1 – Market risk coefficient) in accordance with Note 3.5.3.

Market value of assets is determined in accordance with Circular 87/2017/TT-BTC.

The Company does not calculate risk exposures for items that are deducted from liquid capital.

IB Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2017

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

3.3 *Liquid capital* (continued)

3.3.2 *Increases to liquid capital*

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

- ▶ Total increases in value of financial assets recognised at cost equivalent to the difference between fair value and carrying value of the assets, 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; and
- ▶ Debts that are convertible to equity, including: convertible bonds, preferred shares and other debt instruments registered to supplement liquid capital with the State Securities Commission and satisfied all conditions stated in Clause 2, Article 7 of Circular 87/2017/TT-BTC.

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

3.4 *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 price 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.

Exposures to market risk of securities not yet fully distributed from underwriting contracts in the form of a firm commitment, covered warrant issued by the Company and future contracts are determined using the formula presented in *Note 3.4.2*.

IB Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2017

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

3.4 *Exposures to market risk* (continued)

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

- ▶ Treasury shares;
- ▶ 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.
- ▶ Securities which have been hedged by sell warrants or futures contracts; sell warrants and sell options which have been used to hedge for underlying securities.

3.4.1 *Market risk coefficient*

Market risk coefficient is determined for each account of assets as specified in Circular No. 87/2017/TT-BTC.

3.4.2 *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.

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

IB Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2017

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

3.4 *Exposures to market risk* (continued)

3.4.2 *Asset price* (continued)

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 closing 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.

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.

IB Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2017

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

3.4 Exposures to market risk (continued)

3.4.2 Asset price (continued)

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

= {Quantity of undistributed securities, or distributed but not yet paid

x Issuance underwriting price – Value of collaterals (if any)} x Issuance risk coefficient

x $\left\{ \text{Market risk coefficient} + \frac{(\text{Issuance underwriting price} - \text{Trading price}) (\text{if positive})}{\text{Issuance underwriting price}} \right\}$

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 3.4.1
- ▶ 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 thirty (30) to sixty (60) 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: the issuance risk coefficient is 80%.
 - After the last settlement day, the Company has to determine the exposures to market risk of securities that have not been distributed using the formula in Note 3.4 in accordance with regulations stated in Clause 4 Article 9 - Circular No. 87/2017/TT-BTC.
 - Value of customers' collaterals is determined as follows:

Value of collaterals = Volume of assets x Asset price x (1 – Market risk coefficient).

IB Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2017

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

3.4 Exposures to market risk (continued)

3.4.2 Asset price (continued)

f. Covered warrants issued by the Company

- ▶ Exposures to market risk of covered warrants issued by the Company, in case of gain, is determined by the following formula:

$$\text{Exposures to market risk} = \left[\begin{array}{l} \text{Settlement price of the} \\ \text{underlying securities} \\ \text{at the date} \\ \text{of} \\ \text{calculation} \end{array} \cdot \begin{array}{l} \text{Quantity of} \\ \text{outstanding} \\ \text{covered} \\ \text{warrants} \\ \text{issued by} \\ \text{the} \\ \text{Company} \end{array} \cdot \text{Conversion} \\ \text{rate} \cdot \left[\begin{array}{l} \text{Price of} \\ \text{underlying} \\ \text{securities in} \\ \text{accordance} \\ \text{with} \\ \text{Appendix II} \\ \text{of Circular} \\ \text{87/2017/TT-} \\ \text{BTC} \end{array} \cdot \begin{array}{l} \text{Quantity} \\ \text{of} \\ \text{underlying} \\ \text{securities} \\ \text{used to} \\ \text{hedge for} \\ \text{the} \\ \text{covered} \\ \text{warrants} \\ \text{issued} \end{array} \right] \cdot \text{Market risk} \\ \text{coefficient} \cdot \text{Escrow} \\ \text{value} \\ \text{when} \\ \text{issuing} \\ \text{the} \\ \text{covered} \\ \text{warrants}$$

The underlying securities in the above formula shall satisfy the following conditions: being included in the issuance plan or registered with the State Securities Commission on the use of these securities to hedge against the risks of the covered warrants; and being the underlying securities of the covered warrants.

- ▶ In case of loss from covered warrants issued by the Company, the Company shall calculate exposures to market risk of underlying securities from the hedging activities instead of calculating exposures to market risk of the covered warrants.
- ▶ The Company also calculates market risk for the difference between the value of the underlying securities used to hedge against the risk of the covered warrants and the value of the underlying securities necessary to hedge for the covered warrants (corresponding to hedging value).

g. Futures contract

Exposures to market risk of futures contracts are determined by the following formula:

$$\text{Exposures to market risk} = \left[\begin{array}{l} \text{Settlement} \\ \text{price} \end{array} \cdot \begin{array}{l} \text{Open} \\ \text{volume} \end{array} - \begin{array}{l} \text{Value of} \\ \text{purchased} \\ \text{securities} \end{array} \right] \cdot \text{Market risk} \\ \text{coefficient} \cdot \text{Escrow} \\ \text{value}$$

The value of purchased securities in the above formulae is the value of underlying securities purchased by the Company to cover for future contractual obligations.

Escrow value in the above formulae is the value of assets that the Company deposits for trading, dealing and creating a market related to future contracts.

IB Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2017

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

3.4 Exposures to market risk (continued)

3.4.3 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.

3.5 Exposures to settlement risk

Exposures to settlement risk are the potential losses which may occur when a partner fails to fulfil 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

IB Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2017

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

3.5 Exposures to settlement risk (continued)

3.5.1 Settlement risk coefficient

Settlement risk coefficient is determined based on the type of counterparties and the overdue period as stipulated in Circular No. 87/2017/TT-BTC.

3.5.2 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.

Customers' collateral value is determined in line with Note 3.5.3. In case the value of collaterals does not have any reference in the market, its value is determined by the internal methods of the Company.

Value of assets is determined in line with Note 3.4.2.

IB Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2017

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

3.5 Exposures to settlement risk (continued)

3.5.2 Value of assets exposed to settlement risk (continued)

b. Securities trading

Value of assets exposed to settlement risk in securities trading as the following standard:

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)

Settlement/transfer period of securities is T+2 (for listed securities), T+1 (for listed bonds); T+n (for transactions outside the official trading system within n days under agreement of both parties), or in accordance with prevailing regulations (for derivatives).

c. 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).

3.5.3 Deduction of 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 fulfilment 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)

IB Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2017

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

3.5 *Exposures to settlement risk* (continued)

3.5.4 *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 deposits contracts, loans, receivables, repurchase agreements, reversed repurchase agreements, the total value of loans to an organization, an individual and a group of related organizations/ individuals (if any) account for more than 10% to 15% of the owners' equity of the Company;
- ▶ An increase of 20% if the value of deposits contracts, loans, receivables, repurchase agreements, reversed repurchase agreements, the total value of loan to an organization, an individual and a group of related organizations/ individuals (if any) account for more than 15% to 25% of the owners' equity of the Company;
- ▶ An increase of 30% if the value of deposits contracts, loans, receivables, repurchase agreements, reversed repurchase agreements, the total 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), account for more than 25% of the owners' equity of the Company.

3.5.5 *Net bilateral clearing value of assets exposed to settlement risk*

Value of assets exposed to settlement risk is subject to net bilateral clearing in cases:

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

3.6 *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 month before reporting date 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; reverse/provision expense for the impairment of short-term, long-term financial asset and mortgage assets; reverse/provision expense for the impairment of receivables; reverse/provision expense for the impairment of other short-term asset; and loss from revaluation of financial assets at fair value through profit and loss ("FVTPL") which has been recognized into expense in the period.

IB Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2017

4. EXPOSURES TO MARKET RISK

Investment items		Risk coefficient %	Scale of risk VND	Exposures to risk VND
		(1)	(2)	(3) = (1) x (2)
I. Cash and cash equivalents, monetary market instruments				
1.	Cash (VND)	0	13,926,517,615	-
2.	Cash equivalents	0	-	-
3.	Valuable papers, negotiable instruments in the money market, Certificate of deposit	0	-	-
II. Government bonds				
4.	Zero-coupon Government bonds	0	-	-
5.	Coupon Government bonds		-	-
5.1	Government bonds (include treasury bond and construction bond issued), 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, AFDB, EIB and EBRD	3	-	-
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 under 3 years, including convertible bonds	10	-	-
	Listed bonds having maturity of 3 to under 5 years, including convertible bonds	15	-	-
	Listed bonds having maturity of more than 5 years, including convertible bonds	20	-	-
7.	Unlisted bonds having remaining maturity of less than 1 year, including convertible bonds	25	-	-
	Unlisted bonds having maturity of 1 to under 3 years, including convertible bonds	30	313,656,386,050	94,096,915,815
	Unlisted bonds having maturity of 3 to under 5 years, including convertible bonds	35	115,683,331,332	40,489,165,966
	Unlisted bonds having maturity of more than 5 years, including convertible bonds	40	-	-

IB Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2017

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>
		<i>(1)</i>	<i>(2)</i>	<i>(3) = (1) x (2)</i>
IV. Shares				
8.	Ordinary shares, preferred shares of entities listed in Ho Chi Minh Stock Exchange; open-end fund certificates	10	122,455,167,500	12,245,516,750
9.	Ordinary shares, preferred shares of entities listed in Hanoi Stock Exchange	15	27,104,572,200	4,065,685,830
10.	Ordinary shares, preferred shares of unlisted public entities registered for trading through UPCoM system	20	151,108,567,100	30,221,713,420
11.	Ordinary shares, preferred shares of public entities registered for depository, but not yet listed or registered for trading; shares under IPO	30	-	-
12.	Shares of other public companies	50	-	-
V. Certificates of investment securities fund				
13.	Public funds, including public securities investment companies	10	-	-
14.	Private funds, including private securities investment companies	30	11,526,843,884	3,458,053,165
VI. Restricted securities trading				
15.	Securities temporarily suspended from trading	40	3,269,252	1,307,701
16.	Delisted, cancelled securities	50	300,565	150,283
VII. Derivatives securities				
17.	Share index futures contracts	8	-	-
18.	Government bond futures contracts	3	-	-

IB Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2017

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)	
VIII. Other securities					
19.	Shares, capital contribution and other shares	80	42,000,000,000	33,600,000,000	
20.	Shares listed in foreign markets included in the benchmark	25	-	-	
21.	Shares listed in foreign markets not included in the benchmark	100	-	-	
22.	Covered warrants listed on Ho Chi Minh Stock Exchange	8	-	-	
23.	Covered warrants listed on Hanoi Stock Exchange	10	-	-	
24.	Covered warrants issued by the Company		-	-	
25.	Securities formed from hedging activities for the issued covered warrants (In case of covered warrants with interest)		-	-	
26.	The difference between the value of the underlying securities used by the Company to hedge against the risks of covered warrants and the value of the underlying securities necessary to hedge for covered warranties.		-	-	
IX. Increase risk					
No	Securities code	Supplemental level (%)	Risk coefficient (%)	Scale of risk	Exposures to risk
1.	Bond - Huy Hoang Equipment and Construction Ltd.	10	35	105,259,666,667	3,684,088,333
2.	Bond - Post Office Investment and Construction JSC	10	30	100,085,250,000	3,002,557,500
3.	Bond - MHC Joint Stock Company	10	30	105,760,000,000	3,172,800,000
Total Exposures to market risk (I+II+III+IV+V+VI+VII+VIII+IX)					228,037,954,763

IB Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2017

5. EXPOSURES TO SETTLEMENT RISK

	<i>Exposures to settlement risk</i>
	<i>VND</i>
	1,314,705,675
	14,249,117,315
	15,563,822,990

Risks of undue items (Note 5.1)

Risks of overdue items (Note 5.2)

Total exposures to settlement risk

5.1 Risks of undue items

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(*)	-	-	-	-	-	-	1,314,705,675	1,314,705,675
2. Securities lending / 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	-	-	-	-	-	-	-	-
TOTAL EXPOSURES TO SETTLEMENT RISK OF UNDUDE ITEMS								1,314,705,675

IB Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2017

5. EXPOSURES TO SETTLEMENT RISK (continued)

5.1 Risks of undue items (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%

(*) Detail:

	Book value VND	Value of collaterals VND	Carrying amount without collaterals VND	Settlement risk coefficient by counterparties VND	Exposures to settlement risk VND
Other receivables	16,433,820,936	-	16,433,820,936	8%	1,314,705,675
	<u>16,433,820,936</u>	<u>-</u>	<u>16,433,820,936</u>		<u>1,314,705,675</u>

IB Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2017

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	-	-
2.	16 – 30 days after payment due date or date of transferring securities	32	-	-
3.	31 – 60 days after payment due date or date of transferring securities	48	-	-
4.	From 60 days and above	100	14,249,117,315	14,249,117,315
TOTAL EXPOSURES TO SETTLEMENT RISK OF OVERDUE PAYMENTS				14,249,117,315

6. EXPOSURES TO OPERATIONAL RISK

	Items	Amount VND
I.	Total operating expenses incurring during the 12 months period ended December 2017	297,857,848,400
II.	Deductions from total expenses (*)	157,610,248,145
III.	Total expenses after deductions (III = I – II)	140,247,600,255
IV.	25% of total expense after deductions (IV = 25% III)	35,061,900,064
V.	20% legal capital of IB Securities Company	60,000,000,000
TOTAL EXPOSURES TO OPERATIONAL RISK (Max {IV, V})		60,000,000,000

(*) Deductions from total expenses

	Value VND
Depreciation expenses	2,669,889,053
(Reversal) of provision for the impairment of short-term financial asset and mortgage assets	(10,516,422,181)
Provision expense/Reversal for the impairment of receivables	(224,149,072)
Loss from revaluation of financial assets at FVTPL	165,680,930,345
Total	157,610,248,145

IB Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2017

7. LIQUID CAPITAL

NO.	CONTENTS	Liquid capital		
		Liquid capital VND	Deductions VND	Increases VND
		(1)	(2)	(3)
A	Equity			
1	Owners' equity, excluded redeemable preferred shares (if any)	736,045,800,000		
2	Share premium, excluded redeemable preferred shares (if any)	-		
3	Treasury shares	-		
4	The convertible bonds option – Capital	-		
5	Other owners' equity	-		
6	Gain/(loss) from revaluation of financial assets at fair value	-		
7	Charter capital supplementary reserve	14,163,555,772		
8	Operational risk and financial reserve	16,625,817,727		
9	Other funds belong to the owner's equity	2,462,261,955		
10	Undistributed profit	155,268,217,089		
11	Balance to provision for impairment of assets	12,559,419,233		
12	Difference from revaluation of fixed assets	-		
13	Foreign exchange rate differences	-		
14	Convertible debts			-
15	Total increase or decrease in securities investment value		-	-
16	Other capital (if any)	-		
1A	Total			937,125,071,776

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IB Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2017

7. LIQUID CAPITAL (continued)

NO.	CONTENTS	Liquid capital		
		Liquid capital VND	Deductions VND	Increases VND
		(1)	(2)	(3)
B	Short-term assets			
<i>1</i>	Financial assets			
1.	Cash and cash equivalents			
2.	Financial assets at fair value through profit and loss (FVTPL)			
	Securities exposed to market risk			
	Securities deductible liquid capital		-	
3.	Held-to-maturity (HTM) investments			
	Securities exposed to market risk			
	Securities are deducted from liquid capital		-	
4.	Loans			
5.	Available-for-sale (AFS) financial assets			
	Securities exposed to market risk			
	Securities are deducted from liquid capital		-	
6.	Provision for impairment of financial assets and mortgage assets			
7.	Receivables (Receivables from disposal of financial assets, Receivables and accruals from dividend and interest income)			
	Receivables due in 90 days or less			
	Receivables due in more than 90 days		-	
8.	Covered warrant have not yet been issued			
9.	The underlying securities for the purpose of hedge when the issuing covered warrant		-	
10.	Receivables from services provided by the Company			
	Receivables due in 90 days or less (irrecoverable)			
	Receivables due in more than 90 days		-	
11.	Internal receivables			
	Internal receivables due in 90 days or less			
	Internal receivables due in more than 90 days		-	
12.	Receivables due to error in securities transaction			
	Receivables due in 90 days or less			
	Receivables due in more than 90 days		-	
13.	Other receivables			
	Other receivables due in 90 days or less			
	Other receivables due in more than 90 days		-	

IB Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2017

7. LIQUID CAPITAL (continued)

NO.	CONTENTS	Liquid capital		
		Liquid capital VND	Deductions VND	Increases VND
		(1)	(2)	(3)
B	Short-term assets			
<i>I</i>	<i>Other Short-term assets</i>			
1.	Advances			
	Advances with the remaining repayment term of 90 days or less			
	Advances with the remaining repayment term of more than 90 days		140,000,000	
2.	Office supplies, tools and materials		152,156,538	
3.	Short-term prepaid expenses		51,020,029	
4.	Short-term deposits, collaterals and pledges		-	
5.	Deductible value added tax		-	
6.	Tax and other receivables from the State		46,185,583	
7.	Other current assets		-	
8.	Provision for impairment of other current assets			
1B	Total			389,362,150
C	Long-term assets			
<i>I</i>	<i>Long-term financial assets</i>			
1.	Long-term receivables		-	
2.	Investments			
2.1	HTM investments			
	Securities exposed to market risk			
	Securities are deducted from liquid capital		-	
2.2	Investments in subsidiaries		-	
2.3	Investment in associates		-	
2.4	Other long-term investments		1,500,000,000	
<i>II</i>	<i>Fixed assets</i>		9,214,623,593	
<i>III</i>	<i>Real-estate investment</i>		-	
<i>IV</i>	<i>Construction in progress</i>		-	
<i>V</i>	<i>Other long-term assets</i>			
1.	Long-term deposits, collaterals and pledges		1,079,162,770	
2.	Long-term prepaid expenses		506,531,115	
3.	Deferred income tax assets		-	
4.	Payment for Settlement Assistance Fund		5,182,161,851	
5.	Other long-term assets		-	
<i>VI</i>	<i>Provision for impairment of non- current assets</i>			
	Assets qualified in audited financial statements that are not deducted according to Article 5, Circular 87/2017/TT-BTC		-	
1C	Total			17,482,479,329

IB Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2017

7. LIQUID CAPITAL (continued)

NO.	CONTENTS	Liquid capital		
		Liquid capital VND	Deductions VND	Increases VND
		(1)	(2)	(3)
D	Margin, collateral items			
1	The value of the margin			
1.1	The value of contribution to Settlement Assistance Fund of VSD (for derivative market)		-	
1.2	The value of contribution to the clearing fund of the central settlement counterparty for the open position of the clearing member (for derivative market)		-	
1.3	The value of cash escrow and banks' guarantee for issuing covered warrants		-	
2	The value of collaterals for obligations due in more than ninety (90) days		-	
1D	Total			-
LIQUID CAPITAL = 1A-1B-1C-1D				919,253,230,297

Notes:

 Non-applicable for the preparation of the Financial safety ratio report

8. EVENTS AFTER THE REPORTING DATE

There has been no matter or circumstance that has arisen since the balance date which is required to be disclosed in the Financial Safety Ratio Report of the Company as at 31 December 2017.



Ms. Nguyen Thi Thu Hang
Acting Chief Accountant



Mr. Nguyen Anh Tuan
Head of Internal Control



Ms. Nguyen Thi Tuyet
Chief Executive Officer

Hanoi, Vietnam

22 March 2018