



**Vietnam Investment Fund Management
Joint Stock Company**

Financial Safety Ratio Report
as of 31 December 2017



**Vietnam Investment Fund Management Joint Stock Company
Corporation Information**

Investment Licence No.	01/GPDT-UBCKNN	15 July 2003
	179/QD-UBCK	18 August 2003
	58/QD-UBCK	7 March 2005
	766/QD-UBCK	8 December 2006
	253/QD-UBCK	5 April 2007
	16/UBCK-GP	23 June 2008
	45/UBCK-GP	8 January 2009
	63/UBCK-GP	24 February 2010
	73/UBCK-GP	24 June 2010
	79/UBCK-GP	4 November 2010
	361/QD-UBCK	18 April 2012
	36/GPDC-UBCK	28 May 2012
	17/GPDC-UBCK	3 June 2013

The initial Investment Licence and its updates were issued by the State Securities Commission of Vietnam and are valid for 50 years from the date of the Establishment and Operation Licence No. 45/UBCK-GP.

Board of Management	Mr. Dominic Scriven	Chairman
	Mr. Tran Thanh Tan	Vice Chairman
	Ms. Luong Thi My Hanh	Member
	Mr. Le Hoang Anh	Member
	Mr. Nguyen Xuan Vu	Member (from 5 October 2017)
	Mr. Nguyen Van Cuu	Member (until 5 October 2017)

Board of Directors	Mr. Tran Thanh Tan	Chief Executive Officer
	Ms. Luong Thi My Hanh	Deputy General Director
	Mr. Tran Le Minh	Deputy General Director
	Mr. Nguyen Minh Dang Khanh	Deputy General Director
	Mr. Tran Van Hieu	Deputy General Director (from 2 March 2017)

Registered Office
17th Floor, Me Linh Point
2 Ngo Duc Ke Street
Ben Nghe Ward, District 1
Ho Chi Minh City
Vietnam

Auditor
KPMG Limited
Vietnam

To: The State Securities Commission of Vietnam
FINANCIAL SAFETY RATIO REPORT

As of 31 December 2017

We undertake as follows:

- (1) This report has been prepared on up to date data at the reporting date and in accordance with the requirements of Circular No. 87/2017/TT-BTC dated 15 August 2017 issued by the Ministry of Finance regulating financial safety ratios and measures for non-compliance applicable to securities business organisations;
- (2) The issues having impact on the Company's financial status that may arise after the reporting date will be updated in the next reporting period;
- (3) We fully accept legal responsibilities for the accuracy and fairness of the contents of this report.

29 March 2018

Prepared by



Mr. Pham Thanh Dung
Chief Accountant

Reviewed by



Ms. Ninh Thi Tue Minh
Internal Control

Approved by 



Mr. Tran Thanh Tan
Chief Executive Officer



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INDEPENDENT AUDITOR’S REPORT ON FINANCIAL SAFETY RATIO REPORT

To the Management Vietnam Investment Fund Management Joint Stock Company

We have audited the Financial Safety Ratio Report of Vietnam Investment Fund Management Joint Stock Company (“the Company”) as of 31 December 2017 and the explanatory notes thereto which was authorised for issue by the Company’s Board of Directors on 29 March 2018, as set out on pages 5 to 29.

Management’s Responsibility

The Company’s Board of Directors is responsible for the preparation and presentation of the Financial Safety Ratio Report in accordance with the requirements of Circular No. 87/2017/TT-BTC dated 15 August 2017 (“Circular 87”) issued by the Ministry of Finance regulating financial safety ratios and measures for non-compliance applicable to securities business organisations, and for such internal control as the Board of Directors determines is necessary to enable the preparation of the Financial Safety Ratio Report that is free from material misstatement, whether due to fraud or error.

Auditor’s 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 whether the Financial Safety Ratio Report is free of 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 auditor’s judgement, 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 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 accounting policies used and the reasonableness of accounting estimates made by the Company’s Board of Directors, 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.



Auditor's Opinion

In our opinion, the Financial Safety Ratio Report of Vietnam Investment Fund Management Joint Stock Company as of 31 December 2017 has been prepared, in all material respects, in accordance with the requirements of Circular No. 87/2017/TT-BTC dated 15 August 2017 issued by the Ministry of Finance regulating financial safety ratios and measures for non-compliance applicable to securities business organisations.

Basis of Preparation and Restriction on Use

We draw attention to Note 2 to the Financial Safety Ratio Report, which describes the basis of preparation. The Financial Safety Ratio Report has been prepared to enable the Company to comply with the requirements of Circular 87 issued by the Ministry of Finance regulating financial safety ratios and measures for non-compliance applicable to securities business organisations referred to above. As a result, the Financial Safety Ratio Report may not be suitable for another purpose. Our report is intended solely for the Company's submission to the State Securities Commission of Vietnam and disclosure of information as required by Circular 87 and should not be used for any other purposes.

KPMG Limited's Branch in Ho Chi Minh City

Vietnam
Audit Report No.: 17-01-272/2





Nguyen Thanh Nghi
Practicing Auditor Registration
Certificate No. 0304-2018-007-1
Deputy General Director



Tran Dinh Vinh
Practicing Auditor Registration
Certificate No. 0339-2018-007-1

Ho Chi Minh City, 29 March 2018

**Vietnam Investment Fund Management Joint Stock Company
Financial Safety Ratio Report as of 31 December 2017**

No.	Items	Note	Risk values/ liquid capital 31/12/2017
1	Total market risk value (VND)	4	32,949,578,613
2	Total settlement risk value (VND)	5	3,471,601,304
3	Total operational risk value (VND)	6	18,868,637,140
4	Total risk values (4=1+2+3) (VND)		55,289,817,057
5	Liquid capital (VND)	7	187,307,165,222
6	Liquid capital ratio (6=5/4) (%)		339%

29 March 2018

Prepared by



Mr. Pham Thanh Dung
Chief Accountant

Reviewed by



Ms. Ninh Thi Tue Minh
Internal Control

Approved by 



Mr. Tran Thanh Tan
Chief Executive Officer

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

Vietnam Investment Fund Management Joint Stock Company Notes to the Financial Safety Ratio Report as of 31 December 2017

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

1. Reporting entity

(a) Ownership structure

Vietnam Investment Fund Management Joint Stock Company (“the Company”) is a joint stock company incorporated in Vietnam under Investment Licence No. 01/GPĐT-UBCKNN issued by the Chairman of State Securities Committee of Vietnam (“SSC”) on 15 July 2003. The Investment Licence and its amendments are valid for 50 years from 8 January 2009 which is the issuance date of the Establishment and Operation License No. 45/UBCK-GP.

The total investment and charter capital amount of the Company as stipulated in the Investment Licence is VND229 billion.

(b) Principal activities

The principal activities of the Company are to provide fund management service, investment portfolio management service and investment consultancy service.

(c) Normal operating cycle

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

(d) Company structure

As at 31 December 2017, the Company had 42 employees (31/12/2016: 38 employees) of which 18 were management personnel, 6 were newly recruited, 2 were resigned and none were disciplined (31/12/2016: 17 management personnel, 9 newly recruited, 11 resigned and none disciplined).

As at 31 December 2017, the Company had 16 employees (31/12/2016: 11 employees) who were qualified for fund and assets management.

2. Basis of preparation of the Financial Safety Ratio Report

(a) Statement of compliance

The Financial Safety Ratio Report has been prepared to enable the Company to comply with the requirements of Circular No. 87/2017/TT-BTC dated 15 August 2017 (“Circular 87”) issued by the Ministry of Finance regulating financial safety ratios and measures for non-compliance applicable to securities business organisations. Accordingly, the Financial Safety Ratio Report and its utilisation are not designed for those who are not informed about the principles and requirements of Circular 87 on preparation and presentation of Financial Safety Ratio Report applicable to securities business organisations in Vietnam. As a result, the Financial Safety Ratio Report may not be suitable for another purpose.

Circular 87 is effective from 10 October 2017 and supersedes Circular No. 226/2010/TT-BTC dated 31 December 2010 issued by the Ministry of Finance regulating financial safety ratios and measures for non-compliance applicable to securities business organisations and Circular No. 165/2012/TT-BTC dated 9 October 2012 issued by the Ministry of Finance amending and supplementing certain articles of Circular No. 210/2010/TT-BTC dated 31 December 2010 issued by the Ministry of Finance regulating financial safety ratios and measures for non-compliance applicable to securities trading companies.

(b) Underlying financial data

The Financial Safety Ratio Report was prepared based on the Company’s financial data as of 31 December 2017 and for the year then ended. This Financial Safety Ratio Report should be read in conjunction with the Company’s financial statements for the year ended 31 December 2017.

(b) Accounting and presentation currency

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

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

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

(a) Liquid capital ratio

The Company's liquid capital ratio is calculated in accordance with the requirements of Circular 87 as follows:

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

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

(b) Liquid capital

Liquid capital is the capital which can be converted into cash within 90 days. Additions to the Company's liquid capital include the following items:

- Owner's investment equity, excluding redeemable preference shares (if any);
- Capital surplus, excluding redeemable preference shares (if any);
- Reserve to supplement charter capital;
- Investment and development funds (if any);
- Financial reserve;
- Other equity funds;
- Retained profits;
- Allowance for deduction in value of assets;
- 50% value of upward revaluations of fixed assets, if any, in accordance with the prevailing regulations (in case of price increase), or subtract the reduced value (in the case of a discounted price);
- Foreign exchange difference;
- Other equity.

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

- All increases in the values of investments, financial assets stated at book value excluding the securities issued by a related organisation of the Company and the securities with the remaining restricted trading period exceeding 90 days at the reporting date;
- Convertible bonds and preference shares issued by the Company with the original terms to maturity of at least five (5) years, unsecured by assets of the Company, only acquired by the term under the owner's request or acquired on secondary market after informing to the State Securities Commission of Vietnam, stop paying interest and transferring accumulated interest to the following year if the interest payment results in the Company's loss and registered with the State Securities Commission of Vietnam to supplement the liquid capital; and

Vietnam Investment Fund Management Joint Stock Company
Notes to the Financial Safety Ratio Report as of 31 December 2017 (continued)

- Other debt instruments issued by the Company with the original terms to maturity of more than ten (10) years; stop paying interest and transferring accrued interest to the following year if the interest payment results in the Company's loss and registered with the State Securities Commission of Vietnam to supplement the liquid capital.

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

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

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

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

(c) Market risk value

Market risk value is the value corresponding to the level of loss which may occur if the market value of assets changes unfavourably. Market risk value is determined in accordance with the requirements of Circular 87 as follows:

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

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

The market risk value excludes the market value of following securities and assets:

- Treasury shares;
- Securities issued by a related parties of the Company;
- Securities with the remaining restricted trading period exceeding 90 days at the reporting date; and
- Matured bonds, debt instruments and money market valuable papers.
- Securities being hedged by call warrants or futures contracts; call warrants and call warrants contracts are used to hedge the underlying securities.

Vietnam Investment Fund Management Joint Stock Company
Notes to the Financial Safety Ratio Report as of 31 December 2017 (continued)

(i) *Asset value*

Asset value is determined in accordance with principles for determining market value in Circular 87 as follows:

No.	Type of asset	Principles for determining market value
Cash and cash equivalents, money market instruments		
1	Cash in VND	Account balance at the reporting date
2	Foreign currencies	Value converted into VND at the exchange rate of credit institutions authorised for trading foreign currencies at the reporting date
3	Term deposits	Deposit amount plus accrued interest at the reporting date
4	Treasury bills, bankdrafts, commercial papers, transferable certificates of deposits, bonds and other discounted money market instruments	Purchase price plus accrued interest at the reporting date
Bonds		
5	Listed bonds	<p>➢ Average quoted price from the Stock Exchange at the last trading date plus accrued interest (if the quoted price is the clean price)</p> <p>➢ If there were no transactions in two (02) weeks prior to the reporting date, then market value is the highest value of the followings: + Purchase price plus accrued interest; + Par value plus accrued interest; and + Value determined in accordance with the Company's internal methodology plus accrued interest. <i>In other words:</i> Max (Purchase price plus accrued interest; Par value plus accrued interest; Value determined in accordance with the Company's internal methodology plus accrued interest)</p>

Vietnam Investment Fund Management Joint Stock Company
Notes to the Financial Safety Ratio Report as of 31 December 2017 (continued)

No.	Type of asset	Principles for determining market value
6	Unlisted bonds	<p>The highest value of the followings:</p> <ul style="list-style-type: none"> + Quoted price (if any) from the quoting system selected by the Company plus accrued interest; + Purchase price plus accrued interest; + Par value plus accrued interest; and + Value determined in accordance with the Company's internal methodology plus accrued interest. <p><i>In other words:</i> Max (Quoted price (if any); Purchase price plus accrued interest; Par value plus accrued interest; Value determined in accordance with the Company's internal methodology plus accrued interest)</p>
Shares		
7	Shares listed on the Ho Chi Minh City Stock Exchange	<ul style="list-style-type: none"> ➤ Closing price at the last trading date prior to the reporting date ➤ If there was no trading in two (02) weeks prior to the reporting date, then the market value is the highest value of the followings: <ul style="list-style-type: none"> + Book value; + Purchase price; and + Value determined in accordance with the Company's internal methodology. <p><i>In other words:</i> Max (Book value; Purchase price; Value determined in accordance with the Company's internal methodology)</p>
8	Shares listed on the Hanoi Stock Exchange	<ul style="list-style-type: none"> ➤ Closing price at the last trading date prior to the reporting date ➤ If there was no trading in two (02) weeks prior to the reporting date, then the market value is the highest value of the followings: <ul style="list-style-type: none"> + Book value; + Purchase price; and + Value determined in accordance with the Company's internal methodology. <p><i>In other words:</i> Max (Book value; Purchase price; Value determined in accordance with the Company's internal methodology)</p>

**Vietnam Investment Fund Management Joint Stock Company
Notes to the Financial Safety Ratio Report as of 31 December 2017 (continued)**

No.	Type of asset	Principles for determining market value
9	Shares of public companies registered for UpCom trading	<p>➢ Closing price at the last trading date prior to the reporting date</p> <p>➢ If there was no trading in two (02) weeks prior to the reporting date, then the market value is the highest value of the followings:</p> <ul style="list-style-type: none"> + Book value; + Purchase price; and + Value determined in accordance with the Company's internal methodology. <p><i>In other words:</i> Max (Book value; Purchase price; Value determined in accordance with the Company's internal methodology)</p>
10	Shares already custodied but not yet listed and not yet registered for trading	<p>➢ Average price from the quoted prices from at least three (3) securities trading companies which are not related to the Company at the last trading date prior to the reporting date</p> <p>➢ If there was not sufficient quoted prices from three (3) securities trading companies, then the market value is the highest value of the followings:</p> <ul style="list-style-type: none"> + Quoted prices from securities trading companies; + Price of the latest period; + Book value; + Purchase price; and + Value determined in accordance with the Company's internal methodology. <p><i>In other words:</i> Max (Quoted prices from securities trading companies; Price of the latest period; Book value; Purchase price; Value determined in accordance with the Company's internal methodology)</p>
11	Shares for which trading has been suspended or delisted shares or shares with trading cancellation	<p>The highest value of the followings:</p> <ul style="list-style-type: none"> + Book value; + Par value; and + Value determined in accordance with the Company's internal methodology. <p><i>In other words:</i> Max (Book value; Par value; Value determined in accordance with the Company's internal methodology)</p>

**Vietnam Investment Fund Management Joint Stock Company
Notes to the Financial Safety Ratio Report as of 31 December 2017 (continued)**

No.	Type of asset	Principles for determining market value
12	Shares of organisations which are currently being dissolved or bankrupt	80% of the liquidation value of such shares at the latest balance sheet date, or value determined in accordance with the Company's internal methodology
13	Other shares and capital contribution	<p>The highest value of the followings:</p> <ul style="list-style-type: none"> + Book value; + Purchase price/capital contribution amount; and + Value determined in accordance with the Company's internal methodology. <p><i>In other words:</i> Max (Book value; Purchase price/capital contribution amount; Value determined in accordance with the Company's internal methodology)</p>
Funds/Shares of securitites investment companies		
14	Closed-end public funds	<ul style="list-style-type: none"> ➤ Closing price at the last trading date prior to the reporting date ➤ If there was no trading in two weeks prior to the reporting date, then the latest NAV/fund unit prior to the reporting date
15	Member funds/Open-ended funds/Shares issued in private placement of securities investment companies	Latest Net asset value per one capital contribution unit/fund certificate/share prior to the reporting date
16	Other cases	Value determined in accordance with the Company's internal methodology
Fixed assets		
17	Land use rights etc	Value determined by an independent valuation organisation selected by the Company
18	Building and structures, including construction in progress	Value determined by an independent valuation organisation selected by the Company/ Accumulated costs of construction in progress
19	Machineries, equipment and motor vehicles etc	Net book value of the asset

**Vietnam Investment Fund Management Joint Stock Company
Notes to the Financial Safety Ratio Report as of 31 December 2017 (continued)**

No.	Type of asset	Principles for determining market value
20	Other fixed assets	Value determined by an independent valuation organisation selected by the Company
Other securities		
21	Covered warrants issued by other securities business organisations	<ul style="list-style-type: none"> ➤ Closing price at the last trading date prior to the reporting date ➤ Purchase price (for unlisted covered warrants)
22	Shares listed on foreign exchange markets	<ul style="list-style-type: none"> ➤ Price (in foreign currency) * exchange rate at the reporting date ➤ Closing price at the last trading date prior to the reporting date ➤ If there was no trading in two (02) weeks prior to the reporting date, then the market value is the highest value of the followings: <ul style="list-style-type: none"> + Book value; + Purchase price; and + Value determined in accordance with the Company's internal methodology. <p><i>In other words:</i> Max (Book value; Purchase price; Value determined in accordance with the Company's internal methodology)</p>

Vietnam Investment Fund Management Joint Stock Company
Notes to the Financial Safety Ratio Report as of 31 December 2017 (continued)

(ii) Market risk coefficient

Market risk coefficient is determined for each type of asset in accordance with the requirements of Circular 87 as disclosed in Note 4.

(iii) Increase in market risk value

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

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

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

(d) Settlement risk value

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

- Settlement risk value before the due date for transfer of securities, cash and liquidation of contract, is determined in accordance with the following principle:

Settlement risk before due date:

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

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

- Term deposits at credit institutions, loans to other organisations and individuals;
- Securities lending contracts and securities borrowing contracts in compliance with laws;
- Repurchase agreements in compliance with laws;
- Reverse repurchase agreements in compliance with law;
- Margin loan contracts in compliance with laws; and
- Undue accounts receivable, other receivables from customers relating to securities brokerage activities.

Vietnam Investment Fund Management Joint Stock Company
Notes to the Financial Safety Ratio Report as of 31 December 2017 (continued)

- For underwriting contracts signed with other organisations in an underwriting syndicate in the form of a firm undertaking in which the Company is the lead underwriter, the settlement risk value shall be 30% of the residual value of an underwriting contract for which payment has not been made.
- Overdue settlement risk value is determined in accordance with the following principle:

Overdue settlement risk:

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

The principle for determining the risk premium over the above payment period shall be applied to:

- Overdue accounts receivable, including matured bonds, valuable papers, debt instruments not yet redeemed on maturity date;
- Assets beyond the time transfer, including securities in business activities of the Company, securities of customers relating to securities brokerage activities;
- Securities, cash not received from the transaction, term contracts include term deposits at credit institutions, loans to other organisations and individuals; securities lending contracts and securities borrowing contracts in compliance with laws; repurchase agreements in compliance with laws; reverse repurchase agreements in compliance with laws; margin loan contracts in compliance with laws; and receivables from customers.

(i) Settlement risk coefficient

In accordance with the requirements of Circular 87, settlement risk coefficient by counterparty is as follows:

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

Vietnam Investment Fund Management Joint Stock Company
Notes to the Financial Safety Ratio Report as of 31 December 2017 (continued)

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

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

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

(ii) Value of assets with settlement risk

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

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

Outstanding balance comprises the principal, interest and related fees.

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

Vietnam Investment Fund Management Joint Stock Company
Notes to the Financial Safety Ratio Report as of 31 December 2017 (continued)

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

No.	Time	Value of assets with settlement risks
A. For the sale of securities transactions (seller is the Company or the Company's customers in brokerage activities)		
1	Before the due date for payment	0
2	After the due date for payment	Market value of the contract (if the market value is lower than the transaction price)
		0 (if the market value is higher than the transaction price)
B. For the purchase of securities transactions (buyer is the Company or the Company's customers in brokerage activities)		
1	Before the due date for securities transfer	0
2	After the due date for securities transfer	Market value of the contract (if the market value is higher than the transaction price)
		0 (if the market value is lower than the transaction price)

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

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

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

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

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

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

Asset value is determined in accordance with the requirements of Circular 87 as described in Note 3(c)(i).

Market risk coefficient is determined in accordance with the requirements of Circular 87 as disclosed in Note 4.

Vietnam Investment Fund Management Joint Stock Company
Notes to the Financial Safety Ratio Report as of 31 December 2017 (continued)

(iv) Settlement risk value increase

Settlement risk values are increased in the following cases:

- Increase by 10% if the value of term deposits, loans, undue receivables, reserve repurchase agreements, repurchase agreements to any organisation or individual and group of related organisations and individuals (if any) accounts for from 10% to 15% of the Company's equity;
- Increase by 20% if the value of term deposits, loans, undue receivables, reserve repurchase agreements, repurchase agreements to any organisation or individual and group of related organisations and individuals (if any), accounts for from 15% to 25% of the Company's equity;
- Increase by 30% if the value of term deposits, loans, undue receivables, reserve repurchase agreements, repurchase agreements to any organisation or individual and group of related organisations and individuals (if any), or to any individuals and entities related to such individuals (if any), accounts for 25% or more of the Company's equity.

(v) Netting off value of assets with settlement risk

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

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

(e) Operational risk value

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

The operational risk value of the Company is calculated at the higher of:

- 25% of the operating expenses in the latest 12 month period; and
- 20% of its legal capital.

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

- Depreciation and amortisation expenses;
- Additions to/(reversal of) allowance for diminution in the value of short-term financial investments;
- Additions to/(reversal of) allowance for diminution in the value of long-term financial investments; and
- Additions to/(reversal of) allowance for doubtful debts.

Vietnam Investment Fund Management Joint Stock Company
Notes to the Financial Safety Ratio Report as of 31 December 2017 (continued)

4. Market risk value

Investment portfolio as of 31 December 2017		Risk coefficient (1)	Risk exposure (VND) (2)	Risk value (VND) (3)=(1)*(2)
I.	Cash and cash equivalents, money market instruments		49,590,318,893	-
1.	Cash	0%	14,590,318,893	-
2.	Cash equivalents	0%	35,000,000,000	-
3.	Valuable papers and transferable money market instruments	0%	-	-
II.	Government bonds			
4.	Zero-coupon Government bonds	0%	-	-
5.	Government coupon bonds		-	-
5.1	Government coupon bonds: Government bonds (include bonds and construction bonds issued previously), Government bonds issued by governments of countries in the OECD or bonds guaranteed by the government or central bank of countries in the OECD, and bonds issued by IBRD, ADB, IADB, AfDB, EIB and EBRD	3%	-	-
III.	Corporate bonds			
6.	Listed bonds with remaining terms to maturity of less than 1 year, including convertible bonds	8%	-	-
	Listed bonds with remaining terms to maturity of 1 year up to 3 years, including convertible bonds	15%	-	-
	Listed bonds with remaining terms to maturity of 3 to less than 5 years, including convertible bonds	15%	-	-
	Listed bonds with remaining terms to maturity of more than 5 years, including convertible bonds	20%	-	-
7.	Unlisted bonds with remaining term to maturity of less than 1 year, including convertible bonds	25%	-	-
	Unlisted bonds with remaining terms to maturity of 1 year up to 3 years, including convertible bonds	30%	-	-
	Unlisted bonds with remaining terms to maturity of 3 up to 5 years, including convertible bonds	35%	-	-
	Unlisted bonds with remaining terms to maturity of more than 5 years, including convertible bonds	40%	-	-

Vietnam Investment Fund Management Joint Stock Company
Notes to the Financial Safety Ratio Report as of 31 December 2017 (continued)

Investment portfolio as of 31 December 2017		Risk coefficient (1)	Risk exposure (VND) (2)	Risk value (VND) (3)=(1)*(2)	
IV.	Shares		157,438,924,369	31,023,467,437	
8.	Ordinary shares and preference shares of companies listed on the Ho Chi Minh City Stock Exchange; open-ended fund certificates	10%	65,880,684,369	6,588,068,437	
9.	Ordinary shares and preference shares of companies listed on the Hanoi Stock Exchange	15%	20,213,820,000	3,032,073,000	
10.	Ordinary shares and preference shares of unlisted public companies registered for UpCom trading	20%	-	-	
11.	Ordinary shares and preference shares of public companies which have been registered for depository, but have not been listed or not yet registered for trading; shares of Initial Public Offerings (IPO)	30%	71,344,420,000	21,403,326,000	
12.	Shares of other public companies	50%	-	-	
V.	Securities investment fund certificates				
13.	Public Funds, including public investment companies	10%	-	-	
14.	Member Funds, investment companies	30%	-	-	
VI.	Securities restricted for trading				
15.	Temporary stop-trading securities	40%	-	-	
16.	Delisted securities or cancelled securities	50%	-	-	
VII.	Other securities				
17.	Shares, contributed capital and other securities	80%	-	-	
18.	Other investment securities	80%	-	-	
VIII.	Increased risks (if any)	Additions	Risk coefficient	19,261,111,756	1,926,111,176
1.	Shares of Asia Commercial Joint Stock Bank	10%	15%	3,032,073,000	303,207,300
2.	Certificate of Vietnam Blue-Chips Fund	10%	10%	2,115,712,756	211,571,276
3.	Shares of Truong Hai Automobile Joint Stock Company	10%	30%	6,013,326,000	601,332,600
4.	Shares of Vietnam Technological and Commercial Joint Stock Bank	10%	30%	8,100,000,000	810,000,000
TOTAL MARKET RISK (I+II+III+IV+V+VI+VII+VIII)				32,949,578,613	

Vietnam Investment Fund Management Joint Stock Company
Notes to the Financial Safety Ratio Report as of 31 December 2017 (continued)
5. Settlement risk value (continued)

III. Other increased risks (if any) as of 31 December 2017					
	Details of term deposits by each related party	Increase in market risk value (%)	Risk exposure (VND)	Risk value (VND)	
1.	Term deposits at Vietnam International Commercial Joint Stock Bank	20%	2,100,000,000	420,000,000	
	Sub-total		2,100,000,000	420,000,000	
TOTAL SETTLEMENT RISK (I+II+III)				3,471,601,304	

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

Vietnam Investment Fund Management Joint Stock Company
Notes to the Financial Safety Ratio Report as of 31 December 2017 (continued)

6. Operational risk value (within 12 months)

No.	Items	31/12/2017 VND
I.	Total operating expenses for the year ended 31 December 2017	74,963,769,753
II.	Deductions from total operating expenses	(510,778,806)
1.	Depreciation and amortisation expenses	1,648,718,541
2.	Additions to /(reversal of) allowance for diminution in the value of short-term securities investments	(2,159,497,347)
3.	Additions to/(reversal of) allowance for diminution in the value of long-term securities investments	-
4.	Additions to/(reversal of) allowance for doubtful debts	-
III.	Total operating expenses after deductions (III = I – II)	75,474,548,559
IV.	25% of total operating expenses after deductions (IV = 25% III)	18,868,637,140
V.	20% of legal capital of the Company	5,000,000,000
TOTAL OPERATIONAL RISK (=Max {IV, V})		18,868,637,140

Vietnam Investment Fund Management Joint Stock Company
Notes to the Financial Safety Ratio Report as of 31 December 2017 (continued)

7. Liquid capital

No.	Items	Liquid capital as of 31 December 2017		
		Liquid capital (VND)	Deductions (VND)	Additions (VND)
A.	Equity			
1.	Share capital, excluding redeemable preference shares (if any)	229,512,030,000		
2.	Capital surplus, excluding redeemable preference shares (if any)	(60,690,000,000)		
3.	Treasury shares	(60,690,000,000)		
4.	Reserve to supplement charter capital (if any)	1,515,022,675		
5.	Investment and development fund (if any)	-		
6.	Financial reserve	9,553,295,993		
7.	Other equity funds	-		
8.	Retained profits	70,557,581,500		
9.	Allowance for deduction in value of assets	-		
10.	Differences upon fixed asset revaluations	-		
11.	Foreign exchange differences	-		
12.	Convertible debts			-
13.	Deductions or additions to investments as described in (i)		-	29,631,429,191
14.	Other equity (if any)	-		
1A.	Sub-total			219,389,359,359
B.	Current assets			
I.	Cash and cash equivalents			
II.	Short-term investments			
1.	Short-term investments			
	Securities with potential market risks as set out in Clause 2 of Article 9			
	Securities deducted from the liquid capital as set out in Clause 5 of Article 6			
2.	Allowance for diminution in the value of short-term investments			

Vietnam Investment Fund Management Joint Stock Company
Notes to the Financial Safety Ratio Report as of 31 December 2017 (continued)

No.	Items	Liquid capital as of 31/12/2017		
		Liquid capital (VND)	Deductions (VND)	Additions (VND)
III	Accounts receivable - short-term, including receivable from entrusting activities			
1.	Accounts receivable from customers			
	Accounts receivable with remaining terms to maturity of 90 days or less			
	Accounts receivable with remaining terms to maturity of more than 90 days		17,331,600,000	
2.	Prepayments to suppliers		190,424,800	
3.	Receivables from management activities			
	Receivables from management activities with remaining terms to maturity of 90 days or less			
	Receivables from management activities with remaining terms to maturity of more than 90 days		838,818,774	
4.	Internal short-term receivables			
	Internal receivables with remaining terms to maturity of 90 days or less			
	Internal receivables with remaining terms to maturity of more than 90 days		-	
5.	Accounts receivable from securities trading activities			
	Accounts receivable from securities trading activities with remaining terms to maturity of 90 days or less			
	Accounts receivable from securities trading activities with remaining terms to maturity of more than 90 days		-	
6.	Other receivables			
	Other receivables with remaining terms to maturity of 90 days or less			
	Other receivables with remaining terms to maturity of more than 90 days		-	
7.	Allowance for doubtful debts			
IV.	Inventories		-	

Vietnam Investment Fund Management Joint Stock Company
Notes to the Financial Safety Ratio Report as of 31 December 2017 (continued)

No.	Items	Liquid capital as of 31/12/2017		
		Liquid capital (VND)	Deductions (VND)	Additions (VND)
V.	Other current assets			
1.	Short-term prepayments		1,426,580,051	
2.	Deductible value added tax			
3.	Taxes and other receivables from the State Treasury			
4.	Other current assets			
4.1.	Advances			
	Advances with remaining terms of 90 days or less			
	Advances with remaining terms of more than 90 days		-	
4.2.	Other current assets		-	
1B.	Sub-total			19,787,423,625
C.	Long-term assets			
I.	Long-term receivables, including receivable from entrusting activities			
1.	Accounts receivable			
	Accounts receivable with remaining terms to maturity of 90 days or less			
	Accounts receivable with remaining terms to maturity of more than 90 days		-	
2.	Allocated capital at dependent units		-	
3.	Intra-company receivables			
	Intra-company receivables with remaining terms to maturity of 90 days or less			
	Intra-company receivables with remaining terms to maturity of more than 90 days		-	
4.	Other receivables			
	Other receivables with remaining terms to maturity of 90 days or less			
	Other receivables with remaining terms to maturity of more than 90 days			
5.	Allowance for doubtful debts			
II	Fixed assets		7,260,805,019	
III.	Investment property		-	

Vietnam Investment Fund Management Joint Stock Company
Notes to the Financial Safety Ratio Report as of 31 December 2017 (continued)

No.	Items	Liquid capital as of 31 December 2017		
		Liquid capital (VND)	Deductions (VND)	Additions (VND)
IV.	Long-term investments			
1.	Investments in subsidiaries		-	
2.	Joint venture capital contribution		-	
3.	Investments in associates, joint-ventures		-	
4.	Investment securities			
	Securities with market risks as set out in Clause 2 of Article 9			
	Securities deducted from liquid capital as set out in Clause 5 of Article 6		-	
5.	Long-term foreign investments		-	
6.	Other long-term investments		-	
7.	Allowance for diminution in the value of long-term investments			
V.	Other long-term assets			
1.	Long-term prepaid expenses		1,532,045,237	
2.	Deferred tax assets		2,611,545,836	
3.	Long-term deposits		890,374,420	
	Assets being qualified in the audited annual financial statements but not yet included in the deductions pursuant to Article 6		-	
1C.	Sub-total			12,294,770,512
	LIQUID CAPITAL = 1A-1B-1C			187,307,165,222

Vietnam Investment Fund Management Joint Stock Company
Notes to the Financial Safety Ratio Report as of 31 December 2017 (continued)

(i) Additions and deductions relating to securities included in short-term financial investments

Details of deductions and additions relating to securities included in short-term financial investments which were added back/deducted from the liquid capital as of 31 December 2017 are as follows:

	Cost (VND)	Market price (VND)	Difference (VND)
Additional value			
Listed fund certificates	5,314,119,955	8,090,000,000	2,775,880,045
Unlisted fund certificates	25,743,959,753	37,008,024,369	11,264,064,616
Listed shares	37,198,626,270	40,996,480,000	3,797,853,730
Unlisted shares	59,550,789,200	71,344,420,000	11,793,630,800
	127,807,495,178	157,438,924,369	29,631,429,191

8. Approval of Financial Safety Ratio Report

The Financial Safety Ratio Report was approved by the Company's Board of Directors on 29 March 2018.

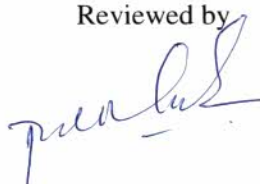
29 March 2018

Prepared by



Mr. Pham Thanh Dung
Chief Accountant

Reviewed by



Ms. Ninh Thi Tue Minh
Internal Control

Approved by



Mr. Tran Thanh Tan
Chief Executive Officer