

BIDV Securities Joint Stock Company

Financial Safety Ratio Report

31 December 2019



BIDV Securities Joint Stock Company

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BIDV Securities Joint Stock Company

GENERAL INFORMATION

THE COMPANY

BIDV Securities Joint Stock Company ("the Company") was established in accordance with Operating License No. 111/GP-UBCK issued by the State Securities Commission of Vietnam on 31 December 2010.

The Company operates under Operating Charter No. 01/NQ-DHDCD dated 17 December 2010 and was amended the second time by Resolution No. 04/NQ-DHDCD dated 13 April 2013, the Operating Charter was also amended and supplemented the third time in 2016, the fourth time in 2017, the fifth time in 2018 and was approved according to Resolution No. 12/NQ-DHDCD on 20 April 2019.

The Company was privatized from BIDV Securities Company Limited. Its current principal activities are to provide brokerage services, proprietary trading, underwriting and issuance agency services, securities investment advisory services, derivatives trading and issuance of covered warrants.

The Company's Head Office is located at Floors 1, 10 and 11 - BIDV Tower - 35 Hang Voi Street, Hoan Kiem District, Ha Noi. Its Ho Chi Minh branch is located at Floor 9, 146 Nguyen Cong Tru Street, District 1, Ho Chi Minh City.

BOARD OF DIRECTORS

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

Mr. Ngo Van Dung	Chairman	Appointed on 20 April 2019
Mr. Le Ngoc Lam	Chairman	Resigned on 20 April 2019
Mr. Do Huy Hoai	Member	Reappointed on 28 April 2016
Ms. Nguyen Thanh Huyen	Member	Appointed on 20 April 2019
Mr. Le Dao Nguyen	Independent member	Appointed on 20 April 2018
Mr. Nguyen Thieu Son	Member	Resigned on 20 April 2019

BOARD OF SUPERVISION

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

Ms. Le Phuong Thuy	Head	Appointed on 20 April 2019
Ms. Pham Thanh Thuy	Head	Resigned on 20 April 2019
Mr. Nguyen Thanh Tung	Member	Appointed on 20 April 2019
Mr. Tran Minh Hai	Member	Reappointed on 28 April 2016
Ms. Hoang Thi Huong	Member	Resigned on 20 April 2019

MANAGEMENT

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

Mr. Do Huy Hoai	General Director	Reappointed on 17 December 2015
Ms. Ngo Thi Phong Lan	Deputy General Director	Reappointed on 27 October 2017
Mr. Nguyen Duy Vien	Deputy General Director	Appointed on 1 March 2019

BIDV Securities Joint Stock Company

GENERAL INFORMATION (continued)

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr. Do Huy Hoai – General Director.

AUDITORS

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

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BIDV Securities Joint Stock Company

REPORT OF MANAGEMENT

Management of BIDV Securities Company ("the Company") is pleased to present this report and the Financial Safety Ratio Report of the Company as at 31 December 2019.

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

The 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 ratio and remedies applicable to securities companies that fail to meet the stipulated financial safety ratio in the preparation and presentation of the financial safety ratio report as at 31 December 2019.

STATEMENT BY 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 ratio and remedies applicable to securities companies that fail to meet the stipulated financial safety ratio and Note 2.1 to the financial safety ratio report.

For and on behalf of management:



Mr. Do Huy Hoai
General Director

Hanoi, Vietnam

18 February 2020

Reference No.: 60758150/21187518/ATTC

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of BIDV Securities Joint Stock Company

We have audited the accompanying financial safety ratio report of BIDV Securities Joint Stock Company (the "Company") as at 31 December 2019 as prepared on 18 February 2020 and set out on pages 6 to 30. The financial safety ratio report has been prepared by the Company's Management in accordance with the regulations under Circular No. 87/2017/TT-BTC dated 15 August 2017 issued by the Ministry of Finance on financial safety ratio and remedies applicable to securities companies that fail to meet the stipulated financial safety ratio ("Circular 87") and Note 2.1 to the financial safety ratio report.

Management's responsibility

The Company's Management is responsible for the preparation and presentation of the financial safety ratio report in accordance with regulations under Circular 87 and Note 2.1 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 is 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 concluded 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 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 auditors consider internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of reporting 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.

Auditors' opinion

In our opinion, the financial safety ratio report as at 31 December 2019, in all material respects, is prepared and presented fairly in accordance with the regulations under Circular 87 and Note 2.1 to the financial safety ratio report.



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Report preparation policy and restriction on use of audit report

Without qualifying our opinion above, we draw attention to Note 2.1 and Note 3 to the financial safety ratio report, which describes the regulations, interpretations and policies applicable to preparation of the financial safety ratio report. Also as described 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



Trình Hoàng Anh
Deputy General Director
Audit Practising Registration
Certificate No: 2071-2018-004-1

Hanoi, Vietnam

18 February 2020

Hoàng Thi Hong Minh
Auditor
Audit Practising Registration
Certificate No: 0761-2018-004-1

BIDV Securities Joint Stock Company
Official letter No. /BSC-TCKT
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About: financial safety ratio report

SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom - Happiness
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Hanoi, 18 February 2020


FINANCIAL SAFETY RATIO REPORT


As at: 31 December 2019


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 the regulations under Circular No. 87/2017/TT-BTC dated 15 August 2017 issued by the Ministry of Finance on financial safety ratio and remedies applicable to securities companies that fail to meet the stipulated financial safety ratio;
- (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. Tran Ngoc Diep
Chief Accountant


Ms. Nguyen Thi Anh Dao
In charge of Internal Control
Department


Mr. Do Huy Hoai
General Director



Hanoi, Vietnam

18 February 2020

BIDV Securities Joint Stock Company


FINANCIAL SAFETY RATIO REPORT
as at 31 December 2019

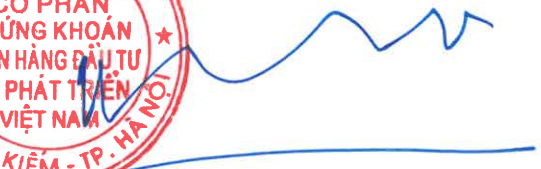
SYNTHESIZING TABLE ON EXPOSURES TO RISKS AND LIQUID CAPITAL

Unit: VND

No	Items	Notes	Exposures to risk/ Liquid capital
1	Total exposures to market risk	4	91,983,708,597
2	Total exposures to settlement risk	5	37,060,490,342
3	Total exposures to operational risk	6	82,949,401,672
4	Total exposures to risks (4=1+2+3)		211,993,600,611
5	Liquid capital	7	1,329,230,048,555
6	Liquid capital ratio (6=5/4) (%)		627%


Ms. Tran Ngoc Diep
Chief Accountant


Ms. Nguyen Thi Anh Dao
In charge of Internal Control
Department


Mr. Do Huy Hoai
General Director



Hanoi, Vietnam

18 February 2020

BIDV Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT
as at 31 December 2019

1. THE COMPANY

BIDV Securities Joint Stock Company (“the Company” or “BSC”) was established in accordance with Operating License No.111/GP-UBCK issued by the State Securities Commission of Vietnam on 31 December 2010.

The Company was privatized from BIDV Securities Company Limited. On 17 November 2010, the Company successfully completed its Initial Public Offering of 10,274,670 shares, equivalent to 11.88% of its charter capital. Included in the shares issued were 10,195,570 shares subscribed by the public and 79,100 shares offered to the Company’s employees.

The Company’s current principal activities are to provide brokerage services, proprietary trading, underwriting and issuance agency services, securities investment advisory services, derivatives trading and issuance of covered warrants.

The Company’s Head Office is located at Floors 1, 10 and 11 - BIDV Tower - 35 Hang Voi Street, Ha Noi. Its Ho Chi Minh branch is located at Floor 9, 146 Nguyen Cong Tru Street, District 1, Ho Chi Minh City.

Charter capital

As at 31 December 2019, total charter capital of the Company was VND1,220,700,780,000; owners’ equity was VND 1,379,953,394,160 and total assets was VND2,390,601,369,821.

2. BASIS OF PRESENTATION

2.1 *The applicable regulations*

The financial safety ratio report of the Company is prepared and presented in accordance with the regulations under Circular No. 87/2017/TT-BTC (“Circular 87”) dated 15 August 2017 issued by the Ministry of Finance on financial safety ratio and remedies applicable to securities companies that fail to meet the stipulated financial safety ratio. 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 87 and other legislative documents.

In the preparation and presentation of this report, the Company has applied the following interpretations based on the Company’s understanding and own assessment for certain cases for which no specific guidance is available in Circular 87 as follows:

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BIDV Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2019

2. BASIS OF PRESENTATION (continued)

2.1 *The applicable regulations* (continued)

No	Items	The Company's interpretation
1	The item " Deductions from total expenses " (Clause 2, Article 8 – Exposures to operational risk, Circular 87)	To identify accurately total operating expenses incurring within twelve (12) consecutive months up to the calculation date, non-cash expenses incurred during the year are deducted from total expense. Accordingly, deductions from total expenses include: <ul style="list-style-type: none"> ▶ Depreciation expense; ▶ Expense or reversal of provision for dilution of short-term, long-term financial assets or collaterals; ▶ Expense or reversal of provision for dilution of receivables; ▶ Expense or reversal of provision for dilution of other short-term assets; ▶ Loss from revaluation of financial assets at fair value through Profit or Loss ("FVTPL").
2	The item " Supplemental exposures to market risk " (Clause 5, Article 9 – Exposures to market risk, Circular 87)	Supplemental exposures to market risk is calculated by Scale of market risk (excluded the supplemental exposures) x Surplus risk coefficient.
3	The item " Supplemental exposures to settlement risk " (Clause 8, Article 10 – Exposures to settlement risk, Circular 87)	Supplemental exposures to settlement risk is calculated by Scale of settlement risk (excluded the supplemental exposures) x Surplus risk coefficient. Term deposits used as collateral for the Company's borrowings are included when determining exposures to settlement risk and supplemental exposures to settlement risk and are not deducted from liquid capital pursuant to Article 5 and Article 10 of Circular 87.

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 of the Company and may not be suitable for other purposes.

2.3 *Reporting currency*

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

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

3.1 *Liquid capital ratio*

Liquid capital ratio of the Company is determined using the formula specified in accordance with Circular 87 as follows:

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

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BIDV Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2019

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

3.1 *Liquid capital ratio* (continued)

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

3.2 *Liquid capital*

In accordance with Circular 87, 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 3.2.1*);
- ▶ Increases to liquid capital (*Note 3.2.2*); and
- ▶ Other capital (if any).

3.2.1 *Decreases to liquid capital*

The Company's liquid capital is adjusted down for 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 restricted trading 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 more than ninety (90) days, calculated as volume of assets * asset price * (1 - Market risk coefficient);
- ▶ Short-term assets include prepaid items, receivables and advances of which the remaining recovery period or settlement period is more than ninety (90) days, and other short-term assets;
- ▶ Long-term assets;

BIDV Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2019

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

3.2 *Liquid Capital* (continued)

3.2.1 *Decreases to liquid capital* (continued)

- ▶ Items related to qualified, reverse or disclaimer audit opinion in the audited financial statements (if any);
- ▶ Securities issued by the Company's related parties in the following cases:
 - The parent company, subsidiaries, joint ventures, associates of the Company;
 - Subsidiaries, joint ventures, associates of the Company's parent company.
- ▶ Securities with remaining restricted trading period exceeding 90 days from as from the calculation date;
- ▶ Irrecoverable items from other institutions and individuals which are assessed as completely insolvent, are determined at the contract value.

When determining the decreased value to liquid capital, the Company makes following deduction:

- ▶ For assets used as collaterals obligations with other entities and individuals, the decrease value shall be deducted by the minimal value of the followings: market value of the assets, residual value of the obligation;
- ▶ For assets secured by other entities and individuals' assets, the decrease value shall be deducted by the minimal value of the followings: market value of the collaterals, book value.

Accordingly, market value of assets when calculating the deduction from decreased amount to liquid capital is determined as: $\text{volume of assets} * \text{asset price} * (1 - \text{Market risk coefficient})$ in accordance with Circular 87.

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

3.2.2 *Increases to liquid capital*

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

- ▶ Total increases in value of financial assets recognized 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.

The total value of debt items used to supplement liquid capital is a maximum of 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.

BIDV Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2019

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

3.3 Exposures to market risk

Exposures to market risk are the potential losses which may occur when the market value of assets that are owned and going to be owned accordance with underwriting agreement by the Company fluctuates in a negative trend and are determined by the Company at the end of the transaction day using the following formula:

Exposures to market risk = Net position x Asset value x Market risk coefficient

In particular, net position is the net volume of securities held by the Company at the reporting date, after being deducted by the number of securities lent and increased by the number of securities borrowed in accordance with prevailing regulations.

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 3.3.2.

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.

3.3.1 Market risk coefficient

Market risk coefficient is determined for each account of assets as specified in Circular 87.

3.3.2 Asset price

a. Cash and cash equivalents, money market instruments

Value of cash in VND is the cash balance at the calculation date. Value of cash in foreign currencies is the equivalent in VND using the exchange rate published by credit institutions which are allowed to conduct foreign currencies trading at the calculation date.

Value of cash, cash equivalent and money market instruments are the amount deposited or acquisition cost plus accrued interest using the effective interest rate as at the calculation date.

BIDV Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2019

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

3.3 Exposures to market risk (continued)

3.3.2 Asset price (continued)

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.

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 company market (UPCoM) is the quoted 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 dissolved 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 highest of the following values: book value; acquisition cost/value of capital contribution; price determined by internal methods of the Company.

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BIDV Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2019

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

3.3 Exposures to market risk (continued)

3.3.2 Asset price (continued)

d. Funds/shares of securities investment companies/ETF fund

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

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

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

e. Undistributed securities from underwriting contracts in form of firm commitment

- ▶ Exposures to market risks of these securities is calculated using the following formula:

$$\text{Exposures to market risk} = \left[\begin{array}{l} \text{Quantity of} \\ \text{undistributed} \\ \text{securities, or} \\ \text{distributed} \\ \text{but not yet} \\ \text{paid} \end{array} \right] \times \begin{array}{l} \text{Issuance} \\ \text{underwri} \\ \text{-ng price} \end{array} - \begin{array}{l} \text{Value of} \\ \text{collatera} \\ \text{-ls (if} \\ \text{any)} \end{array} \left. \right\} \times \begin{array}{l} \text{Market} \\ \text{risk} \\ \text{coeffici} \\ \text{-ent} \end{array} \times \left[\begin{array}{l} \text{Market} \\ \text{risk} \\ \text{coefficie} \\ \text{-nt} \end{array} + \frac{\begin{array}{l} \text{Issuance} \\ \text{underwrit} \\ \text{-ng price} \end{array} - \begin{array}{l} \text{Trading} \\ \text{price} \end{array}}{\begin{array}{l} \text{Issuance} \\ \text{underwriting} \\ \text{price} \end{array}} \right]$$

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

- ▶ Market risk coefficient is determined in *Note 3.3.1*
- ▶ Issuance risk coefficient is determined based on remaining duration to the ending date of the distribution period according to the contract, but not exceed the allowed distribution period in accordance with legislative regulations, as follows:
 - Until the last day of the distribution period, if the remaining time is more than sixty (60) days: the issuance risk coefficient is 20%;
 - Until the last day of the distribution period, if the remaining time is from 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 3.3* in accordance with regulations stated in Clause 4 Article 9 - Circular 87.
 - Value of customers' collaterals is determined as follows:

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

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BIDV Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2019

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

3.3 Exposures to market risk (continued)

3.3.2 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:

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

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:

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

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

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

BIDV Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2019

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

3.3 Exposures to market risk (continued)

3.3.3 Supplemental 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 total value of investment in shares and bonds of a securities issuer for more than 10% to 15% of the owners' equity of the Company.
- ▶ An increase of 20% if the total value of investment in shares and bonds of a securities issuer for more than 15% to 25% of the owners' equity of the Company.
- ▶ An increase of 30% if the total value of investment in shares and bonds of a securities issuer for more than 25% of the owners' equity of the Company.

Dividends, coupons, preference right of shares (if any) or interest of deposits, cash equivalents, negotiable instruments and valuable papers shall be added to the value of asset for the purpose of determining the exposures to market risk.

3.4 Exposures to settlement risk

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

BIDV Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2019

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

3.4 Exposures to settlement risk (continued)

3.4.1 Settlement risk coefficient

Settlement risk coefficient is determined based on the type of counterparties and the overdue period as stipulated in Circular 87.

3.4.2 Value of assets exposed to settlement risk

a. Purchase or sale of securities for customers or the Company

Value of assets exposed to settlement risk is the market value of the contract determined as follows:

► Exposures to settlement risk is as follows:

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

Margin balance includes outstanding loan principal, interest and other fees.

Customers' collateral value is determined in line with Note 3.4.3. 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 3.3.2.

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BIDV Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2019

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

3.4 Exposures to settlement risk (continued)

3.4.2 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).

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).

3.4.3 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.

BIDV Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2019

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

3.4 Exposures to settlement risk (continued)

3.4.3 Deduction of collateral (continued)

Value of asset subjected to deduction is determined as follows:

Collateral value = Volume of assets x Asset price x (1 – Market risk coefficient)

Asset price is determined according to Note 3.3.2.

3.4.4 Supplement exposures to settlement risk

Exposures to settlement risk is increasingly adjusted in following cases:

- ▶ Increase 10% if the total value of term deposit, loans, undue receivables, repurchase agreements, reverse repurchase agreements and lending to an organization, an individual and a group of related organizations, individuals (if any) accounts for more than 10% to 15% of the owners' equity of the Company;
- ▶ Increase 20% if the total value of term deposit, loans, undue receivables, repurchase agreements, reverse repurchase agreements and lending to an organization, an individual and a group of related organizations, individuals (if any) accounts for more than 15% to 25% of the owners' equity of the Company;
- ▶ Increase 30% if the total value of term deposit, loans, undue receivables, repurchase agreements, reverse repurchase agreements and lending to an organization, an individual and a group of related organizations, individuals (if any), or an individual and related parties of that individual (if any), accounts for more than 25% of the owners' equity of the Company.

3.4.5 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.

3.5 Exposures to operational risk

Exposures to operational risk are the potential losses which may occur due to technical errors, system errors and business processes, human errors during performing their work, or due to the lack of capital resulting from expenses, losses arising from investment activities, or other objective reasons.

Exposures to operational risk of the Company is determined at the higher of 25% of the Company's operating expenses within twelve (12) consecutive months up to 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 receivable; 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.

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BIDV Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2019

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	70,873,036,058	-
2.	Cash equivalents	0	-	-
3.	Valuable papers, negotiable instruments in the money market, Certificate of deposit	0	132,754,516,298	-
II. Government bonds				
4.	Zero-coupon Government bonds	0	-	-
5.	Coupon Government bonds		221,439,769,232	6,643,193,077
5.1	<i>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</i>	3	221,439,769,232	6,643,193,077
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	51,441,088,156	12,860,272,039
	Unlisted bonds having maturity of 1 to under 3 years, including convertible bonds	30	-	-
	Unlisted bonds having maturity of 3 to under 5 years, including convertible bonds	35	-	-
	Unlisted bonds having maturity of more than 5 years, including convertible bonds	40	-	-

BIDV Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2019

4. EXPOSURES TO MARKET RISK (continued)

Investment items		Risk coefficient %	Scale of risk VND	Exposures to risk VND
		(1)	(2)	(3) = (1) x (2)
IV. Shares				
8.	Ordinary shares, preferred shares of entities listed in Ho Chi Minh Stock Exchange; open-end fund certificates	10	412,247,655,240	41,224,765,524
9.	Ordinary shares, preferred shares of entities listed in Hanoi Stock Exchange	15	14,284,710,200	2,142,706,530
10.	Ordinary shares, preferred shares of unlisted public entities registered for trading through UPCoM system	20	344,769,533	68,953,907
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	58,063,615,500	29,031,807,750
V. Certificates of investment securities fund				
13.	Public funds, including public securities investment companies	10	-	-
14.	Private funds, including private securities investment companies	30	-	-
VI. Restricted securities trading				
15.	Securities temporarily suspended from trading	40	-	-
16.	Delisted, cancelled securities	50	24,019,540	12,009,770
VII. Derivative securities				
17.	Share index futures contracts	8	-	-
Calculation: Exposure to risk = (Price paid at the end of the day – Value of purchased securities to warranty future contractual payment obligations) x risk coefficient of futures contracts – The value of the margin (The contribution to the clearing fund for the open position of the securities company)				
18.	Government bond futures contracts	3	-	-
Calculation: Exposure to risk = (Price paid at the end of the day – Value of purchased securities to warranty future contractual payment obligations) x risk coefficient of futures contracts – The value of the margin (The contribution to the clearing fund for the open position of the securities company) Settled price at the end of the day = Price paid at the end of the day x Open volume				

BIDV Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2019

4. EXPOSURES TO MARKET RISK (continued)

Investment items		Risk coefficient %	Scale of risk VND	Exposure to risk VND
		(1)	(2)	(3) = (1) x (2)
VIII. Other securities				
19.	Shares, capital contribution and other shares	80	-	-
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		-	-
	Calculation: Exposures to risk = $(P_0 \times Q_0 \times k - P_1 \times Q_1) \times R - MD$			
25.	Securities formed from hedging activities for the issued covered warrants (In case of covered warrants without 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.		-	-
Total Exposures to market risk (I+II+III+IV+V+VI+VII+VIII)				91,983,708,597

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BIDV Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2019

5. EXPOSURES TO SETTLEMENT RISK

Exposures to
settlement risk
VND

19,885,919,837
17,174,570,505
37,060,490,342

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 (*)		-	18,650,720	-	-	19,750,990,430	107,419,871	19,877,061,021
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		-	-	-	-	8,858,816	-	8,858,816
TOTAL EXPOSURES TO SETTLEMENT RISK OF UNDUDE ITEMS								19,885,919,837

BIDV Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2019

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%

(*) Details:

	Carrying value VND	Value of collaterals VND	Carrying amount without collaterals VND	Settlement risk coefficient by counterparties %	Exposures to settlement risk VND
Term deposits and certificate of deposits	329,183,173,831	-	329,183,173,831	6.0%	19,750,990,430
Receivables from disposal of financial assets	2,331,340,000	-	2,331,340,000	0.8%	18,650,720
Receivables from services provided by the Company	1,342,748,392	-	1,342,748,392	8.0%	107,419,871
	332,857,262,223	-	332,857,262,223		19,877,061,021

BIDV Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2019

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	17,174,570,505	17,174,570,505
TOTAL EXPOSURES TO SETTLEMENT RISK OF OVERDUE PAYMENTS				17,174,570,505

6. EXPOSURES TO OPERATIONAL RISK

	Items	Amount VND
I.	Total operating expenses incurring during the 12 months period up to December 2019	473,962,208,096
II.	Deductions from total expenses (Note 6.1)	142,164,601,410
III.	Total expenses after deductions (III = I – II)	331,797,606,686
IV.	25% of total expense after deductions (IV = 25% III)	82,949,401,672
V.	20% legal capital of the Company	60,000,000,000
TOTAL EXPOSURES TO OPERATIONAL RISK (Max {IV, V})		82,949,401,672

6.1 Deductions from total expenses

	Value VND
Depreciation expenses	4,686,270,010
Reversal of provision for dilution of financial assets or collaterals	(582,278,920)
Loss from revaluation of financial assets at FVTPL	138,060,610,320
	142,164,601,410

BIDV Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2019

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)	1,220,700,780,000		
2	Share premium, excluded redeemable preferred shares (if any)	2,861,823,457		
3	Treasury shares	(44,316,250)		
4	The convertible bonds option – Capital	-		
5	Other owners' equity	-		
6	Difference from revaluation of financial assets at fair value	-		
7	Charter capital supplementary reserve	30,056,304,451		
8	Operational risk and financial reserve	30,056,304,451		
9	Other funds belong to the owner's equity	-		
10	Undistributed profit	96,322,498,051		
11	Balance to provision for impairment of assets	18,186,245,241		
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			1,398,139,639,401

BIDV Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2019

7. LIQUID CAPITAL (continued)

NO.	CONTENTS	Liquid capital		
		Liquid capital VND	Deductions VND	Increases VND
		(1)	(2)	(3)
B	Short-term assets			
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		440,613,300	
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		-	
-	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		367,888,738	

BIDV Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2019

7. LIQUID CAPITAL (continued)

NO.	CONTENTS	Liquid capital		
		Liquid capital VND	Deductions VND	Increases VND
		(1)	(2)	(3)
B	Short-term assets			
I	Other Short-term assets			
1.	Advances			
	Advances with the remaining repayment term of 90 days or less			
	Advances with the remaining repayment term of more than 90 days		-	
2.	Office supplies, tools and materials		22,052,195	
3.	Short-term prepaid expenses		1,244,627,613	
4.	Short-term deposits, collaterals and pledges		-	
5.	Deductible value added tax		-	
6.	Tax and other receivables from the State		-	
7.	Other current assets		-	
8.	Provision for impairment of other current assets			
1B	Total			2,075,181,846
C	Long-term assets			
I	Long-term financial assets			
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		-	
II	Fixed assets		23,000,018,531	
III	Real-estate investment		-	
IV	Construction in progress		-	
V	Other long-term assets			
1.	Long-term deposits, collaterals and pledges		4,454,298,104	
2.	Long-term prepaid expenses		3,362,092,365	
3.	Deferred income tax assets		-	
4.	Payment for Settlement Assistance Fund		11,018,000,000	
5.	Other long-term assets		15,000,000,000	
VI	Provision for impairment of non- current assets			
	Assets qualified in audited financial statements that are not deducted according to Article 5, Circular 87		-	
1C	Total			56,834,409,000

BIDV Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2019

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)		10,000,000,000	
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			10,000,000,000
LIQUID CAPITAL = 1A-1B-1C-1D				1,329,230,048,555

Notes:

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

8. SIGNIFICANT EVENTS DURING THE YEAR

On 20 April 2019, the 2019 Shareholders General Meeting's Resolution approved the cash dividend and stock dividend for 2018. Accordingly, the cash dividend payout ratio was 8%, the ex-dividend date was 27 May 2019, and the dividend was paid out on 10 June 2019.

In addition to the cash dividends in 2018, the Company also paid stock dividends in 2018 at the payout ratio of 100:10 according to the 2019 Shareholders General Meeting's Resolution. Accordingly, the number of shares additionally issued to pay dividends were 11,096,434 shares, equivalent to 110,964,340,000. The capital raise was completed on 10 July 2019.

In accordance with the Resolution of the Board of Directors No. 1022/NQ-DHDCD dated 10 December 2019, the Company approved the advance cash dividend for 2019 at the payout ratio of 5% of par value (VND 500/ share) equivalent to the amount of VND 61,032,464,500.

In addition, in 2019, the Company issued covered warrant with MWG as the underlying securities. Details of the warrants are as follows:

Name of warrant:	CMWG1901
Type of warrant:	Call
Settlement method:	Cash
Period:	3 months, with maturity date of 9/9/2019
Conversion rate:	4:1
Exercise price:	VND 88,300
Issuance quantity:	1,000,000 warrants
Issued price:	VND 2,000 VND/warrant

BIDV Securities Joint Stock Company

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (continued)
as at 31 December 2019

8. SIGNIFICANT EVENTS DURING THE YEAR (continued)


The listing of covered warrants issued by the Company was approved on 26 June 2019 according to the Decision No. 229/QĐ-SGDHCM promulgated by Ho Chi Minh Stock Exchange.


9. EVENTS AFTER THE REPORTING DATE

On 10 January 2020, the Company registered to repurchase 1,000,000 outstanding shares as treasury shares with the objective of reducing the number of outstanding shares and safeguarding the interests of the Company and shareholders. The transaction is expected to be carried out from 22 January 2020 to 11 February 2020 via market matching. As of the date of this report, the transaction has been performed.

There is no other matter or circumstance that has arisen since 31 December 2019 that requires adjustment or disclosure in the financial safety ratio report of the Company.


Ms. Tran Ngoc Diep
Chief Accountant


Ms. Nguyen Thi Anh Dao
In charge of Internal Control
Department


Mr. Do Huy Hoai
General Director



Hanoi, Vietnam

18 February 2020